

WALL STREET JOURNAL

Is That Picasso Covered by Your Home Insurance?

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Dow Jones Newswires

NEW YORK—Many people collect art or antiques without thinking about insurance.

The truth is that homeowners insurance can be very limited in protecting 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 clauses, there may not be enough to cover the loss of very expensive items. Standard policies also rarely protect against common causes of loss to fine art, like water damage and breakage.

Because every policy is different, homeowners need to check to see what limitations apply. People who want special protections for specific objects may want to add what are known as "schedules" to their insurance policy. Another option is so-called blanket insurance for collections of many items of relatively low value—like

wine, stamps or jewelry.

The good news is 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 varies depending on the item: Fine china in hurricane-prone Florida, for example, will probably cost more to insure than a painting in Utah.

Costs also rise drastically for objects that tend to be likely candidates of 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 in the near future, said Theresa Lawless, a program manager for fine-art insurance at Fireman's Fund in Novato, Calif. "There's just not the same pressures on fine art that there is on homeowners insurance."

Homeowners insurance generally covers personal property for 50% to 70% of the

value of the home. So if your home is valued at \$300,000, your personal property may be reimbursable as much as \$150,000.

Fine-art insurance is commonly overlooked by people who have lived in the same house for years and who have collected 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.

Your decision on insurance could hinge on how losses are reimbursed. Many insurers use a method known as "actual cash value," or replacement value minus depreciation.

Another unattractive reimbursement method might be product replacement, which can be tricky when it comes to antiques and objects that have sentimental value.