

Reuters News

(c) 2004 Reuters Limited

Assets - Collectibles quandary - to insure, or not?

By Richard Chang, 14 January 2004

NEW YORK, Jan 14 (Reuters) - To insure or not to insure? And if so, for how much? Those are big questions facing collectors of anything from duck decoys to vintage cars to moon dust. As with store-bought items, collectibles are usually insured for the value it would cost to replace them - though a rare stamp may, in fact, be irreplaceable. Also, unlike new products, collectibles often appreciate rather than lose value over time.

Most collectors go with their home or auto insurer for convenience. "A client can stay with a homeowners policy if items are not worth very much," advised Jane Willis, president of the Appraisers Association of America, based in New York. "It's better coverage on the whole because there's usually no deductible" for listed items, she said.

Special insurers, however, may provide a better deal as they take into account that collectible cars, for instance, are treated with far more tender loving care than every-day cars. "We define a collectible car as one driven just for fun," said McKeel Hagerty, president of Hagerty Insurance Agency Inc., the largest U.S. insurer of antique and vintage autos, (<http://www.hagerty.com>). "It's the car you want to drive versus the car you have to drive."

Traverse City, Michigan-based Hagerty, which also insures classic and wooden boats, offers a policy from Encompass, a wholly owned unit of Allstate, that costs a fraction of that for a regular-use car. For a 1965 Ford Mustang worth \$10,000, insurance in most states would cost about \$110 a year for full coverage, compared with \$500 to \$600 for a regular policy. For a \$100,000 1965 Jaguar, coverage would be \$650 instead of \$1,200 to \$1,500, Hagerty said. Taking into account the special needs of a collectible car, Hagerty offers nationwide road service with flatbed tow trucks because many old cars are not built to be towed at an angle. Claims coverage includes repairs using authentic parts that will maintain the value of the car.

Inside the house, the best way to make sure a collection's value is fully insured is to keep an updated list under an expanded homeowner's policy or specialized coverage.

But while a small collection may be easy to document and appraise, it's a massive undertaking to photograph and describe thousands of stamps, coins or Christmas ornaments. Moreover, it would be a full-time job just to update the list every time an item is bought or sold, or whenever market values change. "I draw the line at \$100 and up," said Robert Brenner, a schoolteacher who has about 125,000 Christmas ornaments, not to mention decorations for other seasonal holidays. "I would never list every single one because I'd never get finished."

Such collectors would be glad to know that Collectibles Insurance Agency (<http://www.collectinsure.com>) does not require individual items worth less than \$5,000 to be itemized, or any appraisals. Ballpark estimates by the customer are good enough. "We have a lot of experience and can often tell" if a claim is fraudulent, said Dan Walker, whose company has been

offering such policies for more than 20 years. "We can get enough information to know whether to insure a person or not. There's normally a trail that we can follow to verify a loss." Walker said his carrier is a top-tier insurance company that does not want to be named on Collectibles Insurance's Web site or in any media interviews. Stamp dealer Michael Aronson, a happy client, however, said his policy is from Pacific Insurance Co. Ltd., of New Hampshire, which Walker explained is a unit of the carrier. "I had a theft 10 to 15 years ago that nearly put me out of business, and they paid for it," said Aronson, a former drugstore owner who since 1982 has been running Princeton Philatelics, based in Tappan, New York.

For items that need special care, policies are available from art insurers such as Aon and Axa. Chubb Group of Insurance Companies (CB.N), one of the largest U.S. insurers of businesses and wealthy individuals, started such a program four years ago.

Fine-arts coverage is the cheapest, because items such as paintings and sculptures tend to be treated very well, and stay put in the best rooms of a house, said **Renee Vara**, national fine-arts specialist for Chubb. Collectibles, which include everyday objects not made for aesthetic purposes, have slightly higher premiums. Jewelry is the most expensive to insure because it is most likely to be lost or stolen.

Chubb (<http://www.chubb.com>) also provides customized advice on preserving and protecting a collection. "One of the biggest difficulties is managing paperwork and documentation," Vara said, so the insurer created a system to record a collection and make it accessible online. That way, a client can keep track of it anywhere in the world. The catalog can also be printed to show to museums or potential buyers.

"We advocate listing (because) if it's stolen and you have no clear description with markings, you can't report it to Interpol," Vara said. One client recovered seven paintings stolen from her in the 1960s only because there was such documentation, she noted. Details on valuing, securing and insuring your collection are available on <http://www.bada.org/advice-valuing.html>.

(This column appears every other week. E-mail any comments to [richard.chang at reuters.com](mailto:richard.chang@reuters.com).)