



MANAGING MONEY IS YOUR HOME'S ART ADEQUATE INSURED?

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NEW YORK - Collecting art and antiques has become more common in recent years, but many collectors still are in the dark about insuring their valuables. Terry and Ralph Kovel, who published their first price book on antiques 36 years ago, say collecting has become much more mainstream.

Terry Kovel says some people make the mistake of assuming their homeowner's insurance will cover losses to heirlooms and other objects such as art, but these policies can be very limited in protecting some valuable possessions.

It's common to encounter special clauses that exclude fine art and antiques, or that cap payments on losses. Even if the policy is without such clauses, there might not be enough to cover the loss of very expensive items.

Maybe you don't have a Picasso on the wall, but this still can be important if you consider the value of furniture that might have been in the family for generations or that collection of baseball cards.

Because every policy is different, homeowners will need to scan through their contracts to get a complete picture of what limitations apply.

People who want special protections for specific objects might want to add what are known as "schedules" to their homeowner's insurance policy.

But there are other options, including so-called blanket insurance, for collections that consist of many items of relatively low value - such as wine, stamps or jewelry.

The good news is that insurance premiums for fine art - which can include just about any rare or historical item - can be pretty cheap.

Expect to pay between 10 cents and 50 cents per \$100 per item a year. The cost will vary depending on the item and the risks it faces.

Costs also rise dramatically for objects that tend to be likely candidates for theft. Jewelry, for example, can cost about \$2 to \$2.50 per \$100 a year.

Despite the recent jump in homeowners' premiums, fine-art premiums should remain stable, said Theresa Lawless, a program manager for fine-art insurance with Fireman's Fund in Novato, Calif. "There's just not the same pressures on fine art that there is on homeowner's insurance."

The biggest red flag alerting you to the need for special insurance coverage is "when you've got a house where the insides are worth more than the outside," said Kovel.

Homeowners insurance generally covers personal property for 50 percent to 70 percent of the value of the home.

So if your home is valued at \$300,000, for example, your personal property might be reimbursable up to \$150,000. If you own a collection of rare books worth \$200,000, "you've got a problem," Kovel said.

Fine-art insurance commonly is overlooked among people who have been living in the same house for years and who have collected a mishmash of valuables from various places, said Renee Vara, fine-art specialist at Chubb Corp. in New York.

There are families with "\$1 million to \$5 million worth of home items, from antique lamps and furniture to Persian rugs" left uninsured because the owners don't think of themselves as art collectors, she said.

If your valuables are adequately covered by the standard 50 percent of the home value offered by homeowner's insurance, you still will want to scan the policy for clauses that might limit coverage.

Common limits are reimbursement caps on easily stolen goods, such as jewelry. Also, make sure you understand how the insurance company will reimburse losses.

Many homeowners' policies reimburse through a method known as "actual cash value," or the replacement value, minus depreciation.