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MARKET TRENDS

Each year on the 3rd weekend of August, thousands of enthusiasts travel to the exquisite coast of Northern California, not for the pristine ocean views, but rather in celebration of one of the world's finest automotive competitions. The Pebble Beach Concours d'Elegance is the center stage for this spectacle. Over the years, this once small scale event has grown into one of the top-ranking collector car competitions in the world.

Walking through the concourse provides viewers with a Zen-like experience, as if you are walking through a fine art gallery. You are absorbed in the passions of the collectors, who are showcasing cars they have meticulously preserved over time to reveal their history and exclusivity. Top enthusiasts continue to maintain their treasures and grow their collections, opening these magnificent displays to the public year after year.

As membership in this unique group of collectors begins to grow, so do the price tags. This year, auction totals hit \$400 million in record breaking sales—a 28% increase over last year—with the world record set by a 1962 Ferrari 250 GTO that sold for \$38.1 million, shattering the previous record of just under \$30 million in 2013.

The exclusivity of these treasures has sent waves through the marketplace and shows no sign of slowing down. It is certain that the old classics will continue to beautifully blend with the new designs, creating and sharing their stories for the generations to come.

Contributed by Caitlynde Brancovsky, Chubb Regional Fine Art Specialist & Personal Lines Appraiser

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The Oriental Rug Market Pyramid

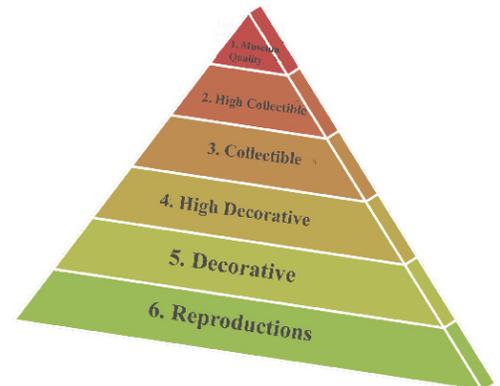
by Jan David Winitz, President and founder of Claremont Rug Company
www.claremontrug.com

Introduction: The market for Oriental rugs has changed dramatically since I opened my gallery thirty-four years ago. Galleries that focus on antique rugs are now few and far between, replaced by stores that promote contemporary hand-knotted reproductions made in factories throughout the Near East.

Rug nomenclature is shared with impunity. No wonder there's confusion when one googles "Oriental carpet" or "Persian rug." And because superlative examples of antique and tribal rugs, like those that qualify as "High-Collectible," rarely come up for sale, most buyers have little opportunity to become familiar with what 'premier quality' means.

To assist them in navigating today's market, I've developed a six-tier pyramid. The rankings are based on artistry, craftsmanship, quality of materials, condition, age and provenance. As the tiers descend, the number of available pieces increases significantly, while the artistry and originality generally lessens. (In the spirit of transparency, I should say that I run a niche gallery specializing in second, third and fourth tier pieces.)

The value of artistry in assessing the overall level of an Oriental rug cannot be overstated. For eons, weavers sought to interpret the harmony of nature and the cosmos through their designs. Ironically, while their work was embraced in the West for its luxury and durability, intrinsic artistic merit went unappreciated, thanks to Western proscriptions regarding what is and is not "fine art." Three years ago, this began to change, when New York's Metropolitan Museum and Paris' Louvre substantially enlarged their galleries of Near Eastern art.



Level 1, at the top of the pyramid, are Museum-Quality Rugs from the 13th to 18th centuries; level 2 is High-Collectible, primarily early 19th century to 1875; level 3 is Collectible, primarily circa 1875 to late 19th century; level 4 is High-Decorative, primarily 1900 to 1925; level 5 is Decorative, circa 1925 to 1960; and Level 6 is Reproductions, typically 1970 to present. Image courtesy Jan David Winitz. Copyright Claremont Rug Company.

Level 1. Museum-Quality Historical (Rugs and Fragments) —13th to 18th centuries, plus rare early 19th century examples: The Safavid dynasty ruled Persia (present-day Iran) from 1501 to 1736, a period now referred to as "The Golden Age of Persian Weaving," thanks to royally-sponsored workshops that produced many of the finest carpets the world has ever seen.

Well-preserved, consummately crafted examples continue to grow in importance. In June 2013, a stunning 17th century Kirman sold at a Christie's auction for \$33.7 million, over three times the previous record set in 2010 by another Kirman rug from the same era.

The most precious rugs in this category, when they surface, are usually purchased by museums, while specialized private collectors usually acquire fragments of these quintessential rugs...

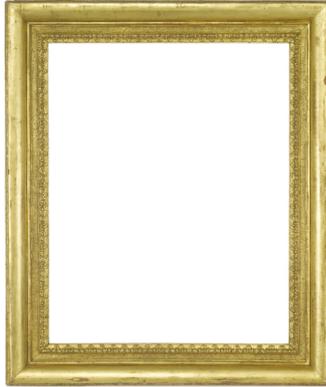
To read the remainder of this article visit www.chubbcollectors.com/GeneralInterest

Wallflower No More:

The Market For Antique Frames Blossoms

by Alan Montgomery, London-based collector and regular auction buyer specializing in fine art and antique auctions (montya72@hotmail.com).

As any true connoisseur knows, the perfect frame is a vital element for any picture. In fact, the world of framing is much more interesting and complex than most people might imagine. Perhaps the most little-known, esoteric sector of this world is the market for antique picture frames, a small but blossoming area in which enormous amounts of money sometimes change hands for the finest, rarest examples.



*A fine Louis XIV carved and gilded frame.
Image courtesy Bonhams*

Having worked for a number of years in the art world, I have often seen important paintings—canvases which are both beautiful and valuable—stuck in the most unsuitable, sometimes downright ugly frames. Some owners of contemporary pieces which have recently shot up in value may have an excuse: that cheap clip-frame on their Banksy print may have been perfectly appropriate when they bought the work for next to nothing, but not so much now that it is worth something in the region of \$10,000. Such frames not only do little for the work of art, they can also lead to conservation issues, or even serious damage. I have seen delicate canvases barely held into their frames with a couple of rusty nails, and wonderful works of art almost ruined by their unattractive surround.

Placing your picture in a different frame is a great way of bringing something personal to it, of stamping it with your own taste, and can often totally rejuvenate a long-neglected painting. Adding a handsome antique frame is perhaps the pinnacle of this process. When it comes to buying antique frames, the cheapest place to start is probably an auction, be it at a local auction house, or online. While a couple of international auctioneers, namely Sotheby's and Bonhams, sell collections from time to time, their interest in the antique frames market is limited. Some smaller companies, like Roseberry's in the suburbs of London, sell fairly large quantities of frames in their regular antique auctions, but these events are generally well-attended by picture dealers who snap up any useful frames and are not afraid to pay top prices. The larger online auction sites such as eBay, however, can be happy hunting grounds for amateur frame buyers, and it is not unusual to bag a bargain if you know what you are looking for ...

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The Art World's Next Generation of Collectors: Meet the Millennials

by Chubb Fine Art Specialist and Personal Lines Appraiser
Traci Duva (tduva@chubb.com)

A Jeff Koons sculpture sells at an online auction for \$900,000, music artist JayZ creates a "happening" at The Pace Gallery to launch his new art-centric single, and an innovative new website can intuitively help you discover the next artist that will inspire you. The demographics of the art world are changing, and the gate keepers of this world are beginning to adapt their methods in order to appeal to this new generation of collectors. As the baby boomers approach retirement age, the art world and other industries are looking for new ways to cultivate and communicate with the art collectors of tomorrow. This next generation of collectors, born in the 1980's and 1990's, are known as 'The Millennials.'

The Millennials account for 25% of the US population and about 50% of the spending in today's economy. They are also the largest generation to be college educated and therefore have a higher earning potential than previous generations. The internet, cell phones and social media have shaped the way this generation sees and communicates with the world around them. This new type of media requires the participants to have a more extensive visual and historical knowledge to interpret the volume of images the digital age has afforded them. For example, Lady Gaga's Artpop album cover, created by Jeff Koons, features a nude sculpture of Gaga with a blue gazing ball in front of her and, in the background, fragmented images of Sandro Botticelli's The Birth of Venus. Millennials have more access to a wide variety of information and are accustomed to quick access to that information; it makes them conscientious consumers

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DID YOU KNOW?

Timepieces have long been symbols of power and knowledge, messengers of culture, tokens of friendship and gages of peace. Animated pieces actually played an important role in establishing diplomatic relations with China in the Thirteenth Century. Christianity and horology are also entwined; at the end of the Thirteenth Century, missionaries in China passed on horological gifts with the actual goal of spreading Christianity.

*Horology and Diplomacy:
How Time Pieces Helped Shape History
Osvaldo Patrizzi, May 21011*