

Gurlitt, Stern and Flechtheim - Who assures me of history?

7th Cologne Art Insurance Talk

Only the spoken word counts!

20 April 2018

Alfred Flechtheim 1878 Münster - 1937 London

- 1902 Partner in his father's trading company and travelling art collector
- 1913 Foundation of the gallery in Düsseldorf with branches in Berlin, Cologne, Frankfurt and Vienna
- 1933 Aryanisation of the gallery and takeover by Alex Vömel
- 1933 Flees to London via Switzerland and Paris
- Beltracchi misuses Flechtheim as proof of provenance

Hildebrandt Gurlitt

1895 Dresden - 1956 Düsseldorf

- 1925 - 1930 Director of the King Albert Museum Zwickau
- 1931 - 1933 Director Kunstverein Hamburg
- 1934 - 1945 Art dealer
- 1948 - 1956 Director of the Kunstverein für die Rheinlande und Westfalen in Düsseldorf
- Friend of Max Beckmann
- "Schwabing art find"

Max Stern

1904 Mönchengladbach - 1987 Paris

- 1934 Takeover of his father's art dealership in Düsseldorf
- 1935 Forced to close the business by the Reich Chamber of Fine Arts
- Until 1943 in Paris / London / Isle of Man then Canada
- From 1944 Dominion Gallery for the arts Montreal
- Heirs McGill, Concordia and Hebrew University:
 - Max Stern Art Restitution Project (refers only to the gallery holdings)

Restitution and provenance

- Discussion about looted art, looted art - wars/ occupation/ colonies
 - Macron - Return of African art
- Legal basis, etc.
 - Federal Compensation Act
 - Federal Reimbursement Act
 - Washington Declaration
- Time horizon exclusively cultural assets seized as a result of Nazi persecution
- Provenance research still in its infancy
 - Principle the older the works, the larger the gaps
 - In the past, art history had not their educational focus

State control of art property

- Cultural Property Protection Act
- Draft EU regulation banning the illegal import of cultural property from third countries
 - How is the owner of an emperor's head from the 3rd century supposed to prove the authorised export from a third country? The Roman Empire disintegrated into many separate states
- Confiscation in the event of unclear ownership - Civil law
- Consequence - uncertainty among collectors and in the art trade

Forms of acquisition of ownership

- Seizure according to § 937 BGB after 10 years - requirement of acquisition in good faith
- Acquisition via auctions? § 935 BGB
- *At a voluntary auction, which is open to the public and publicised by a publicly appointed auctioneer, the bona fide bidder can acquire ownership of lost property.*

Current examples 2018

- 8 works by Mondrian from the Kaiser Wilhelm Museum Krefeld
 - Ownership of the museum is disputed after 90 years
- 2 Schiele from the Grünbaum Collection
 - New York court awards the works to the heirs after confiscation at an art fair in New York
 - In 1978 and 2004, the works were auctioned without objections

New buyer groups in the art market

- So far:
 - "old money"
 - "Educated middle class"
 - "old world"
 - Museums and churches

- Increasingly since 1970:
 - Art markets are changing the buyer groups
 - Reporting in the Handelsblatt for 65 years
 - Company collections
 - Investors / funds (admixture)
 - HNWI and UHNWI

Art market - Sales

- World market 2016
 - TEFAF Report 45,000,000,000 USD
 - UBS/ Art Basel Report 57,000,000,000 USD
- World market 2017
 - UBS/Art Basel Report 63,700,000,000 USD
- Art market Germany
 - USD 960,000,000 in 2016
 - USD 1,045,000,000 in 2017
- 15 November 2017
 - 58 works of art realise USD 786,000,000.00
 - 6 works > 20,000,000 USD; 4 < 1,000,000 USD

Art transport and exhibition insurance

- What is usually not covered?

- Confiscation / interventions by higher authorities
- Authenticity

- Consequence?
 - Free passage for works of art?
 - Exhibitions only with national loans?
 - Abandonment of trade in art older than 200 years?
 - End of TEFAF?
- Policyholder / owner must prove a legitimate interest
 - Otherwise, the insurer cannot pay with discharging effect

New products in the field of art insurance

- Title insurance covers property rights
 - In some products as legal protection
 - Provenance research
- Residual value insurance covers the difference in value between a valuation and a mortgage lending value
 - Extreme market knowledge required
 - Pure financial risk
- Authenticity / forgery insurance covers the authenticity and attribution of a work
 - Art historical expertise and provenance research

Art as collateral for loans (art secured lending)

- USA market
 - Alleged loan volume of USD 17 - 20 billion

- Market Germany
 - Almost non-existent

- Risk situation ?
 - Value retention ?
 - Authenticity ?
 - Risk protection - at home - in the warehouse - in the bank ?

Art historians (m/f) employed by insurers active in the art sector in Germany

- Only 3 companies employ 10 art historians or more
 - AXA ART approx. 16; Allianz approx. 24; Mannheimer 10
 - All other companies have 3 or fewer
 - Ergo 2; Gothaer 1; Lloyd's Syndikate 0; Hiscox 2; XLCatlin 0; Helvetia 2; HDI 1; Uniqa 3; Liberty 1;
- For comparison: Zilkens Fine Art 5

Thank you for your attention

Zilkens Fine Art Insurance Broker GmbH
Eupener Straße 70- 50933 Cologne

phone+49 221 8 00 68 420

fax+49 221 8 00 68 421

e-mail info@zilkensfineart.com