

INSURING QUILTS

❖ BY BILL LYLE ❖

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Insuring Quilts

Insuring quilts is a specialty business. Learn why your homeowners policy may be inadequate and how to obtain the right coverage.

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Insurance companies, for the most part, look on a quilt as a “blanket” and ask why anyone would want to insure a “blanket.” If a company does write insurance for this quilt, it will probably be on a form that really doesn’t fit the concerns of the quilt owner since the “miscellaneous floater” form doesn’t contemplate the problems that fabrics can undergo.

Two companies write special coverages for quilts and related materials and do consider the unique challenges to insuring quilts. I handle only quilt insurance coverages and got into this business because no one seemed to be offering insurance coverages that were proper and reasonable. You’ll find information on how to contact me and/or the agency I work through at the end of this article.

Private Ownership of Quilts

This is by far the largest group of quilt owners. It is also the easiest to misunderstand where and how the quilts are covered. The homeowners (or renters) policy that you have will cover your quilt if it is an “ordinary” quilt that can be replaced easily. The insurance company will look at your

quilt, if lost or damaged, as a common bedcovering. That is, they will pay for the replacement of the quilt if it can be quickly replaced with one of the same or similar style. The same holds true if an antique table were lost or damaged. The adjuster will pay for a table of similar size and style, but will not pay for its antique value as such. The same will hold true for your quilt; the insurance company will pay for a quilt, but not for its antique or collector’s value.

Some insurance companies will issue a “floater” endorsement to your homeowners policy. This “floater” will add your quilt(s) for an amount for which you choose to insure your quilt(s). If you were to suffer a loss or claim on that quilt, it would be up to you, the owner, to prove that value. You would be best served to have a certified appraisal in your possession to substantiate the value.

Your quilt(s) will be covered under your homeowners policy while at home or away from home while in your possession. Remember that 10 percent of the value of your personal possessions at home will extend while you are away from home. However, if you loan your quilt to another person or

QUESTIONS AND ANSWERS

I have had a number of insurance questions about the homeowners policy that almost everyone carries on their home and/or personal possessions as well as the personal liability.

Let me try to make clear in the beginning: the homeowners policy is designed to cover both your personal "things" and your personal liability. Your business things and business liability were never designed to be part of the policy. Today, you may have limited coverage endorsed on your homeowners policy. See your agent or broker for details.

When does a hobby cease being a hobby and become a business? No clear line of demarcation exists between the two, however, we can use the rule that if you derive any part of your income from your hobby, it may be counted as a business.

This may mean that the items you own, such as fabric, machines, threads, tools, teaching supplies, quilts, etc., may not be covered under your homeowners policy. Further, and potentially more disastrously, if a customer were on your premises for the purposes of buying, learning or other reasons and were to suffer an accident or injury, the liability portion of your homeowners policy may not protect you.

Many of you go to other places to appraise or teach. This is not normally covered under the liability portion of your homeowners policy. You must contact your agent or broker for some sort of endorsement to your policy or get an entirely separate policy to cover your exposures.

I know of some cases where the agent or broker made a quick statement, "Don't worry about it; you're covered!" only to find out after a loss happened that no coverage existed

at all, and the agent or broker couldn't remember having such a conversation.

If you have converted a garage or outbuilding into a studio or work room for your hobby or occupation, that area and building may not be covered under your homeowners at all. A loss to the building or its contents or a liability claim will probably not be covered by the homeowners policy unless it has been endorsed by the insuring company for such an occupancy. It may be necessary to have a completely new policy to cover your exposure properly. Again, see your agent or broker.

If you loan a quilt, or other item, to a group or organization to be shown to the public for whatever purpose, and that quilt or item were to be lost or damaged in any manner, your insurance policy (no matter what form of coverage you have) probably will not cover that loss. Laws of the various states govern this situation, but in general, the organization holding the item for display must guarantee the safety of the loaned item. Rule of thumb is: the item must be returned to the owner in the same or better condition than it was received. Make sure the sponsoring group has proper insurance to cover your quilt or other item before you send it out for showing.

Whatever you do, always get it in writing from the agent or broker regarding a conversation when it pertains to your future. We are all human, and mistakes may happen. Make sure that they don't happen to you!

Nothing I have said in the foregoing is a complete statement of coverages that you may or may not have. The only way to be sure is to read the policy to see what is and what is not covered as it may pertain to you and your situation.

group for the purpose of displaying your quilt, your homeowners policy offers no coverage. The person or group to whom you have entrusted your quilt must provide the coverage. Always make sure that the person or group is adequately insured for your quilt. Again, a certified appraisal is important to you in the event of a loss or claim.

If you are transporting your quilt(s) in your automobile and have a loss, your automobile insurance policy does not cover your personal possessions in the car. Your homeowners policy picks up the coverage.

The information outlined in the sidebar, above, regarding your personal insurance policies offers general statements of coverage. Some specific policies may be broader or more restrictive than others. For your protection, always consult with your agent for specific questions of coverage and ask him or her for an answer in writing. Never, never rely on a casual word on the phone as a complete answer to your coverage questions. This is known as CYA (cover your assets).

Quilt Show Insurance

When you hold a quilt show (including fabric art, wearable fabric art, etc.) and are receiving articles for display, you, the sponsoring organization, are legally responsible for returning the article to the owner in the same or better condition than you received it. I suggest that you consult with your legal representative for the specific legal requirements in your state.

I suggest that you receipt each item as received and make notes of any damage or marks that are present when you receive the item. When the

item is returned, have the recipient sign the same receipt copy to show that it was returned. A list of all items should be compiled and given to the insurance company (or agent) so that proper coverage can be afforded to those items while they are in your care and custody. The insurance coverage should be specifically designed to cover fabric items against "All Risks" type coverage. Remember your group is responsible for the item no matter how it may be damaged or lost while it is in your possession.

If your group does not carry General Liability against Bodily Injury and Property Damage for members of the general public, this must be purchased also. I always recommend an annual policy since the cost is usually a minimum premium and covers your group's activities all year.

Commercial Quilt Insurance

This category covers teachers as well as dealers. Your personal homeowners policy will probably not cover you for your quilts and other articles that you work with in your business. Be certain that you contact your agent to find out exactly what is covered under your homeowners policy and what is not. Again, get it in writing from your agent. It's not a matter of trust — it's a matter of good business practice to CYA (cover your assets).

I recommend a specific policy to cover your quilts and other fabric items as well as the equipment that you own and take with you. This policy is a very broad contract that covers against "All Risks" type coverage. It is subject to a few exclusions, i.e., wear and tear, prior damage, moths, vermin, rodent damage, etc. It will offer coverage in all 50 states, Canada and Puerto Rico. If you

are a regular traveler outside these limits, you will need a specific contract for these areas of the world.

BILL LYLE, of Quincy, Illinois, has been an insurance agent for more than 50 years. He got into the quilt insurance business because no one seemed to offer insurance coverages that were right and reasonable for quilt and fabric art related businesses. He is also a recognized quilt historian and dealer with his wife, Jean, of antique quilts. You can reach Bill at jslyle@adams.net. For more information on insurance as it applies to the quilt or fabric business or for answers to specific questions, please contact Bill's associate, and daughter, Chris Johnston at Milne & BNC Insurance Services, 1750 E. Glendale Ave., Phoenix, AZ 85020; 800-688-7472; cjohnston@milnescali.com.

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