



By Anayat Durrani

# What Happens After Stolen Artwork is Recovered

Edvard Munch's paintings *The Scream* and *The Madonna* were not insured against theft when they were stolen in Norway (since recovered). In the U.S., the Isabella Stewart Gardner Museum in Boston did not insure its still missing 13 masterpieces, valued at 5 hundred million dollars, when they were stolen 17 years ago. Like the Munch paintings they were insured for loss and damage, but not theft. While these are more high profile, high value pieces, it does underlie the importance of insuring beyond just loss and damage. Insuring against theft should be included in any insurance plan. And, in the off chance your artwork is stolen, it is important to know ahead of time how your carrier deals with items should they be recovered.

There is a wide range of insurers that offer theft insurance

for fine art. But how insurance carriers deal with items that are recovered can vary from insurer to insurer, details that should be well understood by the insured.

"Unlike many other insurers, Chubb will offer the item back to the original insured," said Mark Schussel, Vice President and Public Relations Manager for Chubb Group of Insurance Companies. "If the insured wants the item back, we will request that the insured pays us back the amount we paid the insured for the claim."

Chubb, in existence for more than a century, is the leading insurer of privately owned fine art, another powerhouse in the field of fine art insurance is AXA-Art Insurance Corporation, which distinguishes itself as the only art insurance specialist in operation today.

"Once we recover a stolen item,

we make every attempt to contact the insured who experienced the loss through the theft, and advise them of the recovery," explains Barbara Madrigal, Vice President of Claims for AXA-Art. "Once the insured is notified of the recovery, we offer the item back to the insured."

Madrigal said that if the insured wants the item back, then the insured would need to provide them with the payment, typically equal to the amount of the settlement of the claim, except in the case where a prior written agreement exists between the insured and AXA Art regarding the recovery of an item.

"If the insured does not express interest in the recovered item, the item will remain the property of AXA Art and we proceed to try to sell the item as a salvage item," says Madrigal.

She said that is assuming the

item was recovered through local authorities or other governmental agency. If the item was recovered through a person or entity not related to a governmental agency or a local authority, Madrigal explained, then AXA Art would also notify the insured of the recovery since a report of the theft would have been made at the time of the theft. Additionally, the Art

Loss Register would be notified so that the item is removed from their database for stolen artworks.

Madrigal said that when an item is first recovered, AXA Art would obtain information that verifies that the alleged recovered item is the item reported as lost or stolen. Then they would request information on the identity of the person or entity who made the

recovery, including their address. She said they would ask for the address of the location where it was found, when it was recovered, and how the person or entity recovered it. Madrigal said if the recovery of the item appears suspicious they would request assistance from the authorities.

“Eventually, we would request that the item be delivered to us directly, or we would personally go to the location to obtain it,” says Madrigal.

Known throughout the insurance art world as the “Fine Art Guy,” Thomas V. Pratt brings over 15 years experience in the fine arts insurance industry. He serves as Director of the Fine Arts Division of Thomson & Pratt Insurance Associates, Inc.

“As a fine art insurance broker, our responsibility is to work with the insured/owner of property and the insurance company. The insurance companies that we work with all have a Loss Buy Back Clause, which allows the purchase of the item that is recovered for the amount of the loss settlement plus associated expenses,” says Pratt.

Pratt said as a broker he works with many insurance companies, but the main ones are Lloyd’s of London, AXA Art, Praetorian Insurance Company, Hartford Insurance Company and Fireman’s Fund.

“Every insurance company is going to have different requirements if a lost or stolen item is recovered and as a fine art insurance broker, we would follow



***Rembrandt's The Storm on the Sea of Galilee, 1633. Stolen from the Gardner Museum in 1990, it was not insured for theft, and has not been recovered.***

those guidelines to best assist the insured,” says Pratt.

Each insurance company does have its different requirements. AIG Private Client Group is among those. AIG Private Client Group is a division of the personal lines property and casualty insurance subsidiaries of American International Group, Inc, with over 80 years of experience.

“When an AIG Private Client Group policyholder notifies us of a theft, we immediately investigate the claim. If coverage is in place, the policyholder may choose immediate reimbursement or to wait while we pursue the investigation,” explains Katja Zigerlig, Manager, Fine Arts & Jewelry Underwriting, AIG Private Client Group.

Zigerlig said that even if a policyholder decides to be compensated up front, AIG would continue their efforts to recover the stolen artwork.

“We may engage local and/or national authorities, and we will register the stolen art with appropriate databases such as the Fine Art Registry™,” says Zigerlig.

She said in the chance that they recover the artwork after the claim check has been issued, the client can still “buy it back” returning the claim payment in exchange for the artwork.

Zigerlig mentioned the importance of registering stolen art with databases such as Fine Art Registry. In fact, tagging and registering all of one’s artwork before obtaining insurance is an absolute must as it will reduce

the risk of loss and increase the chances for recovery. Carriers who recognize the value of the Fine Art Registry system and its many additional benefits ideally should offer their clients a discount on premiums because the risk to them is much less than for insuring art that has not been tagged and registered with FAR®.

### High-Priced Art

Schussel of Chubb says that the values of art over the years have escalated which has made it expensive to insure art that is high in value. As a result, in the case of museums, not all insure their works. He said museum budgets are always under pressure, and the values of even part of a collection can be enormous.

“There can be creative ways to insure a collection. For example, a limit can be based on one probable maximum loss, providing the insured with sufficient coverage, as opposed to trying to insure an entire collection,” said Schussel.

He said the non-insurance problem is more widespread outside the United States, where many museums are state-owned, as was the case with the Munch paintings in Oslo. Because the Isabella Stewart Gardner Museum in Boston did not insure its collection, he said the museum did not get a penny after the theft of 13 masterpieces – 11 paintings and sketches by Rembrandt, Vermeer, Manet, and Degas; a 3200-year old Chinese beaker; and the bronzed top of a Napoleonic

flagstaff. The lack of theft insurance also meant investigators could not use insurance reward money as a bargaining tool for its recovery.

“We have warned our customers about loaning to museums that do not have art insurance,” said Schussel. “And we hope that by sponsoring the airing of “Stolen” on PBS, we help to draw more attention to this issue.”

Museums have their own set of criteria they must weigh in determining how to insure their high priced collections. But for collectors or artists seeking to protect their artwork, theft insurance should be explored. And there are many insurance companies and brokers that can cater to your specific needs (see article [here](#)).

Tagging, registering, and insuring artwork can maximize the security of valued items. Your artwork is too precious not to fully protect it. 