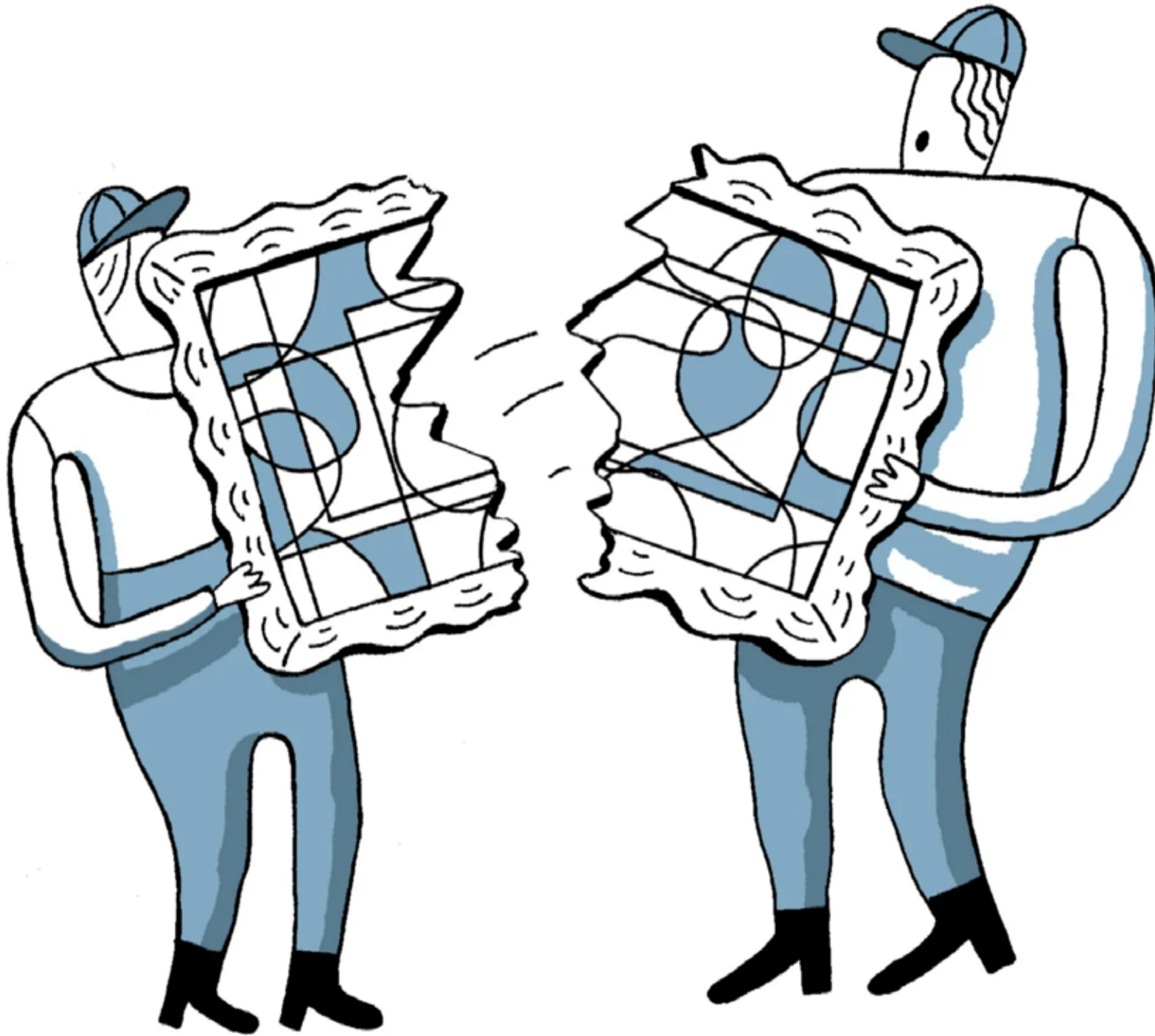


Are You Covered?

Brian Justice •



A standard homeowner's policy may not protect your valued artworks.

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protected.

It's the rare couple that has a French 18th-century marble fountain in their driveway, but Reginald and Millicent Chillingsworth (not their real names) did. And when that confection of cherubs, mythological creatures, prancing horses and splashing gods and goddesses was damaged by a truck during a renovation of said driveway, Reg and Millie found out the "hard way" about insuring art, heirlooms and collectibles.

The thing is: objects much less esoteric and monumental than the Chillingsworth's formerly priceless, and now worthless, fountain can, and should be, insured, and a standard homeowner's policy often is not enough.

If you have valuables, the first thing to do is find out if they're covered under your existing policy. Most standard policies specify limits of coverage for valuables, so you may need to add an endorsement or purchase a fine arts floater to be protected.

"Just mentioning that you have fine art or jewelry should be enough for an agent to understand what you need," says Stephanie Pence, a manager at the insurance brokerage firm, Assured SRA, in Mission, Kan.

Insuring art may be cheaper than you think. A \$10,000 policy typically costs from \$14-\$25 a year, Pence said. "(That's) a case of wine from Trader Joe's or a bottle of wine at a restaurant, as we describe it." Pence adds that the cost to insure a collection valued at \$50,000 to \$100,00 can range, on average, from about \$135 to \$270 a year.

Fine arts floaters can be called various things by different carriers, but "inland marine," "valuable articles" and "scheduled personal property" are typical. Pence says owners should also ask their agent: Will a claim be paid in market or replacement value? Will there be a cash settlement option if the item is not replaceable? Is there an inflation guard in the event the item is worth more at the time of the loss than what it was originally scheduled for?

According to Rachael Cozad of Madison Group Fine Art Appraisals, the point when an art investment warrants more protection than a standard homeowners' policy is a decision that varies from individual to individual.

"If you have invested money in art, something more than \$5,000, say, or if you have several things for which you paid \$5,000 or more, that is a very general starting point," Cozad says.

Cozad advises collectors — as well as individuals with a single valuable piece, or an heirloom such as a family portrait — to consider the cost of a repair that would require a specialist, such as a professional paintings conservator. Moreover, that kind of service may require shipping, which comes with its own particular concerns. Cozad recalls a semi-truck accident that destroyed an entire exhibition.

Pence echoes Cozad's caution about the hazards of shipping, especially for pieces that are important enough to be lent for exhibition. Most homeowners' policies do not cover transit, and "you don't want UPS covering your fine art piece," Pence says. Most damage occurs in transit or as a result of improper packing.

And, once at its destination, accidents — not to mention acts of God — can happen. An exhibit of large-scale paintings by contemporary American and Russian artists in San Francisco survived an earthquake in that they did not fall off the wall, but a falling light fixture left a tear in one of the canvases.

Storage is also an issue. Fire, water leaks and humidity can happen even in facilities specifically designed to house and protect art. A warehouse fire in London destroyed pieces of the Saatchi collection in 2004. And an old painting that has been in the family for generations is going to be even less protected in an attic or a basement.

Appraisals should be updated roughly every five years, says Cozad. "The markets change. Things go up and down and the market for art reflects that, too."

There are insurance companies such as Chubb, AIG and Ace, with a higher level of expertise in working with high net worth collections. One, Axa, works exclusively in the rarefied world of high-value collections, which Pence identifies as those over \$500,000. She recalls a client with an \$80,000 fishing lure collection who was able to insure his unique asset through that firm.

There are eminent private collections in Kansas City that include important pieces that warrant concern around proper storage, lending and transportation, etc. But with our lively arts scene, there are also plenty of people who, over a period of time, have spent a significant amount on art with no thought of it as an "investment," in that the odds of any given piece selling for one dime more than originally paid is slim. Nevertheless, a home fire, a wild party or undetected water leak can result in a treasured piece or collection destroyed, stolen or damaged.

ArtBusiness.com advises documenting a collection and there is, in fact, a high-tech resource for doing just that. Collectrium.com, a digital platform for documenting photographs, receipts, appraisals, provenance, etc. Essentially any and all paperwork, including insurance policies associated with a collection, or even a single piece, are stored and accessible from any device, including mobile and cloud-based, and are protected by state of the art security.

Insuring art would seem like something for the landed gentry to worry their moneyed heads about, but it really is a more egalitarian concern. And in the end, Cozad says, "you have to be your own advocate when it comes to protecting your art."

CATEGORIES:

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