

Bankers bone up on Banksy

Collecting

Private clients are spoilt for choice for advice on buying artwork, writes Ellen Kelleher

Private bankers appear to be putting art in the frame again, following the announcement of a tie-up between Société Générale's private bank and 1858 Limited Art Advisory, the London consultancy.

But there is concern that the advice that bankers offer on such matters is limited, and investors would be better off seeking out the guidance of specialists.

"I've yet to see a private bank make a good go of it – it's usually the case that a generalist handles your business and all you really want when you buy art is the opinion of a specialist," says Robert Read, the fine art and collectables expert with the art insurer Hiscox. "When times are booming, everyone wants to get in on the game and advise on art. But when the crunch comes, you'll see the advisory business go."

"I reckon that the revenues banks get out of it are minuscule," Read adds.

A handful of smaller companies compete with the private banks to offer advice, including Gurr Johns, an advisory and valuations group with offices in London, New York and Paris, Seymour Management and Robert Holden in London.

Harry Smith, Gurr Johns' chief executive, says his advisers bid at auction and negotiate with dealers on behalf of clients.

"The key fact to remember is that the art market is full of opportunities for people to lose their shirts," says Smith. "We offer protection because we really know the market."

"Most private banks rely on the art advisory business to bring in investment clients," he adds.

Advisers with 1858 Limited Art Advisory receive a 10 per cent cut per transaction. But fees vary from one group to the next. Deutsche Bank, for example, charges an hourly rate for guidance on art works, which depends on the amount of business clients do with the bank, and is said to range from £100 to £200 per hour. A sliding fee scale is also in place at Gurr Johns: the group levies a 10 per cent charge for works worth less than £100,000 and takes a smaller percentage for paintings of higher value.

Frédérique Dompeyre, head of marketing for Soc-



Model portfolio: the value of works by Banksy, the graffiti artist, has fallen by 40-50 per cent

epa

Forthcoming sales

School of thought

The revival in equity markets is lifting investors' spirits and many are dabbling in the art market again. While the prices have softened, the array of works to be bought at Sotheby's, Christie's and Bonhams is still impressive.

This coming week, in New York, Sotheby's will auction works by Karen Kilimnik, Martin Eder and Norbert Bisky as well as Andy Warhol. In London, sales will include prints by Erich Heckel, Emil Nolde and a handful of other German expressionists as well as paintings by Miró, the *Kleine Welten* series of lithographs by Kandinsky, and the *Girls on the Bridge* and the *Madonna* by Munch.



Next month, the billionaire Leonore Annenberg's 32 carat diamond is expected to fetch \$3m-\$5m at Christie's in New York. And at its December sales in London, *Saint John the Evangelist* by

Domenico Zampieri is set to raise £7m-£10m. Those interested in art as a social activity can visit the Frieze Art Fair, which every October hosts the works of contemporary artists. The internet is gaining ground too, with websites such as New Blood Art (www.newbloodart.com) selling works by younger British artists, such the "Two Red Girls" print (above) by Jovan Djordjevic for £100.

Gen Private Banking, says demand for advice on art was "strong".

"Before we teamed up with 1858 Limited, we were receiving regular dispatches from clients looking for information," she says. Alistair Hicks, an art adviser with Deutsche Bank, accompanies as many as 1,000 clients to the annual Frieze Art Fair in London.

"We have clients interested in everything, from contemporary to Old Masters," Hicks says. "The people we help are financially astute so they are looking for background information. The main topic of conversation is which artists are good and on the way up."

"When it comes to the art advisory business, we're the most conservative of the banks. We offer the service as an appendage of our reputation in the art world," Hicks adds.

Hicks also curates Deutsche Bank's contemporary art collection, which consists of thousands of works housed in more than 900 of its offices.

Advisers say the market

for post-war art presents opportunities as prices have softened more than works from other periods, during the recession. Smith of Gurr Johns estimates that auction prices across all genres are down 25 to 30 per cent from last summer.

Works by Banksy, the elusive graffiti artist, are off 40 to 50 per cent; later pieces by Damien Hirst have fallen 30 to 35 per cent; and less exceptional examples from Warhol have dropped 25 to 30 per cent while his more sought-after works are down 10 per cent.

"For museum-quality works, for the very best, there's been little to no reduction in prices across genres," says Smith. "At the secondary level, for the lesser quality stuff and pictures in poor condition, prices are quite soft."

"Enormous bubbles were built up in the contemporary art, modern and impressionist markets and they've been pricked," points out Hiscox's Read. "Anyone who thought those prices were going to rise on forever was seriously deluded."

Coutts to rewrite gold-card travel cover

Insurance

By Josephine Cumbo

Coutts, the UK private banking arm of the Royal Bank of Scotland (RBS), is rewriting the terms of its account-linked travel insurance policies to give it power to withdraw cover for cancer sufferers.

The bank automatically provides travel insurance to customers when they book a holiday using their Gold Card. But Coutts is now working with its underwriters to ensure that, in future, customers can have exclusions placed on their policies if their health worsens unexpectedly after booking their holiday.

The bank was prompted to review its policies after failing in an attempt to withdraw cover for Ron Phillips, a 78-year-old customer newly diagnosed with cancer.

"Mr Phillips' travel policy should never have been withdrawn because the wording contained within our policy document did not technically allow us to do so," says Coutts, which has 12,000 Gold Card account holders. "Our policy was written some time ago and it is now being redrafted and brought into line with the rest of the industry."

The bank's move comes amid growing criticism of the use of "after-booking" clauses by travel insurers, which give them the right to alter terms after a policy is taken out.

Insurers say the clauses are needed to take into account the risk of the policyholder requiring costly treatment while away.

But the Financial Ombudsman Service has described the clauses as "unfair" as they mean policyholders could never be sure of their level of cover.

Phillips, who has a doctor's clearance to travel, was so angered by his treatment that he set up the website www.welivewithcancer.org.uk to lobby for change.

"These unfair practices can't continue," he says. "They are just a wriggle-out clause for insurers. There needs to be concerted action by the FOS and the Financial Services Authority to end discriminatory treatment of cancer patients."