

# Sneaker Insurance

Will the latest trends benefit you?

The rise of sneaker purchases, sales, and resales in recent years has skyrocketed. We aren't simply talking about a pair of Jordan's that Michael Jordan wore or a pair that were explicitly designed by a high-end French or Italian boutique. We are talking about Adidas®, Nike®, and Reeboks® (and others) that are sold each day in your favorite sneaker store. People today have sneaker collections that value in the high five figures and above. Many young people own 20 or more pairs of sneakers. Entertainers, politicians, and online influencers wear their sneakers at all types of events from the Emmys to Inauguration, to any place where they can be seen looking good. Recently, a pair of Yeezy sold at auction for \$1.8 million at Sotheby's. There are sneakers today that easily run you more than a pair of men's Ferragamo® or a pair of women's Gucci® shoes. What's more, some sneakers do not lose their retained value, like a car, but their value only increases over time. Research shows that people who have a sneaker collection run into various risks:

- Theft
- Animal destruction, i.e., your dog ate your sneakers.
- Permanent marks, your husband spilled wine on your Off-Whites, or your daughter rides her bike over your Jordan 1 Breds.
- You purchase sneakers via the internet, and they get lost in transit

Over the past few months, more people online and elsewhere are complaining that they need sneaker insurance.

They turn to their home, condo, mobile home, rental, or tenant insurance policies and discover that there may be various exclusions or limits placed on collectibles. For example, collectible items like sneakers or art would require a special rider or an endorsement, plus, an extra fee, for inclusion or full coverage. Those exclusions and limitations are difficult to read and understand. Many times, the policyholder winds up being left empty-handed when a claim is unexpectedly rejected, or the reimbursement is far below the market value that is needed to replace the sneaks.

Sneakerheads need a solution that brings them peace of mind if something bad happens to their shoes. Most often they simply want insurance that works, similar to auto coverage that protects their collection from an unexpected financial disaster.

Our research also shows that there are many new insurance companies popping up that offer “sneaker insurance.” However, online customer feedback shows that the companies may not be able to authenticate the shoes, they can’t determine real-time value, or they are not supported by an underwriting company that understands unique valuables such as sneaker collections.

Over the next few months, we anticipate that you will see various carriers looking into insuring sneakers, or companies potentially taking a Tesla approach and creating their own insurance company to address this market (as an example, Nike creates its own brokerage or carrier and provides coverage to its customers). However this works out, the need exists for sneaker insurance. The question is, which carrier is willing to jump in and score a slam dunk? Time will tell.