

Insurance Times: IMUA offers tips for proper appraisals of precious goods

August 20, 2002, Vol. XXI No. 17

While art, antiques and collectibles hold a special place in people's lives and the sentimental value of such objects is often unquantifiable, it is essential to determine the financial value of these goods for insurance purposes. Knowing how much one's art and antiques are worth is essential to providing proper protection with the most appropriate insurance policy. The Inland Marine Underwriters Association (IMUA), which represents commercial inland marine insurers, offers the following helpful tips to have fine objects properly appraised.

1. Don't assume a bill of sale is an accurate indicator of an object's value. While the receipt reflects a bona fide purchase, it does not establish an objective opinion of value, since the owner may have paid too much or too little for the object and the insurance carrier will have no way of knowing unless an appraisal is conducted.
2. Have an initial appraisal written at the start of the insurance policy to determine value(s) and establish a proper base for premium charges. Put into place updated appraisal schedules after certain periods of time have elapsed (approximately every three to five years) to address general trends in the art market, cyclical values and volatility factors.
3. Select an independent appraiser who is a member of a recognized organizational authority such as the Appraisers Association of America (AAA), American Society of Appraisers (ASA) or International Society of Appraisers (ISA) and whose appraisals conform to the Uniform Standard of Professional Appraisal Practice (USPAP).
4. Objects should be physically inspected at the premises where they are located, whenever possible.
5. Qualifications and the fee structure of the appraiser should be included in the appraisal report and a curriculum vitae should be appended to it.
6. The name and address of the owner or client, the reason for the appraisal (insurance purposes), and a clear statement of title to the objects must be included in the attached covering material.
7. All insurance appraisals should contain a generic market analysis for the types of objects to be covered. The appraisal should state whether the market for the object is stable or volatile, alerting the insurance carrier that it may require more frequent appraisal updates. The history and provenance of the appraised object should also be provided as well as the names of dealers/individuals/auction houses who sold the objects to the owner.
8. Certain dates should be memorialized in the appraisal, including the date of inspection, the date the appraisal report is finalized and, most importantly, the effective date of valuation. These dates should be determined by the client, the insurance carrier and the appraiser, all working together.
9. Be certain that the appraiser is following the Getty Information Institute's universal system for describing works of art, Object ID, in the report. This system has identified nine basic components including type of object, materials and technique, measurements, inscriptions & markings, distinguishing features, title, subject, date or period, maker, and

condition of the object. A list and related analysis of comparable objects of similar value should be included.

10. Beware of “e-appraisals” or appraisals done exclusively on the Internet. These are generally no substitute for an on-site appraisal. Alteration of images via digital technology can drastically undermine the accuracy of an online appraisal.

For a copy of the valuation paper, The Underwriters Guide to Valuation of Art, Antiques, contact IMUA at lcolson@imua.org.