

# Valuing Possessions of the Rich and Famous

By Scott Lacourse | October 12, 2016

## As a claims pro, are you ready to step into Mar-a-Lago?

It is rumored F. Scott Fitzgerald once said, “The rich are different than you and me.” To which his contemporary Ernest Hemingway rejoined, “Yes, they have more money.”

Whether or not this conversation actually happened, it illustrates an undeniable fact of life in America—the richest in our society have possessions that are unfamiliar to the rest of us. This situation can create a challenge for claim adjusters called to appraise high value items commonly owned by the wealthy such as fine art, antiques, Oriental rugs, and rare books.

In fact, being called upon to evaluate contents in a sprawling mansion can be both daunting and overwhelming. Master artwork and million-dollar lawn sculptures, first-edition books, antique furniture, lush Oriental carpets and other rare items not typically encountered in everyday claims but may very well be among the list of high value items that need assessment.

At some point, insurers may decide the best strategy is to outsource the contents valuation service, leaving the specialized task to highly trained and experienced claims pros. Looking at these four upscale categories, let’s examine best practices and key value factors to consider when you’re called upon to enter a modern day castle, Hollywood ‘crib’ or landmark Palm Beach estate like Mar-a-Lago.

## Valuing Fine Art

When the highest price for a work of art is \$250 million and a forgery is comparatively worthless, the stakes in correctly identifying a work of art are critical. Adjusters must make the right call.

While appraisers are not authenticators there are some things they can signal as red flags. With this in mind, the key attributes to examine when determining if a work is genuine include the signature, artistic style and abilities, whether the piece is hand-painted or machine-made, and most significantly, its provenance.

Of these, identifying the signature can be the quickest method for confirming the artist. Fortunately, there are reference books and periodicals that contain known artist signatures to make a comparison. Another method for determining authenticity is to check the artistic style and ability to see if it matches known documented paintings by the artist. Differences and inconsistencies are good giveaways to identifying a potential fraud.

When dealing with oil paintings, adjusters should look at and feel the texture of the paint to notice if the colors overlap one another. Is the paint itself moving in different directions or is there a clear coat on top of a print that creates the texture instead? Inspecting the back of the canvas is helpful to determine if there are variations in the light that comes through the back. Both of these characteristics are present in genuine works.

The most important method to use is the painting's provenance, that is, the documentation that usually accompanies a piece of artwork confirming its authenticity. These can include a signed certificate of authenticity ("COA"), receipts, an expert appraisal, or a history of ownership including names of previous owners.

All of these documents can provide evidence of authenticity, but be aware of the possibility that the documents themselves could be forgeries. Be sure to call the galleries that issued them to verify.

## **Valuing Antiques**

As the popular TV show, "Antiques Roadshow" demonstrates on a regular basis, the true identity of an antique can mean the difference between an item worth thousands and a piece worth its weight only in terms of sentimental value.

As with fine art, one of the best uses of an adjuster's time is in establishing the object's provenance—again, these are documents that serve to define a record of ownership and history for the antique. Documentation in this case includes estate inventories, photographs, or documented inclusion in a museum exhibit or a respected publication. Invoices and auction results from well-known and respected antique dealers and auction houses are also useful for determining provenance.

Unfortunately, this level of documentation is relatively rare and the world of [antiques](#) contains countless fields and specialties. Experts in a specific field are often required to identify and properly evaluate particular items. It's almost impossible to do a proper valuation without having some expertise in these specialties.

## **Valuing Oriental Rugs**

When appraising an Oriental rug, it is important to first determine the type of construction—either hand-woven, machine-made, or tufted. The key to determining if a rug was hand-woven is to look at the row of knots on the reverse (underside) of the rug. If hand-woven, the rows may be slightly uneven. In contrast, machine-made rugs feature perfectly uniform rows and tufted rugs will have a fabric backing covering the entire underside of the rug, as these are not "woven" at all.

An onsite inspection is the best way to determine a rug's identity and quality but if that is not possible, an assessment can be done using images and inspection notes. Key value factors include the rug's country of origin, age, types of dyes, weave quality or density, type of construction, and construction materials.

Generally speaking, more expensive rugs feature more intricate designs using a variety of colors. It is important to establish the weave density in hand-woven rugs measured as the number of knots per square inch (KPSI). This can be done by taking a count of the number of knots in the linear foot measured across the width of the rug.

It is also important to look for damage, such as color runs, faults, or any other issues, to make determinations about the possibility of restoration. Localized tears in a hand-woven rug can be repaired with little reduction in value.

When inspecting an [Oriental rug](#), look for a tag on the underside of one of the corners as it will often have information like the manufacturer's name, material, and dimensions. However not all rugs carry these tags.

A certificate of authenticity is useful documentation to have but these documents may or may not have been written by a qualified person. Read them with a grain of salt. Keep in mind there is typically a lot of negotiation involved in the purchase of Oriental rugs. The full list price is often mistakenly submitted by insureds as the claimed value. The retail replacement value, however, is based on the specific value drivers mentioned above.

## **Valuing [Rare Books](#)**

Again, this is another category with a huge variation in price—a first edition Stephen King novel in good condition may cost a few hundred dollars while an Edgar Allen Poe can be worth thousands. Key value drivers to look for include the popularity of the author, the significance of the work, the book's age and condition, and the presence of signatures or gift inscriptions.

Of these, the edition holds the majority of weight. According to industry protocol, the copyright page should clearly state if the book is a second or later stage printing from the first edition. When evaluating any book, it is vital to make note of the copyright date, printing history, publisher, and condition of the book.

It's a common misconception that all first edition books are of high value. Typically, the more desirable the book and the fewer copies there are available, the more valuable it is.

The same rule applies to a book's condition. A book with a grade of "Very Fine" will be significantly more valuable than a book with a grade of "Good." The grading spectrum runs along a spectrum from "Very Fine" (a flawless copy, perfect in every way and probably never read) to "Poor/Fair" (a copy with very serious defects not typically desired by collectors). This grading system runs in the following manner in descending order: "Very Fine (VF)", "Fine (F)", "Very Good (VG)", "Good (G)" and "Poor/Fair."

More likely than not, appraising the contents of the rich and famous will largely rest on a team of experts chosen for their individual specialties. There are obviously more factors to consider than what is allowed in this amount of space. For a deeper dive into any one of these upscale contents categories, visit our webinar series at <http://www.enservio.com/resources/videos>.

*Many thanks to Rosemary Kress, Steven Leone, and Christian Trabue from the Enservio Select team that contributed to this article.*