Art Fairs: The New Market Place

INSURANCE COVERAGE CONCERNS

November 1, 2013
Museums vs. Dealer vs. Collector

COVERAGE DIFFERENCES
Museum Collections and Loans Insurance

What type of property is covered and how will it be valued?

Property Covered

- Property of the Insured
- Property of Others
  - Loans
  - Gifts awaiting acceptance

Basis of Valuation

- Current market value (CMV)
- Agreed Value
## Dealers Inventory Insurance

What type of property is covered and how will it be valued?

<table>
<thead>
<tr>
<th>Property Covered</th>
<th>Basis of Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property of the Insured</td>
<td>Inventory value at cost plus 30% or selling prices less 20%, whichever greater</td>
</tr>
<tr>
<td>Property held by the Insured</td>
<td>Selling Price: sold but not delivered</td>
</tr>
<tr>
<td>Property Sold but not delivered</td>
<td>Agreed amount plus 10%: consigned</td>
</tr>
<tr>
<td>Joint account</td>
<td>Current market value (CMV)</td>
</tr>
<tr>
<td>Property of Others</td>
<td></td>
</tr>
</tbody>
</table>
Private Collections Insurance

What type of property is covered and how will it be valued?

Property Covered
- Property of the Insured
- Property of Others
- Interest in jointly owned property
- Newly acquired property

Basis of Valuation
- Scheduled value
- Purchase price
- Current market value (CMV)
# Coverage Comparison

## Museum vs. Dealer vs. Collector

<table>
<thead>
<tr>
<th>Museum</th>
<th>Dealer</th>
<th>Collector</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Acquisitions: automatic coverage</td>
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<td>New Acquisitions: automatic coverage <em>up to 90 days</em></td>
</tr>
<tr>
<td>BoV: Current Market Value, Agreed Value for Loans</td>
<td>BoV: Cost plus 30% or selling price less 20%; Selling price for works sold but not delivered</td>
<td>Scheduled Value (or Current Market Value), Purchase Price for new acquisitions</td>
</tr>
<tr>
<td>Coverage in Transit: Yes</td>
<td>Coverage in Transit: Yes</td>
<td>Coverage in Transit: Yes</td>
</tr>
<tr>
<td>Coverage for Property of Others: Yes</td>
<td>Coverage for Property of Others: Yes</td>
<td>Coverage for Property of Others: Yes</td>
</tr>
</tbody>
</table>
NEWLY PURCHASED ARTWORKS, WHO INSURES?

Museums vs. Dealer vs. Collector
Artworks newly purchased at fairs

Museum, Dealer and Collector policies can ALL provide coverage for items that are newly purchased at an art fair.

If the dealer provides coverage:
- The acquired works will be insured at the selling price
- Coverage under their policy will cease when delivered to the buyer

If the museum provides coverage:
- Coverage is automatic under the museum policy
- The works will be valued at current market value
- Coverage for works while still on fair premises, (unnamed location) while in transit, subject to limit on Declarations Page

If a collector provides coverage:
- Coverage (worldwide) is automatic for 90 days
- The works will be valued at purchase price
- Coverage for works while still on fair premises, while in transit to and while at the Premises of the Collector

So Who Insures? - Get It Agreed In Writing
Conclusions

Museum vs. Dealer vs. Collector

- Museum, Dealer and Collector policies can provide coverage for works that are purchased at a fair.

- The valuations under each policy vary slightly.

- Get a written agreement stating who will provide coverage for the work immediately following the purchase while at the fair and while in transit to the buyer, or designated delivery point.

- Before agreeing to provide coverage under your Museum policy:
  - Consider who will be overseeing the packing and shipping of your artworks.
  - Review your policy limits to ensure that your coverage is able to accommodate the new acquisition at the fair, in transit and when it arrives on your premises.

- Inspect your new works upon delivery and report any issues promptly.