

Insuring Your Art Piece

Art insurance in India is not in vogue because there is a fair amount of ambiguity surrounding art evaluation as surveyors are not really art evaluators. But if pets and jewellery can be insured, why not pieces of art, asks Deepak Yohannan



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The Indian art scene has seen a burst of new artists over the last few years and even when the market crashed as in the great mini-depression of 2009, the art market remained stable. Study has shown that art holds demand in the market during an economic boom as well as a slowdown. Investing in art is one alternative investment strategy, which has been gaining increasing acceptance around the world and more so in India. Reports suggest that over the last five years the Indian art market has given a return of over 1000 per cent if one adopted a simple buy-and-hold strategy. This figure has been calculated by taking an average appreciation in value of paintings by 50 artists over the last five years*. Even though investments in art have been what one may call 'most beneficial', art today remains a market understood by very few, let alone the valuation of art. Quite understandable, then that the penetration of art insurance is low in the country...

Hold on... did you just say insuring that piece of art? You must be joking... well, we say not really! If people can insure their dogs and jewellery, why should art be an exception? Art pieces valued at Rs 50,000 five years back have sold for over ten times their amount. With the increased emphasis on preserving and restoring art, insurance is but a must! Look at it this way... if you have invested a few lakhs in your paintings considering you are a serious art appreciator and collector, is it not advisable to insure that one very lucrative portion of your diversified investment portfolio, especially if that investment is prone to damage

and also has the potential to appreciate substantially?

So how is art being valued? Globally, there are companies insuring art and artefacts with the intention of preserving it. Many forms of fine art—painting, drawing, printing and photogra-



Painting: Sachin Muley

phy—are fragile by the nature of their materials and vulnerable to obvious and subtle forms of damage. But through accepted conservation practices, they can endure to inspire new generations afresh. Insurance companies work with the world's leading conservators and help those who insure their art obtain the resources they need to keep their art safe, sound and secure. In developed countries, the realm of art also spans artefacts, rare books, antique weapons, vintage vehicles, rare coins and jewellery.

In India though, insurance of art is

based on a valuation that's mutually acceptable to both the insurer as well as the insurance company. Having said this, there is a fair amount of ambiguity surrounding art evaluation as surveyors are not really art evaluators. Art is not something to be repaired but something to be restored in case of a fire/damage due to calamities. So, while there may be certain teething issues in case you want to file a claim for the restoration, the rule of 'caveat emptor' i.e. reading the fine print will really help. Certain select financial companies have special schemes but you may have to do a bit of 'head breaking' to clearly comprehend what the policy is all about. This is because most institutions in our country also tend to consider art as part of property/personal assets—a realm of general insurance and do not carry the relevant expertise to carry out an appropriate evaluation of the piece of work that you hold so dearly. Also, unlike the international market where companies specialise in art insurance, there are very few policy creators in the Indian market.

I mean, how many people can actually estimate the value of a Raza or 100 Hussain paintings, ten years from now? If you see yourself nodding your head, then know that one needs to insure art based not only on their current purchase value but the estimated value 10 to 15 years from now.

After all, it's a petty price to pay for something that will ensure you remain or become a billionaire!

(* Indian Art Collectors Report 2008)
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