

Appraising & Insuring Historical Treasures

Welcome!

The webinar will begin at 2:00 p.m. CT.

While you wait:

1. Download a PDF of the slides under the “Handouts” tab of your control bar.
2. Confirm that your speakers are turned on and your audio is working by doing a sound check in the “Audio” tab of the control bar. Having problems? Exit and restart the webinar, or switch to “phone call” for a phone number and access code to hear the audio through your telephone.



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REAL PLACES TELLING REAL STORIES



THC Museum Services

- The Museum Services Program provides support, resources, and training to museums in Texas.
 - *Consultations*
 - *Webinars and workshops*
 - *Resources*



THC Museum Services

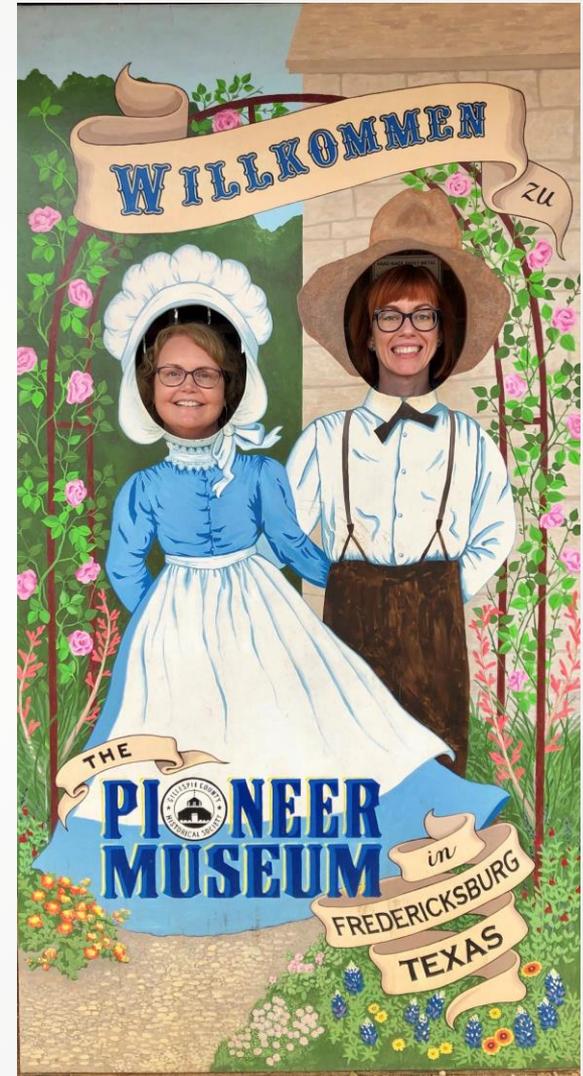
www.thc.texas.gov/museum-services

- On our webpage:
 - *Webinars*
 - *Workshops*
 - *Grants and Fundraising*
 - *Helpful Resources*
 - *Connect and Learn*



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Upcoming Free Webinars

- **Social Media and Your Cultural Organization: Where to Start**
 - *Tuesday, March 24, 10:00 a.m. CT*

- **Organizational Practices: A Digital Repository's Perspective**
 - *Wednesday, April 22, 10:00 a.m. CT*



Barbara Blade-Lines and Joy Simpson







Appraising & Insuring Historical treasures

Documentation, Valuation, Market Trends,
Updating your Insurance Policy

Appraising Historical Treasures

Five key topics:

1. When and how to spot the need for an appraisal
2. Types of appraisals
3. Appraiser's responsibility to clients
4. Benefits of appraisals
5. Market trends using examples from past project

Intended Uses of Appraisals

- Insurance – property is cataloged for appropriate coverage, updates or shipping
- Insurance Claims – financial settlements post theft or damage (broad evidence rule)
- Tax and Financial Planning – donation, deaccession (downsizing), bank collateral
- Resale – selling strategies and fair market value
- Appraisal Disputes - second opinion at client or insurance company request
- Estate Planning – estate tax, or family distribution



Replica – “Statue of Liberty”

Types of Appraisals

1. Appraisal Reports
2. Restricted Appraisal Reports
3. Verbal Opinion Reports (Verbal Appraisal)
4. Retrospective Reports
5. Fractional Appraisals
6. Appraisal Reviews

Appraiser's Responsibilities

- Follow the latest USPAP standards:
 - USPAP - Uniform Standards of Professional Appraisal Practice
 - The Appraisal Foundation was authorized by Congress as the source for appraisal standards and appraiser qualifications in 1989; financial penalties added in 2019
- Qualified for the assignment
- The report is the correct type of appraisal for the intended use of the report
- All reports must contain enough information to be credible and to enable the intended user to properly understand the conclusions
- A signed certification that states the appraiser is not biased and does not have a present or prospective interest in the property
- Outline any limiting conditions, i.e. - assumptions that were made that, if different, could change the outcome of the report

Best Practices to Save on Appraisal Costs



Dodge Oil Drum Bank,
Circa 1940's

- Provide appropriate collection details
- Easy access to the property
- Ask how you can help save on costs
- Work with the same appraiser/appraisal firm for valuation updates
- Spread costs by prioritizing categories to be appraised
- Objects on loan, remind donors to update their insurance policy

Costs & Bids for Appraisal Projects

- Hourly rate
- Day rate
- Rates for non-profits
- Expenses (hidden costs)

Eight Steps to Select an Appraiser

1. **Do** - Be prepared to share project details.
2. **Do** - Talk to more than one appraiser.
3. **Do** - Request multiple project estimates.
4. **Ask** - if they are qualified for everything or if they will collaborate with other appraisers.
5. **Ask** - if they have executed reports for similar appraisal projects.
6. **Ask** - about their professional credentials.
7. **Ask** - if their reports are USPAP compliant. (Uniform Standards of Appraisal Practice)
8. **Consider** - appraisers expertise, project estimate, time-line and respect for the property being appraised.

Benefits of an Appraisal Report

- Protect your collection and or individual asset(s)
- A USPAP compliant report will protect and preserve the asset
- A USPAP appraisal report will identify and document the overall value of the collection, and will help indicate the insurance needs including the frequency of insurance updates and the sale of artwork or other collectibles (deaccession)
- For example, a donation to a museum can be made in 2020 with the tax benefit spread over ten years; 20% in 2020, 30% in 2023, 50% in 2029

Example: Estate Appraisal



“The Nueces Strip”, 1973 - Melvin Charles Warren (American, 1920-1995)

2010 auction estimate \$30 – \$50,000.00

2018 painting appraised for \$60,000.00

2019 spikes in the market for \$230,000.00 & \$425,000.00

2019 donated to a permanent public collection as of the date of death

2019-2020 market is flooded, eleven offerings on the open market, several artworks BI (bought in / unsold at auction)

Example: Validate Item, Value & a Common Market



“Oval Form” - Barbara Hepworth, British, 1905-1975

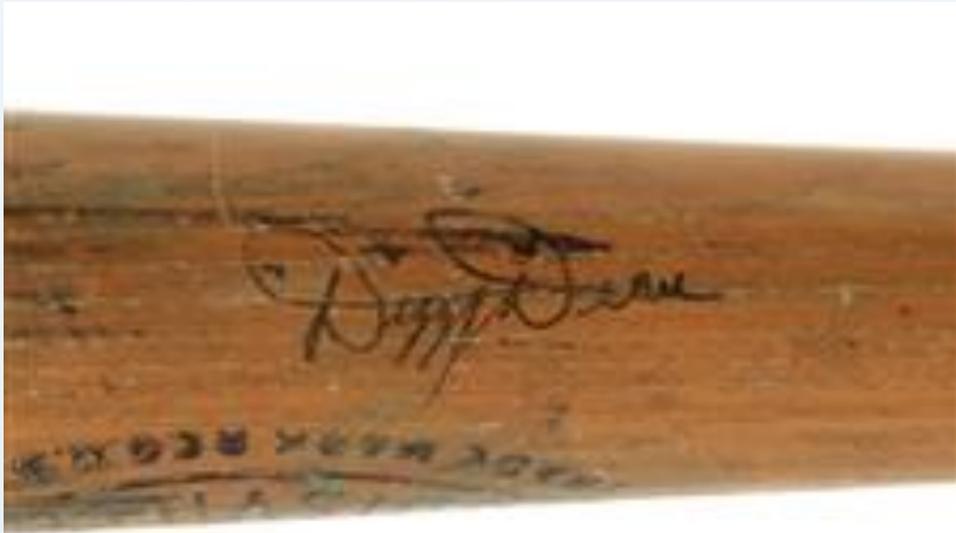
2012 Paper weight valued at \$122,000.00

2012 – 2017 Steady upward trends

2017 Appraised for \$981,000.00

Now in a permanent public collection

Verbal Opinion Report: FMV with recommended strategies



**Dizzy Dean, St. Louis Cardinals -
autographed & game used in the
1934 World Series, he was voted MVP
Hillerich & Bradsby Louisville Slugger
Professional**

2019 Fair Market Value: \$2,000.00 +
2019 Auction Estimate Range: \$2-3,000.00+

Recommend: Heritage Auctions, Julien's and MEARS

Market Notes:

Lower range – the bat is unique, odd for the market. There are no established comps

Higher range – the bat is unique, odd for the market. Historians and vintage collectors are going to be highly interested.

Sold: \$4,657, MEARS, Milwaukee, WI, Dec./Jan Sale, 2019/2020

Shiro Kuramata's, "Miss Blanche", Circa 1989 Vs. American Chippendale, Circa 1765



Shiro Kuramata's, "Miss Blanche", Circa 1989 Vs. American Chippendale, Circa 1765

2000 \$ 56,400.00
2011 \$320,190.00
2018 \$304,554.00

2002 \$69,750
2010 \$21,250.00
2019 \$9,760.00



Appraising Historical Treasures

Unlimited categories: Presidential, Guns, Dolls, Space and Aviation, Political, Royalty, Military, Crime, Cities And Towns, Business, Western, and Religion.

- Analyzing the value and common market
- Analyzing significant characteristics
- Gift restrictions
- Developing a model to help prioritize and ascertain the value
- Testing



McLilley & Co. Columbus Sword

Methods and Resources

- Consultation with peers/experts
- Museum's registrar, archivist
- Market analysis
- Creating models for property with unique attributes/mass appraisals
- Cursory survey
- Replication
- Qualitative research



*A Silver-Mounted Carved
Coconut Cup,
Circa 1730-1790*

Types of Values

Four different values/costs:

1. Historic/Scholarship/Collectable Value

2. Fair Market Value

3. Replacement Cost

- Replacement Cost (new)
- Replacement Cost (comparable/used)

4. Repair Cost

Coconut Cup + Portrait Miniature



Example: Qualitative Research

What is significant about the Property?

- Historic presence
- Aesthetic
- Scientific /research
- Social value / spiritual value

Example: Qualitative Research

What is significant about the property?

- Provenance Significance
- Condition Significance
- Representativeness Significance
- Rarity Significance

Note: Significance of a property can change over time and requires periodic revision.



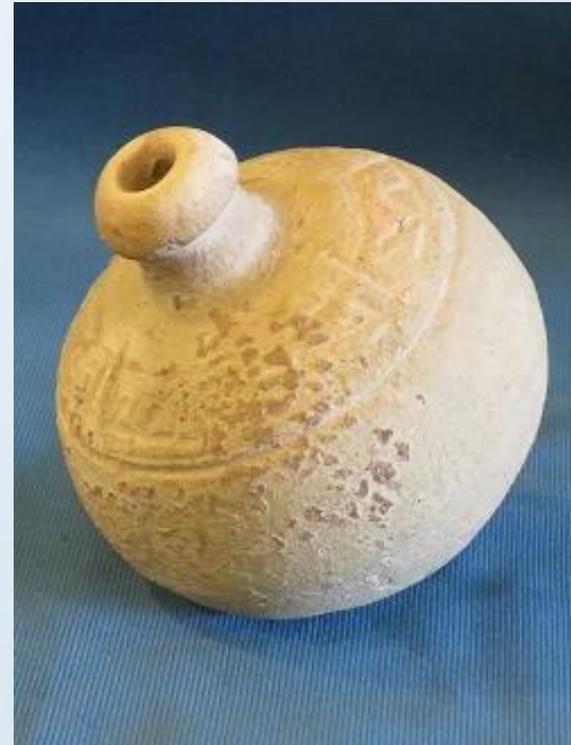
American Sampler, 1770
2019 sold for \$40,000.00

Examples: Knowing Your collection

A Marlik Pottery Vessel



Greek Firebomb



What Diminishes Value

- Climate
- Condition
- Storage
- Support materials
- Human touch (wet coats)
- Reproductions
- Lack of good risk management procedures

How a Collector Can Follow Trends

- Setting up alerts to help follow current collection trends
 - Examples: Bonhams.com, Christies.com, Sothebys.com, Liveauctioneers.com
- Auction houses that specialize
 - MEARS - Sports memorabilia, mearsonlineauctions.com
 - JULIENS - Hollywood estates and memorabilia, juliensauctions.com
 - ARTEMIS - Ancient Artifacts, artemisgallery.com
 - CROCKER FARM - Southern ceramics, crockerfarm.com
 - SWANN - Works on paper/literature, swanngalleries.com

Documentation for Insurance Agents

- Appraisal Report by a qualified appraiser
- Inventory programs
- Documentation for a retrospective appraisal: Inventory number, item description, dimensions, provenance details, location details, value dates and details, historical notes and photographic details
- Plan to prioritize property that should be updated
- Update collection condition and appraisal details every three to five years

The Intersection of Appraisal and Insurance

- Dialog
- Value (limits)
 - Per item
 - Aggregate
 - In-transit
 - Unnamed Location

Valuation

➤ Valuation terms

- Your property: amount agreed upon in the schedule of property or current market value
- Property of others: amount agreed upon by you and the owner prior to loss, if no agreement exists, current market value

➤ Definitions

- Current market value: “the dollar amount at the time of the loss that it would cost to replace a property with another of similar age, quality, origin, appearance, and condition within a reasonable length of time in an appropriate and relevant market”
- Amount agreed upon (in schedule or by you and current owner)

Best Practices with Loaning

- Loaned pieces (if a 3rd party is responsible for insuring them while on loan)
 - Verify values are shown in the loan documents
 - Request a copy of their policy to verify the “how much we will pay” language
- Pieces on loan to you
 - Verify values are shown in loan documents
 - Make sure the owner of the piece has evidence to support the value (appraisal)
 - Claims example

Exclusions

- Exclusions that affect Diminished Value
 - Mold – “any permanent or transient fungus, mold, mildew or mycotoxin, or any of the spores, scents or byproducts resulting therefrom regardless of whether they are determined to cause loss or damage”
 - Earthquake
 - Flood

Finding an Appraiser:

International Society of Appraisers, (ISA)

Tel: (312) 981-6778

Website: isa-appraisers.org

American Society of Appraisers, (ASA)

Tel: (800) ASA-VALU/(703) 478-2228;

Email: asainfo@appraisers.org

Website: appraisers.org

American Appraiser Association, Inc. (AAA)

Tel: 212.889.5404 x14;

Email: referrals@appraisersassociation.org

Website: appraisersassociation.org



Thank you!

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