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Warhol foundation settles case against insurance firm

The Philadelphia Indemnity Insurance Company has agreed to pay the “lion’s share” of the foundation’s legal fees stemming from two authentication lawsuits

By Julia Halperin
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The Andy Warhol Foundation has reached a settlement with the Philadelphia Indemnity Insurance Company, ending a case that lasted more than two years. The company agreed to pay the “lion’s share” of the foundation’s legal fees stemming from two lawsuits brought by the collectors Joe Simon and Susan Shaer in 2007, according to a press release from the foundation. “We’re very pleased,” Joel Wachs, the president of the Warhol Foundation, told The Art Newspaper. “It’s been a long tough battle, but it’s been well worth it.” Wachs estimated the legal costs from the two lawsuits totalled approximately \$7m. The terms of the settlement were finalised last week. Philadelphia Indemnity Insurance’s payment was processed yesterday and “has gone directly into our endowment”, Wachs says.



Andy Warhol and assistants looking through polaroids he took of Pia Zadora, July 1983. Photo: Life

The foundation’s dispute with the company, which it contracted to provide liability insurance, began in April 2010. Philadelphia Indemnity refused to pay the costs arising from the lawsuits brought against the foundation and its authentication board by the collectors, after the board denied the authenticity of two pictures they believed to be genuine Warhols. Both collectors’ cases ultimately collapsed.

Philadelphia Indemnity said it was not liable to pay for the Warhol Foundation’s defence because the organisation had “failed to notify them—as [its] insurance policy required—of ‘any specific wrongful act’ committed by one of the foundation’s members, including the publication of material ‘with knowledge of its falsity’”, according to a 20 June article in the New York Review of Books. That lawsuit was settled out of court in October 2010. Later that year, the Warhol Foundation countersued the insurance company for its legal costs.

The foundation dissolved the authentication board in October 2011. At the time, Wachs told The Art Newspaper that the decision was motivated by a desire to focus on the foundation’s charitable causes. “Our money should be going to artists, not lawyers,” he said.

The Philadelphia Indemnity Insurance Company did not immediately respond to a request for comment on the settlement.