Safeguarding Fine Arts

“Protecting the people and artifacts that define our past and inform our future”

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Introduction

- Fine Arts Practice Leader at Alliant Insurance
- Fine Arts insurance broker for:
  - CSU
  - UC
  - City College of San Francisco
  - Several local San Francisco museums
  - Many museums, cities, airports and civic art collections around the country
Supports CSU Mission Statement

• To advance and EXTEND KNOWLEDGE, learning, and CULTURE, especially throughout California.

• To provide opportunities for individuals to DEVELOP INTELLECTUALLY, personally, and professionally.

• To prepare significant numbers of educated, responsible people to contribute to California's schools, economy, CULTURE, AND FUTURE.

• To encourage and provide access to an excellent education to all who are prepared for and wish to participate in COLLEGIATE STUDY.

• To offer undergraduate and graduate instruction leading to bachelor's and higher degrees in the LIBERAL ARTS and SCIENCES, the applied fields, and the professions, including the doctoral degree when authorized.

• To prepare students for an INTERNATIONAL, MULTI-CULTURAL SOCIETY.

• To provide public services that ENRICH THE UNIVERSITY AND ITS COMMUNITIES.
# Overview

1. Common Causes of Damage to Artworks
2. Claims Examples – What Can Go Wrong?
3. Physical Risk Control
4. Risk Financing and Transfer
5. What to Do When a Loss Does Occur

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Most Common Causes of Damage

1. Transit
2. Accidental damage
3. Natural Perils
4. Theft
5. Fire
6. Water Damage
Claim Examples

MUSEUM FINE ARTS INSURANCE

"Protecting the people and artifacts that define our past and inform our future"

Title of Painting
Description
Artist

Claim Examples
Superstorm Sandy

- ~$500M in Fine Art losses
- Largest loss event ever to hit Fine Art insurance market
- Galleries, Storage Facilities
Momart Warehouse Fire

- Art storage facility in East London
- $33M loss
- Houses artworks for Tate Modern, Tate Britain, National Gallery and Buckingham Palace
- Saatchi Collection sustained the most damage, more than 100 artworks. Works by Damien Hirst and Tracey Emin.
Steve Wynn’s Picasso

- Picasso’s “Le Reve”, 1932
- Wynn acquired it for $48M, and agreed to sell for $139M
- Prior to the sale closing, Wynn accidently puts elbow through painting
- $40M claim – one of largest claims ever on a single piece of art
- Ultimately still sold the artwork, to the same buyer, for $155M
Brazil’s National Museum Fire

- Cause of fire still unknown
- Luzia Fossil, 11,500 year old skull
- Mummies from Egypt and South America
- 5 million specimens from insect collection
- Historical and sociological archives
- Building itself held historical significance as palace for its emperors until 1889
Protecting the people and artifacts that define our past and inform our future.

Physical Risk Control
Physical Risk Control

- Structural Integrity & Engineering
- Security – CCTV, Alarm, 24-Hr Crew
- Environmental Controls – humidity, light, temperature
- Concentration of Values
- Storage – underground, off-site, access
- Quality and Capability of Staff
- Educate all staff
- Geographic Location
- Public Access
Physical Risk Control

Ceramics & Glass
- Lift objects with both hands, and not by handles or spouts
- Careful when stacking, use cushions between each piece
- Use weight bags/pillows to help buttress items in storage
- When cleaning with clothes, careful not to snag on rough surfaces or decoration

Bronze Sculptures
- Clean with light soap, water and soft cloth
- Wipe clean, dry with soft rag and air dry completely

Works on Canvas, Paper & Photography
- Proper spacing between the work, frame and glass
- Avoid direct sunlight
- Never spray cleaning agent directly on glass
- Handle with gloved hands
- Avoid air fresheners, furniture sprays
Artworks in Transit

- Like all types of property, when art moves, chances of loss increase.
- Condition Check and Reporting
- Who is handling the transport
- Mode of transportation
- Some destinations riskier than others
- If a loan, have a loan agreement
Financial Risk Control
Financial Risk Transfer Through Insurance

- Insurance Policy can be purchased for owned and borrowed artworks
- May be contractually required
  - Via loan agreement
  - Via acquisition process
- Review policy for what IS and is NOT covered
  - Earthquakes/Floods
  - Restoration process
  - Transit
  - Worldwide
  - Definition of “art”
- Know your obligations as an insured
  - Schedule of Artworks
  - Claims reporting
Establishing Values

- Appraisal
- Absent an Appraisal, “Market Value”
- Recent Acquisitions should have appraisal
Selecting Policy Limits

Selecting Limits
- Insure Total Value of Artworks
- Total Values at any one location or space (Probable Maximum Loss)
- Risk Tolerance
- Affordability or Availability of Insurance Capacity
- Contractual Requirements / Loan Agreements
Insuring Loans (Incoming & Outgoing)

- Agreed Value between LENDER and BORROWER

- Utilization of inward/outward loan sublimit in existing policy, or

- Dedicated Exhibition Policy

- Loan Agreement
Top 5 Rules of Loan Agreements

1. Have One!
2. Establish Agreed Value
3. Duration of Loan
4. Insurance Buying Responsibility
5. Packing/Shipping Requirements & Any Other Special Requirements
THE LENDER AGREEMENT CHECKLIST
6 CRUCIAL STEPS FOR LENDING AND BORROWING ARTWORK

Lending and borrowing artwork credits institutions to develop and curate more dynamic exhibits and results in broader audiences. While the benefits of these exchanges are profound, one of the biggest mistakes an institution can make is not preparing a comprehensive lender agreement.

A lender agreement is your contract, naming the lender and the borrower and specifying the details of the loan. The agreement outlines the name and description of the pieces, the date the artwork is on loan, the location of the borrower, and the specific artwork. Every case, no matter the total value or number of objects, needs to have an agreement in place.

Without a proper lender agreement, you could find yourself liable for a broad range of unforeseen outcomes. That’s why this crucial document must be comprehensive and water tight.

HERE ARE 6 THINGS TO CONSIDER WHEN CREATING A LENDER AGREEMENT:

1. AGREED VALUE
   Make sure you have specified an Agreed Value for each artwork. Current appraisals are the “A” view, but not always available in practice. Host an Agreed Value in writing prior to any loss to prevent.

2. DISPLAY REQUIREMENTS
   Some works require specific care while on display. Make sure your requirements are clearly detailed.

3. INSURANCE COVERAGE
   Decide who is paying the insurance, and what coverage measures are required on the policy

4. PACKING AND SHIPPING
   Shipping damage is not uncommon. Make sure you outline any specific packing and transportation requirements. And watch out for shipping company insurance policies. Many company-sponsored policies specifically exclude artwork in the fine print.

5. LONG-TERM LOANS
   Regularly update your long-term loan agreements, and adjust your insurance accordingly. Insurance claims may be limited to the values on the agreement, so keep them current.

6. EVERYTHING ELSE
   The lender agreement is also the place for the borrower and the lender to make specific requests, including how the piece is handled, and even where it is displayed.

ABOUT THE FINE ARTS, ARTIFACTS AND ARCHIVES PROGRAM

The Fine Arts, Artifacts and Archives Program (FAAAP) provides worldwide physical damage insurance to ArtisMUSEUM lenders. Common perils include the costs of earthquake, flood and machinery breakdown for members owned collections and artworks valued $10,000 or more.

CARRIERS PROVIDING INSURANCE

The California State University, Fullerton Insurance Authority (CSURMA), a joint power authority composed of CSU and its auxiliary corporations, is licensed to provide comprehensive and quality risk management services. Policies that cover the content, movement, and location of your property.

CONTACT

P.O. Box 9033
714-533-3500
www.alliant.com
Since 1975, the NEA’s Arts & Artifacts Indemnity program was only available for exhibitions involving foreign works. Due to lending and borrowing museum’s inability to shoulder the expense of including “Madame X” in an exhibition, Alliant ended up playing a significant role in the creation of a new “Domestic Indemnity” program.

Developed idea to expand the Federal program to include domestic exhibition coverage in consultation with FAM and influential donors and politicians.

Consulted with museum clients to change Federal Law in 2007

Results:

- $5 Billion of new insurance capacity now available to museums across the county at no premium cost
- Ability for curators to think “more creatively” or with more freedom in the composition of exhibitions
- Increased exhibition activity - furthers the mission of museums, and counterintuitively, increased premium traffic for “excess over” indemnity amounts needed.
When a Loss Occurs
When a Loss Occurs

- Tell someone, ultimately Risk Management
- Secure the area
- Preserve the artworks
- File police report
- Involve restoration services as needed
- Report to Insurance carriers, even if you don’t think it’s a reimbursable claim
- Take measures to prevent similar loss from happening again
- Learn from it
Sonoma State – Fire Damage

- October 2017 wildfires
- Several artworks out on loan to SSU President’s residence
- Home destroyed in fire, along with all artworks
- Formal loan agreement in place
- This pre-loss effort made for relatively quick reimbursement of the loss from insurance
Neptune’s Daughter

- Total Loss paid by Lloyd’s of London. Sculpture repaired by FAM and remained in their possession
- Lloyd’s reserved rights to ownership
- After a collaborated effort between Alliant and RK Harrison, Neptune’s Daughter was donated to FAM in honor of Sir Mark Bowen, a well known Lloyd’s Fine Art broker associated for many years with FAM
Loan Agreements

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THANK YOU

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QUESTIONS?

Sources: AXA Art, XL Catlin, Lloyd’s of London, AICPCU