



spotlight / ymba

# Breaking new ground: Fine Art Title Insurance (ATPI) now available from Liberty Art Title Agency

**sb** Stephanie Butler



Liberty  
Title Agency

Pioneering is exciting! I was one of the first women executives in the title insurance industry. I had the honor of being the first woman to chair the YMBA. I was instrumental in the establishment of a national division in the title industry to seamlessly insure commercial business throughout the U.S. Today, I find myself at another exciting crossroad. I have the opportunity to be involved with a unique,

new business product, fine art title insurance, ATPI, now available from Liberty Art Title Agency, LLC and its affiliate of the ARIS Corporation.

The purchasing of title insurance when acquiring or mortgaging real property has become the standard practice to protect against the risks inherent in real estate transactions. Similar risks threaten buyers and lenders of fine art, and it stands to reason that those people significantly invested in fine art and those lenders securing substantial loans with art need a means to protect their collections against ownership disputes. The history of a work of art is part of its allure; however, that history can create challenges to rightful ownership. In addition, liens due to divorce, judgments, taxes, bank loans, or consignment issues can present sig-

nificant, costly hurdles for collectors. Plus, historical events that affected art still pose threats to ownership. Some

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of the world's most experienced collectors and famous museums have faced such challenges. As art has grown into a major asset class exceeding \$40

billion in annual sales, we have seen a marked increase in cases where ownership of a work of art is questioned.

Last November, Christie's pulled from auction a Picasso which was expected to sell for \$60 million, when the heir of a former owner filed suit claiming

that the painting had been sold under duress in Nazi Germany. Recently, we read about Steven Spielberg's unknowing purchase of a stolen Norman Rockwell which, having significantly increased in value since its purchase, will probably have to be returned to its rightful owner.

A new and unique product has been developed to address the escalating demand for a risk management solution for art. It is ARIS Fine Art Title Insurance, ATPI – now available through Liberty Art Title Agency, LLC. While real estate transactions are public record, approximately 75% of all fine art transactions are private- not part of any auction or public scrutiny. ARIS ATPI is expected to do for fine art what title insurance originally did and continues to do for real estate, that is, create liquidity and standardization of the transaction.

This type of title insurance is structured to address the chain of title and lien risks inherent in art as a form of personal property. The policy insures clear legal title, providing coverage against theft- contemporary or historical (WW II governmental seizures, for example), illegal import or export, security interests, creditor liens, and authority to sell. It includes defense costs. Given the ever-increasing incidence of art ownership claims and art's use as an investment as well as direct collateral for loans, the product is not only viable but crucial and timely.

Title insurance, whether for art or real estate, is based upon the prudent examination of title. Like title insurance for real property, title insurance for art safeguards equity by underwriting for provenance chain of title risks as well as traditional liens and encumbrances. ARIS has developed the first proprietary title plant for works of art – the only one of its kind in the world – to help pinpoint potential art ownership risks.

We can only imagine the impact that title insurance for art will have on the art industry. It surprised me to learn how much major art is financed. Conversations with lenders suggest that policies of this type may serve to improve the banks' willingness to lend or improve the loan to value ratios. It will protect investments; project transaction assurance to dealers, galleries, and museums; promote transparency in transactions; enhance the ability to transact; create marketplace liquidity, and limit liability including one's estate and heirs. The purchasing of art title insurance may soon become the standard practice in virtually all major art transactions. Art title insurance is another first for me, and I am delighted that my pioneering days continue.

## LIBERTY TITLE AGENCY, LLC

### As American As...

In 1626, Dutch settler and Governor Peter Minuit bought the island of Manhattan from the Native Americans for 60 Dutch guilders, or about \$24. Some speculate that beads and trinkets were traded as well. Since that time, real estate transactions have gotten more complex.

Liberty Title Agency, LLC – a respected resource for counsel, financial institutions, developers, realtors, and consumers – helps its clients navigate the complexities of buying real estate in today's marketplace. With Liberty as your title insurance specialist, you can conduct your major purchases with confidence.

If only Governor Minuit had the peace of mind of the Liberty Title Agency behind him ...



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