



The assembling of Candido Portinari's War panel at the exhibition "War and Peace", Teatro municipal do Rio de Janeiro, December 2010

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# Sticking point

## The varied nature of insurance for museums

By Sara Heft

In an overarching perspective of risk management, the needs of museums in terms of insurance are multi-faceted, ranging from the coverage of the basic risks associated with establishments open to the public to the highly specific risks associated with rare and valuable artefacts and works of art. Insurance is under no circumstances a tool for preventing the damage or loss of objects and facilities or injury to individuals, but rather, a measure for ensuring suitable financial compensation in the case that unfortunate events do occur. The coverage concerning the day-to-day functioning of museums ranges from general liability and property insurance

to staff and visitor insurance – needs shared to varying degrees with a number of other non-museum entities ranging from hotels to offices.

However, in referring to insurance within the museum sector, the type of insurance that often comes to mind first is collections insurance – coverage providing financial protection for those objects at the very heart of the museum's mission and identity. This is a complex domain marked by extremely precise needs in terms of insurance coverage, which vary greatly from country to country and from museum to museum, determined by the diverse nature of museum collections as well as national and international

practices and regulations. But universally, the financial guarantees granted by insurance coverage of unique artefacts and works of art in the event of damage or loss are no substitute for the irreplaceable objects themselves; in a number of countries it is common practice for state-run museums not to insure their collections, instead choosing to focus on security and preventive conservation measures.

### Objects on loan

When objects are loaned out or travelling exhibitions held, however, for state as well as private museums, the borrowing institution is called upon to provide insurance coverage for the course of the exhibition. Transport is also covered for what is known as a "nail-to-nail" policy, which, according to Marc Rome, exhibitions underwriter at French art insurer Axa Art, is opted for "as a general rule" in the exhibitions that the company covers. Commercial insurers and brokers specialised in the coverage of artworks occupy a niche market of varying importance on the global landscape: according to Jacques Lemoine, Director of Gras Savoye Fine Arts, a specialised broker working with Axa Art in providing insurance policies for some 2,000 exhibitions annually in France and abroad, they represent a "micro-market" in France, while in the UK, where the government provides an insurance guarantee for the vast majority of exhibitions, "the market is even smaller". The broker is the museum's interlocutor in determining insurance requirements and the conditions that best meet its needs for a given exhibition, "determined hand in hand with the museum's legal department, curators and registrars", says Lemoine.

In response to the often-prohibitive costs associated with such exchanges, as insurance costs soar worldwide in the face of ballooning art market values, government indemnity programmes exist in a number of countries to facilitate the borrowing and lending of collections both among museums of a given country and for exhibitions travelling across national borders. The US Arts and Artifacts Program, for example, has covered over 1,000 exhibitions since being created in 1975, providing coverage of up to \$1.2bn for a single exhibition of works on loan from a foreign or American institution – a measure that allows museums to place maximum investment in the exhibition production in the absence of having to purchase a pricy insurance policy. The UK Government Indemnity Scheme, similarly, was founded in 1980 to optimise conditions for both national and non-national institutions to work together in hosting travelling exhibitions, with some 300 exhibitions covered each year by the programme. According to Rhiannon Davies, UK Government Indemnity Scheme Manager, "Whether it is a small, volunteer-run venue which could not otherwise afford to stage an exhibition, or one of the larger, publicly-funded institutions which

are able to mount 'blockbuster' exhibitions [like "Leonardo: Painter at the Court of Milan", held at the National Gallery in London from November 2011 to February 2012], the scheme enables a wide range of venues to have exciting and inspiring exhibitions that would otherwise be difficult to produce due to the associated insurance costs."

### Ethical issues

These guarantees and subsequent financial compensation or replacement in the face of claims are contingent upon the declaration of accurate values of collection pieces, which are often subject to constant fluctuation, making the regular updating of valuation records a necessity in order for claims to be properly compensated. The need for a transparent flow of information and expertise concerning works is consistently highlighted by insurance and museum professionals to be able to carry out these updates, thus ensuring an adequate response to loss or damage. For Lemoine,

"museums must be able to play the role of filter" in the analysis of value, in order to stave off severe inflation. The inventorying of pre-existing damage or fragility also raises delicate legal and ethical questions of "where to draw the line in terms of responsibility for the degeneration of an artwork," he says.

Ethical implications are an integral aspect of another line of insurance solicited

by museums: that of title insurance, specifically affecting the fine arts and valuable collectibles market as a tool for guaranteeing that the object possessed is rightfully owned by the insured party. According to Sherri North Cohen, Director of Underwriting for New York-based Aris Title Insurance Corporation, a major actor in this domain, such coverage helps museums in facing shared challenges that arise "when they buy objects [...] in the marketplace; sell or deaccession objects through auction or private sale; accept donations and gifts of objects; and accept objects for exhibition purposes." Such measures are consistent with the *ICOM Code of Ethics for Museums* pertaining to the acquisition of collections and notably article 2.3: "Every effort must be made before acquisition to ensure that any object or specimen offered for purchase, gift, loan, bequest, or exchange [...] has been legally obtained, using] due diligence [...] to establish the full history of the item since discovery or production."

Given the current context of economic crisis, the art insurance markets have not seen a marked decline, and major international exhibitions continue to crisscross the museum landscape. When exhibitions travel abroad, uprooting the country-specific nature of insurance, linguistic and legal discrepancies and points of contention inevitably emerge; optimising conditions for such exchanges goes hand in hand with ongoing dialogue between museum and insurance professionals. ■

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