Lending art? Should you keep your coverage?

You loaned the best of your valuable collection to your favorite museum for a special four-month exhibit. The museum provided you with a certificate of insurance indicating that your loaned items are covered under their policy. Therefore, shouldn’t you request removing these works from your own policy in order to obtain a return premium?

Perhaps not. You (or your insurance broker) need to thoroughly review the museum’s policy to ensure that its coverage is as broad as yours. Are there exclusions – such as terrorism or earthquake – that your own policy doesn’t have?

With the financial difficulties of the past year, some museums have cut back on insurance. Does the value of the art in this special exhibition exceed the museum’s policy limit?

Finally, consider how much you will save. The premium on your fine art personal collection policy is roughly $1,000 a year for a $1,000,000 policy. A return premium for the four months of the exhibit would save less than $350 – not a big savings for the risk you think you have transferred to the museum.

In addition, if there is a loss, you will have to settle the claim with the museum’s insurer, not your own. The museum may also not have the same motivation to settle the claim as your own insurer might.

Quake Zone Tips

As a property owner in an earthquake prone area, insurance coverage is limited and expensive. While having your building retrofitted for earthquake is ideal, here are some insurer-friendly, low-cost tips on protecting your art from damage:

- Fasten paintings securely to the wall with eyebolts embedded in studs. Attach hanging wire to frames with closed wire loops or closed earthquake hooks.
- Secure the base of small sculptures with hook and loop tapes.
- Use Plexiglas instead of glass.
- Double check wiring in your art lamps.

A useful website for retrofitting buildings is www.seismic.ca.gov.

The Expert’s Corner – Appraisal Tips

How do you choose an appraiser?

For insurance purposes, check with an organization such as the Appraisers Association of America (AAA) who will put you in contact with a specialist or generalist most appropriate for your needs/collection. It is important to choose an independent appraiser who is certified by a professional organization such as AAA.

How often should you get your collection appraised?

The more volatile areas of collecting such as Modern, Impressionist and Contemporary art, Photographs, and 20th century furniture, should be reappraised every 6 months to 1 year and other areas of collecting every 1-2 years in order to keep values current in an ever changing art market.

What is the difference between fair market value and retail replacement?

Fair Market Value is generally thought of as what an item would sell for at auction. This value is used in appraisals for donations, estates, estate planning and sometimes for family division. Retail Replacement is what you would have to pay if you went to a dealer and were replacing the item in relatively short order. Current Market Value, referred to in an insurance policy, is generally synonymous with Retail Replacement value.

Art Basel Miami 2009

Four DeWitt Stern executives attended the fair. Their favorite works from the show are as follows:

Geujin Han, Account Executive
Ayala Serfaty, Cristina Grajales

Michele Deninno, Vice President
Roxy Paine, James Cohan Gallery

Steve Pincus, Managing Director
John Chamberlain, Edward Tyler Nahem

Mary Pontillo, Assistant Vice President
Shinichi Maruyama, Bruce Silverstein Gallery

– Elizabeth von Habsburg
President, Gurr Johns, Inc.
212-486-7373

A Waiver of Subrogation

A Waiver of Subrogation prevents your insurance company from holding a responsible third party (auction house, conservator, etc.) liable for recovery after a loss paid to you. This allows the third party’s insurance to avoid paying for damage to items on its premise that are insured under your (the consignor’s) insurance policy.