

To Insure Or Not To Insure?

Seven Tips On Protecting Your Collection

BY HOWARD L. REHS

AS A GALLERY OWNER, I purchase a large number of works directly from their owners. It never fails to surprise me when people admit their works are not insured. I often want to shout, "How can that be?!" Many people have inherited works of art, and simply do not know their value. Only when the owners decide to sell the works do they discover that those old paintings their grandmother left them are worth a considerable sum of money.

All collectors should be aware of the need for insurance. Here are my thoughts and tips on the issue:

1. Insurance is a good thing to have ... and no, I don't have a family member in the business! Whether you own one work of art or many, I urge you to insure the pieces you've purchased, inherited, or otherwise acquired.

2. Unless the works of art were recently purchased and you have the bills of sale, you will need documentation that reflects the current market values. For each piece, this could be in the form of an appraisal, a letter, or an updated bill of sale from the gallery where you purchased the piece showing the current market value.

3. If you need an appraisal, please be sure to have it done by an expert in the field. If you are insuring a 19th-century European painting, for example, don't have the appraisal done by someone who specializes in Contemporary art. Make sure the



appraiser has in-depth knowledge of the artist and the work so that the correct value will be determined.

4. The easiest way to insure your works is to schedule them on your homeowner's policy. This will allow you to list each work separately with an appropriate value. For collections of significant value, consider a *personal articles floater*. This is a stand-alone policy that can be purchased for art collections, book collections, furniture collections, etc. Call your insurance company or broker to find out the right policy for you.

5. You might think insurance will be very costly, but this is typically not the case. Insuring works of art is probably more reasonable than you imagine, and it's certainly worth getting an accurate quote. Make sure the rate is determined by the size and value of the entire collection, its location, the type of structure it's housed in, security measures that have been taken, and so forth.

6. Understand the type of insurance you are purchasing, and know its

limitations. Are your works covered, regardless of what happens to them? Not only should you be covered for loss due to theft, but also for loss or damage due to accidents and natural disasters. Furthermore, consider getting coverage for any decrease in a work's value due to damage and subsequent repair.

7. Keep an eye on the market and update your values when needed, usually every three to five years. While prices in many parts of the art market typically move in a steady progression, there are times when the price for a particular artist's work will make a big jump. When you see this happen, make sure you adjust your insurance values.

One final thought: Whatever you decide, it is advisable to store good photos and complete descriptions of your valuable possessions in a safe place, preferably away from the home or location of the art collection. Should there be an accident or theft, these photos will be of great value to you, the insurance company, and possibly the law enforcement agencies involved. ■

HOWARD L. REHS, president of the Fine Art Dealers Association, is writing the catalogue raisonné on both Julien Dupré and Daniel Ridgway Knight. For more information, contact: Rehs Galleries, Inc., 5 East 57th St., Eighth Floor, New York, NY 10022; 212.355.5710; www.rehsgalleries.com.