

During that part of my career I therefore had the opportunity of insuring precious and often very valuable items belonging to owners of this category of insurable matter and although often concerning important amounts, sometimes for more modest sums. Whatever the case, the idea was to protect such items - normally unique and often irreplaceable, as much for their sentimental value as for their pecuniary worth.

However, for different reasons - more often totally irrational or illogical - some owners, by not purchasing specific insurance cover, left themselves open to possibly losing all or at least part of their assets. The question is therefore very simple: Do you want to be one of those people?

Although I have often heard that insurance is a 'necessary evil', it is in fact a 'real necessity'. One of the reasons put forward by owners of fine art, antiques and collectables for not purchasing special insurance cover is because they often believe their householders' comprehensive insurance policy covers such items. Others say the insurance money given in the case of a loss would not be able to replace unique items. Some were even convinced that the theft aspect need not be taken into consideration, as their paintings would not be saleable on the market once

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Before retiring a few years ago, the latter part of my insurance career was dedicated to the protection of fine art, antiques and collectables for dealers, galleries, museums, public and corporate clients, exhibitions and of course private clients. I indicate the notion of 'protection', for as we will see later on in this article, protecting such items goes beyond the insurance policy itself.

be able to appreciate almost immediately the qualities or (non-qualities) of what you have bought. In some cases, such as when buying a motor car, for example, you will even have the possibility of trying it out before signing the cheque.

However, here we are concerned with a product (the insurance policy) designed to protect a part, and maybe even an important part, of your assets and where only the eventual claim will allow you to see the quality of the policy if you did not take the time beforehand to make sure you were purchasing cover adapted to your needs. Often when you hear of 'problems' occurring with the settlement of insurance claims it is either because the policy was not adapted to the assured's requirements, or the client had not furnished full details and information to the insurance company in the first place. Insurance policies for fine art, antiques and collectables are normally tailor-made to the client's requirements.

It is more than likely that most people probably spend more time choosing a new television than buying insurance cover, even such insurance cover to protect what may well be the most precious part of their assets. As I indicated earlier on, the first and most important element when deciding to protect fine art, antiques and collectables is to avoid losses

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the word got out. As far as the last idea is concerned, the burglar may not be aware of this until he learns the painting's value the following day when listening to the news on the radio - when it will be too late.

These were just a few reasons given to me during the twenty years I spent handling this type of insurance. It is therefore because the insurable matter we are concerned with in this article consists of unique, rare and items difficult to replace that the first question that should be of concern to owners is how to avoid losses from occurring whatever the cause, because as I mentioned earlier each item has either a financial or a sentimental value and often both. Whilst the insurance company can settle a claim for the pecuniary value of the loss (providing, of course, the client is correctly insured and has adhered to the terms and conditions of the insurance policy), the indemnity, which will enable you to replace the item or items concerned, will unfortunately never replace their sentimental value. Moreover, these objects may have been part of the family heirloom over many generations, or perhaps the loss concerned a piece of furniture the owner had spent years searching for. Whatever the case, the item or items are not likely to be replaced easily.

Firstly, it must be remembered that buying insurance is far different to other purchases you make throughout your life. With most purchases you will

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and as I have so often pointed out, this is at least one of the interests both the insurance company and their clients have in common.

Being the victim of either a fire or a burglary, to mention just two possible types of losses (I will indicate the other types of losses later on), can be a traumatising situation for both you and those near and dear to you. By avoiding such incidents, not only do you maintain your assets intact but at the same time the insurance company is able to keep the level of insurance premiums as low as possible. This is what is known as a win-win situation, but remember that in any case the first and principal victim of any type of loss is you.

It would be foolish to believe that even the best means of protection against fires, burglaries and other perils are 100% sure; should this be the case, insurance companies would have gone out of business a long time ago. The sole object of any means of protection indicated in this article (and please be indulgent with me if you can think of some I have omitted to mention) or required by the insurance company are simply to lessen the possibilities of your being victim of a loss.

As avoiding claims should therefore be a major objective for both parties, it is advisable the insurance company sends one of their loss prevention specialists to your home to check the

current protections and advise you of any improvements they may require before going on risk. Another advantage of such a visit is to avoid the insurance company refusing to settle a claim due to insufficient means of protection, unless of course you did not comply with their additional requirements or you modified the means of protection seen by the representative of the insurance company without obtaining their prior agreement. Such visits may also help make important improvements for small costs. To give just one example, your main door may be equipped with the best locking device available but you were unaware that the cylinder was worn out and needed to be replaced.

Checking protections is not limited to the burglary aspect, although even the most sophisticated alarm system has never stopped a burglar from entering a house or an apartment. Even when linked to a monitoring company, an alarm system can only be considered as being complementary to first-class mechanical protections such as metal reinforced doors, good locking devices and shutters, to mention just a few examples.

Fires are another aspect to be taken into consideration and insurance for such may differ from an apartment situated in a large city to a house on the edge of a rainforest. Should you be in your home when a kitchen fire commences and providing you are equipped with a suitable fire extinguisher (in good working order and easy to reach) the situation will no doubt be quickly under control with little or no damage. Should you be away from home when a fire commences and if your smoke/fire detector is linked to a monitoring company, depending on the distance your home is situated from the nearest fire station, there maybe a good possibility of avoiding a major loss.

In areas where electrical storms occur a lightning conductor may be required by the insurance company, but even if this is not the case, installing one using a qualified professional may well turn out to be a good investment...

Water damage can stem from either internal problems such as leakage of water pipes to external causes such as floods. Here again the problem for a person residing in a town apartment is not that of somebody living in a riverside village house. Other claims may arise from what insurance companies normally call 'accidental damage' (even though all the types of claims I have just mentioned are also accidental damages). To give but one example, imagine an 18th century painting that accidentally falls from the wall due to the cord breaking (providing, of course, the cord used to hang the painting was not 18th century too; this would be a question of 'wear and tear', a risk not usually indemnified by insurers). The painting itself is damaged and when hitting the chest of drawers situated under the painting, as is so often the case, it damages this piece of furniture and ends up by breaking several objects displayed thereon. Unimaginable but possible.

Whilst I mentioned the flood element, it must be remembered that other natural catastrophes can be the cause of losses and this facet should also

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Bronze figure, *Blowing Bubbles* by Antoine Boffin, the oriental maiden blowing opalescent glass bubbles and on a stepped marble stand, c.1890, 38cm high, \$3990 from Lauder & Howard Antiques in Fremantle.

be studied with the insurance company when purchasing cover. Before going onto other aspects of insuring fine art, antiques and collectables, here are a few ideas to bear in mind concerning means of prevention and protection:

- during the visit by the prevention specialist, should he advise you what, if any, improvements need to be implemented, make sure he confirms the said details in written form and as quickly as possible. Should he indicate improvements that may not be possible due to the property being listed, or may be unacceptable to you, do not hesitate to bring these matters up with him whilst he is at your home (which is why it is important you be there too), as he may be able to suggest alternatives.
- as any improvements required may take time to implement, and knowing you would like to be insured as soon as possible, ask the insurance company if cover can be actioned immediately albeit, if necessary, on a limited basis or with a temporary deductible. However, should the improvements concern, for example, the burglary cover, there is not any reason why full cover may not be granted from day one for the other perils such as fire, water damage and other accidental damages.
- should the insurance company require you to install an alarm system, or carry out any other improvements for that matter, before going ahead make sure the alarm or any other material you order corresponds with the requirements of the insurance company. A similar arrangement may be necessary concerning the firm(s) chosen to install the material. The insurance company may be able to guide you on both matters.
- make sure that any improvements are carried out by professionals, qualified for the work in question (a badly installed lightning conductor could do more harm than had the building not been equipped at all), and that they are correctly insured for such work; when carrying out a house improvement some years ago I was astonished to see that several firms presented me with out of date insurance certificates. Ensure the amount of insurance they carry is sufficient to put right any damages they could make to your home as well as to surrounding property
- when you have obtained written projects from the firms contacted, send them to your insurance broker or agent in order to obtain written confirmation from the insurance company that they are acceptable. Should any of the firms propose options that are different to those required by the insurance company, make sure you obtain their written agreement thereon prior to going ahead with any work.

All this may appear very long-winded but it is only really a question of commonsense. It is better to go through all procedures in the first place rather than having a claim refused for not having respected the requirements of the insurance company.

Now we can look at the insurance policy itself. If you are under the impression fine art, antiques and collectables are insured under your householder's policy, read the wording carefully because this is rarely the case.

Householder's comprehensive insurance policies

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do not normally include 'accidental damage' cover (remember the painting that fell off the wall?) and the theft aspect may also be somewhat limited. Flooding and claims due to other natural elements may also be excluded.

The other problem is that the householder's policy is probably underwritten on what is known as a declared or insured value basis, meaning from the contents point of view you have declared to the insurance company the amount you consider to be the overall value of what is to be found in your home. You may even have listed values of individual items but whatever the case, should a loss occur, you do not only have to prove the existence of the said objects at the time of the loss (this being the normal procedure for any type of insurance claim) but also, and this maybe more complicated, the individual values of the items you are claiming on, which for fine art, antiques and collectables may be somewhat difficult, especially if you do not possess any invoices or other proof of ownership.

By now you probably understand why the householder's policy, albeit indispensable for the building, general contents and liability aspects, is not adapted for this part of your estate. The solution therefore is the 'made to measure' 'all risks' policy cover (including the breakage of brittle and fragile items) with agreed values underwritten through an insurance company specialising in this type of insurance. It is also preferable that between you and the insurance company, the intermediary, whether he be an insurance broker or a general insurance agent, has experience in handling this type of insurance.

Remember that even if your collection remains static, this may not be the case for the individual values - meaning that the insurance policy should be updated regularly i.e. when you see a fluctuation in the value of your items, when you make acquisitions or when you dispose of any objects.

This reminds me of the case where a client complained that the cost of insuring his paintings was too high. Seeing the valuation was obsolete, I advised his broker that before looking into a possible premium reduction it would be necessary for his client to firstly update the valuation. When the valuer produced the updated list it turned out the client had been insuring paintings he had given away to his children over the years but had forgotten to notify the insurance company. Effectively he had been overpaying his insurance, but who was to blame?

All of this may seem a little complicated, but it is best to spend the necessary time before purchasing insurance rather than losing part, if not all, of your estate because you were badly insured or perhaps, not insured at all. The key words concerning the insurance policy you should be looking to purchase are therefore 'all risks' and 'agreed values'. The 'all risks' policy basically covers your items against everything except those cases indicated in the

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exclusions section of the policy wording.

Several important points to bear in mind.

The exclusion may vary from one insurance company to another. In some cases it may even be possible to buy back certain exclusions. Also, some insurance companies propose automatic cover for the breakage of fragile and brittle items (glass, porcelain, marble to mention just a few examples), whereas others charge an additional premium.

Perhaps the main advantage of the 'all risks' policy is the accidental damage aspect. If we take the example of the claim mentioned earlier in this article, the insurance company will settle the cost of restoring the damaged items (or paying their replacement value, should any items not be restorable) and indemnify the depreciation amount as there is almost always depreciation after an object has been restored.

The other key words are 'agreed value'. What do insurers mean by 'agreed value'? Quite simply that the values of each item to be insured have been agreed by both parties (the insurance company and you) and that in case of a loss, the insurer should indemnify the assured on the basis of the agreed value. But be careful, because the values of fine art, antiques and collectables are far from static, so it is therefore advisable to re-actualise the valuation regularly and especially when you see fluctuations in the values of items similar to those you possess. If the items you own increase in value and you have not made the necessary adjustment to your policy, in the case of a claim you will no doubt regret not having done so.

Another point to consider is that because of market fluctuations, most insurance companies indicate that to maintain the policy on an agreed value basis the valuation should be regularly updated, normally every three years. Again, this delay can vary from one insurance company to another. An important point to be taken into consideration is that insurance can never be a source of profit, meaning that even in the case of an agreed value policy, if at the time of the loss the value of any insured item is less than the value mentioned in the insurance policy, the insurance company may refuse to settle on the basis of the agreed value. However, throughout my career I never heard of such a situation taking place because usually when the owner sees that the values of his objects have dropped, he asks the insurance company to issue an endorsement to avoid over paying the cost of insurance.

After having read this article you will appreciate that even if the process of insuring your fine art, antiques and collectables may appear complicated, remember the objective is to protect a part of your assets, for you are only the temporary guardian of your possessions. Would you really like to have to change your lifestyle due to a loss not being settled by the insurance company because you were not insured or not insured correctly?

I sincerely hope these lines may have opened your eyes as to the interest and the importance of protecting and insuring your property.

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