

Collecting art can be a lifelong pursuit of enhancing and perfecting one's acquisitions into a coherent story. For the affluent, collecting valuable antiques, wine, jewelry or cars is also a matter of passion. J. Paul Getty proclaimed that the art of collecting was "one of the most exhilarating and satisfying of all human endeavors." It brings joy, inspiration and enriches one's perspective, but whether you acquire art as trophies, decoration or investments, you need to take conscious steps to protect your assets.

In this issue of *Wealthy & Wise*, we examine how to protect and appraise art collections by looking at a variety of ways to safeguard your acquisitions. First, we turn to Robin Roche, director of Artnet® Auctions, who recently organized the record online art sale, Andy Warhol's *Flowers, 1978*. Roche discusses art title insurance. Next, we look at the tricky business of transporting your art. It is commonplace: all too often, third-party contractors may introduce unforeseen hazards.

And finally, we consult with Asset Archives, a firm specializing in valuable collections management services, and from them, we gain tips on how to best inventory and account for valuable household assets.

This issue highlights the variety of bespoke collectors' policies and extra protection services available for your collection. While your collection may bring you many things, we hope to show that a properly insured one will bring you peace of mind.

*Sandra Bravo*  
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## THE ARMORY SHOW: PURCHASING, SHIPPING, INSURING FINE ART

by Barbara Corvino, Willis Fine Art

Every March, Piers 92 and 94 in Manhattan are transformed to host one of the leading contemporary and modern art fairs in the world. In its fourteenth year, The Armory Show brings together nearly 200 of the world's top galleries specialized in contemporary and modern art from 30 countries. With a VIP opening night party at the Museum of Modern Art (MoMA), open panel discussions with



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collectors, curators and directors, guided tours, performance pieces and special programming for families, this show is one of the most important annual events in New York City.

With all of the excitement surrounding The Armory Show, it is easy to forget the practicalities of purchasing art. From an insurance standpoint, there are three questions you should ask yourself when purchasing items at an art fair. The first and most basic:

## **DO I HAVE INSURANCE FOR FINE ART?**

Bespoke insurance coverage is available for art, jewelry, antiques and other collectibles, but most individuals underinsure their possessions under a Standard Homeowners' policy. Homeowners' policies provide inadequate coverage for fine art and collectibles as the limits are capped on contents coverage. In addition, the value of covered items can be subject to depreciation, and perils must be specifically named. The amount of coverage can be increased through the purchase of a fine art endorsement. This provides coverage based on the value shown in your "schedule," or inventory.

Insuring high value collections requires flexible and broader coverage. For this reason, many serious collectors obtain a stand-alone collections policy that uniquely protects their art against "all-risks" while located anywhere in the world and in transit. Willis Fine Art, Jewelry & Specie (FAJS) offers this broad coverage through policy wording developed specifically for collectors. In addition to covering the collection against damage and loss, the policy responds in situations where precautions need to be taken to protect the collection, takes into consideration the importance of a piece when it forms part of a pair or set, and allows a collector to cover works of others while they are in their care, custody or control, as well as works that are jointly owned.

The second question to ask when purchasing a piece at a fair is:

## **WHEN IS THE DEALER RESPONSIBLE AND WHEN AM I RESPONSIBLE FOR COVERAGE?**

Reputable dealers maintain fine art insurance for their inventory that can cover works that have been sold but not yet delivered to clients. This allows a dealer to maintain coverage for the piece while it is on the premises of the fair and during shipping, up to the point of delivery to the purchaser. While the dealer can extend coverage to purchased works in transit, this service is not always offered. It is important, therefore, to discuss coverage with the dealer and have a written purchase agreement that clearly states if the dealer will or will not be covering the work in transit.

If a dealer does agree to cover works in transit, this coverage ceases upon delivery. Collectors should promptly unpack and inspect pieces to ensure that no damage has occurred in transit. If damage has occurred, the collector should notify the gallery immediately. Although the dealer's insurance would be responsible for damage caused in transit, the collector should also advise their insurance representative of the situation as soon as possible.

While dealer's coverage is in effect up to the point of delivery, please note that a stand-alone private fine art collection policy covers works worldwide and while in transit and would respond should there be a deficiency in the dealer's coverage. Furthermore, such a policy could be used in lieu of the dealer's coverage in cases where the dealer charges a fee for the use of their policy.

Your third and final question:



## WHEN DO I NEED TO NOTIFY MY INSURANCE REPRESENTATIVE OF MY NEW PURCHASE?

While it is best to advise your insurance representative of new acquisitions as soon as possible, most fine art policies include an automatic coverage clause that will cover new acquisitions for a specified amount of time. Stand-alone private fine art collection policies offered through Willis FAJS allow 90 days of automatic coverage for new acquisitions, up to the policy limits.

The Armory Show presents collectors with a wonderful opportunity to find that next special piece for their collection. The excitement of the week and the quality and array of art presented are well worth the trip, and if a collector has answered the above three questions about their fine art insurance, they will be able to purchase and take possession of that new acquisition with peace of mind.

*Barbara Corvino is a Client Manager with Willis Fine Art, Jewelry & Specie (FAJS) in the DC Metro area. Headquartered in London, FAJS has domestic offices in the DC Metro area, Chicago and New York and international offices in Cologne, Hamburg and Zurich.*

*The Fine Art Team of the Willis Fine Art, Jewelry & Specie Division (FAJS) in the United States is comprised of 14 Associates nationwide who together bring more than 150 years of experience in insuring prominent museums, universities, institutions, exhibitions, private collections, corporate collections, commercial galleries, shippers, auction houses and artists. The Fine Art Team can be reached at 1 800 456 3162.*



## SHIPPING & HANDLING

by Jasmine Beatty

**The Art Newspaper** recently reported an incident that occurred this past May in conjunction with ArtHK, the Hong Kong art fair: a crate of paintings belonging to a London gallery exhibiting there failed to arrive at its destination. More unnerving still, the shipment disappeared while in the care of prestigious specialist shipper, Momart. This unfortunate – but not necessarily uncommon – event highlights an oft-overlooked aspect of the art purchase process: transportation.

Whatever the contents of a shipment, they are at their most vulnerable en route. It is in this unsecured state that they are subject to fluctuations in temperature and humidity, unpredictable road/sea/air conditions and the carelessness of indifferent handlers.

Especially during this time of year, when art fairs are at their peak and collectors venture to far-flung destinations for a look at dealers' wares, it is crucial to be mindful of the risks of buying high-value items that cannot be stowed in a carry-on.

### ASK THE RIGHT QUESTIONS

Many advisers have updated their professional standards to now include insurance assessments in their asset review processes. In addition, they have chosen to partner with independent insurance advisers who specialize in the level of insurance that their clients need – bringing expertise where it's needed.

- **Know your seller:** What art shippers do they use and trust? Will someone be escorting your piece?
- **Know your art shipper:** Do they subcontract? Will they provide a tracking number?
- **Minimize time in transit:** The longer your art is out of your hands and the seller's hands, the higher the risk of a catastrophic loss. Be there to meet your shipment, or have someone else handle its receipt. In the case of missed deliveries, the piece will probably go to a non-temperature- or non-humidity-controlled site...or worse, the depot of a commercial shipper.
- **Who's your contact?** Have the correct contact information and a person to call directly regarding the whereabouts of your purchase.
- **What's your coverage?** Make certain that your risk is insured from the moment of purchase until it arrives at its final destination. Even with the most trusted shippers, mistakes can be made and the seemingly impossible can happen.

As with most situations, a knowledgeable and conscientious approach is the most effective way to protect your assets. By following the guidelines above, you will minimize your risk and best ensure the safe arrival of your shipment.

There has been no systematic method for helping advisers and policy holders establish a value for their personal property. Currently the insurance industry uses a percentage of the actual dwelling to determine a value for the contents. Over the years, research has shown that the amount of contents coverage is typically underestimated, and in many cases significantly underestimated, exposing homeowners to a large risk.

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## **GUESS LESS, KNOW MORE - ABOUT THE CONTENTS OF YOUR HOME**

**by Milissa Malloy of Asset Archives Inc.**

Why do people no longer use cassette tapes or payphones? Simple. There is a better way to do things. The same now holds true for accessing the value of what you own. For years, insurance professionals and homeowners have scratched their heads over the question: How much contents coverage is right?

There has been no systematic method for helping advisers and policy holders establish a value for their personal property. Currently the insurance industry uses a percentage of the actual dwelling to determine a value for the contents. For example, if your home is valued at \$2 million, the insurance carrier will use anywhere between 40-70% of the dwelling's value to estimate the contents at \$800,000-\$1.4 million. Without seeing the home or knowing anything about the contents or the buying habits of the insured, employing this method is the equivalent of throwing a dart at numbers while blindfolded.

Over the years, research has shown that the amount of contents coverage is typically underestimated, and in many cases significantly underestimated, exposing homeowners to a large risk. To solve this conundrum, Asset Archives Inc., the leader in residential inventory and appraisal services, launched the Home Contents Valuation Engine (CVE), which is proving to be groundbreaking. Through proprietary technology and methodology, data gathered on objects and property that reflects attributes such as quality and quantity are then computed to reach a starting estimate of the worth of the total contents. The contents valuation database utilizes data analyzed over 10 years by Asset Archives Inc. while documenting and valuing the contents of high net worth and affluent clients. It includes more than 200,000 items and values across more than 2,000 asset categories totaling over \$1 billion. Categories include furniture, electronics, kitchenware, sporting goods and apparel to name a few.





This comprehensive data is then used to run an algorithm, comparing the information gathered onsite to the value of comparable items in the database. The result is a value range and, although it is not an exact dollar value (because not all contents in the home were documented), the calculated range has proven to be far more accurate than using a percentage.

This process has been tested and compared to an evaluation of contents conducted by qualified appraisers. In approximately 70% of the cases, the appraiser's evaluation fell within the range established by the CVE. Please note that this process and estimate focus primarily on the general contents and exclude the value of precious items protected by a Valuable Articles Policy. We recommend that a policy holder seek a formal appraisal for such items to get an exact current insurance replacement value.

*Milissa Malloy is the Strategic Alliance Manager with Asset Archives Inc., the leader in residential inventory and appraisal services. Headquartered in Atlanta, Georgia, Asset Archives Inc. serves more than 400 high net worth clients throughout the country. To find out more about Asset Archives Inc. inventory and appraisal services or to download a free copy of their guide, Caring for Valuable Items, visit them at [www.assetarchives.com](http://www.assetarchives.com) or call 888 784 6630.*

## TOP 5 LOSS PREVENTION TIPS FROM ASSET ARCHIVES INC.

### **JEWELRY: SEPARATE METALS**

A 15-minute soak in a mixture of non-detergent soap and plain, warm water is the best way to clean most jewelry. However, when soaking pieces of sterling silver jewelry, they must be kept separate from white and yellow gold. This extends even to the vessel itself: Gold items should not be allowed to soak in a container previously used to soak sterling silver.

### **SILVER: SKIP THE DIP FOR SILVER**

Use a dedicated silver polish – rather than a dip-style silver cleaner – and always protect the pieces by wearing soft, unsoiled gloves for polishing.

### **RUGS: PROMOTE EVEN WEAR**

If your rug is in a high-traffic area or receives sunlight, turn it annually to ensure a consistent appearance.

### **ARTWORK & PHOTOS: CREATE A SAFE SPACE**

Paintings and photos are prone to damage from light, heat and humidity, so keep them in rooms that are (ideally) 68 degrees to avoid these dangers. Don't hang them above the fireplace, on walls that receive sunlight or in moisture-prone washrooms.

### **FURNITURE: CLEAN THE RIGHT WAY**

Despite its name, furniture oil isn't ideal for cleaning wood because it actually creates an unattractive build-up. Instead, use a paste wax such as Renaissance once a year. Dust should be removed with a soft brush or cloth – lightly moistened with water if the piece requires a more thorough cleaning.

# ART AND E-COMMERCE: AN INTERVIEW WITH ROBIN ROCHE

by Blair Leake

Robin Roche has over 15 years' experience in the art world. She currently heads Artnet® Auctions, the first and only online auction platform for modern and contemporary fine art, prints, photographs and design. This past summer, Artnet Auctions broke an e-commerce record and set a new benchmark for online auctions by selling Andy Warhol's *Flowers* for \$1,300,000. In response to the vibrancy of online sales, *The NY Times* featured an article, "Resurgence in Art Buying Over the Web," acknowledging that the future of art trading will be online.



- Q.** Art collectors increasingly rely on online auctions to find and sell art works. What does the success of Artnet Auctions say about the popularity for purchasing works online?
- A.** It's not surprising that art trading has moved online. Today's society is all about quick, convenient, low-cost transactions. Online platforms like Artnet Auctions provide that. Buyers get access to a wider variety of works, coming from all over the world, all year round. And since internet companies have lower overhead, the fees for online transactions are lower.
- Q.** In the past year, the art market began to rebound and collectors showed more clarity in their buying habits. What trends are you seeing first hand?
- A.** I think because the internet exposes collectors to works from all over the world, the market has become much more global. This is evident in the strong interest in the West for Asian and Indian contemporary works.
- Q.** Have you found collectors more cautious when making purchases online when it comes to the condition and/or authenticity of works? What questions should buyers ask to ensure that what they purchase lives up to their expectations?
- A.** Make sure to familiarize yourself with the condition and the provenance of the work, and make sure that the site that you purchase the work on has a good reputation with a fair return policy.
- Q.** Many high end insurance carriers offer art title insurance to help protect ownership and provenance claims. Do you encourage your clients to invest in this boutique coverage?
- A.** Title insurance is a great idea. Title issues can creep up no matter where you buy a work so it is always important to protect yourself against them.

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