

PERSONAL ART COLLECTORS: HOW TO INSURE YOUR FINE ART COLLECTION.



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HOMEOWNERS VERSUS FINE ART INSURANCE

A homeowners insurance policy is designed to insure your home rather than protect your art collection. If fine art is covered under a homeowner's policy, it is generally limited coverage.

For example, homeowners' policies which cover art may not cover art across several locations, during transit/shipment of items, or for items temporarily located at other locations, which are generally included in a fine art policy. In addition, some fine art insurance policies include coverage for flood, mysterious disappearance, and breakage, which tend to be excluded by homeowners' policies.

The other key advantage in purchasing fine art insurance is that claims would be handled by fine art specialized adjusters, who understand the intricacies of art loss and damage. It is helpful to have an adjuster who is experienced in handling fine art claims so that the claim can be handled with specialized care.

HOW TO PURCHASE A FINE ART INSURANCE POLICY?

When a collector purchases fine art insurance, they should consult with a fine art insurance broker. These brokers are specialized and will evaluate the collection and advise what type of policy is needed.

WHAT DOCUMENTATION IS NEEDED TO INSURE MY COLLECTION?

The first step is to determine what art should be insured and for how much. This is best done through providing the broker with the following documentation: an inventory list for all items with individual values, invoices with the purchase price, and/or the most recent appraisal of the collection. This information is key in helping the broker advise what insurance coverage is best suited for your collection.

TYPES OF FINE ART POLICIES: SCHEDULED VERSUS BLANKET

There are typically two policy structures available for insuring your art collection:

SCHEDULED: Each piece of artwork is listed individually and insured for a stated amount. In the event of a covered claim, this type of coverage ensures you receive a pre-determined value for each piece of art that is damaged or stolen, subject to policy terms and conditions. The scheduled values should be periodically updated as the artwork values may change over time.

BLANKET: This type of coverage allows the collector to cover their collection with an overall policy limit. There are no per-item maximum or pre-agreed values. A payout for a covered claim under this type of policy would be based on an item's current market value, subject to the policy terms and conditions. This coverage method can make it easier for collectors to manage their insurance, as items will not need to be added and deleted, but may require extra work when a loss occurs, since the current market value of the artwork will need to be determined.

Over, please.

CLAIMS SCENARIO

Having an up-to-date inventory of your collection is key in procuring fine art insurance. It is also key documentation to have in case of a loss. Justin Anthony, co-founder of Artwork Archive, an art inventory management tool, shares a personal account of how having an inventory management tool would have been of great value when his art was damaged.

“Reports of historical floods tend to miss your newsfeed when you are having an amazing vacation abroad. That blissful ignorance came to an end however when I returned to my house in Denver to find nearly a foot of standing water in my basement. In addition to rampant mold, rotted carpets, and the total destruction of all the drywall on that floor, the water had also damaged a number of my collectibles that were in storage.

And, while seeking restoration funds for the damage done to the home was a fairly straightforward process, it was the exact opposite for the art and other valuables. It occurred to me far too late how critical it was to have a comprehensive inventory and proper documentation for one’s valuables. An avoidable lapse that left me no chance of recovering those losses.

Moving forward, I made sure to find a solution where all of my information was easily digitized, organized and safeguarded. By having a simple and secure way to store that information, I not only had the peace of mind in knowing it was safe in one easy to access place, but that I had the ability to share that information in the event of another disaster.”

WHY HAVING A FINE ART BROKER IS IMPORTANT

Your art collection is unique and working with a fine arts broker provides you with the reassurance that you are working with someone who shares your passion for your treasures. For more information on how to insure your fine art collection, contact a representative from Huntington T. Block at HTBinfo@huntingtontblock.com.



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