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, Alliant’s Public Entity Group
- Fine Arts insurance broker for:
  - CSU
  - UC
  - Many museums, cities, airports and civic art collections around the country
Notre Dame Cathedral
Notre Dame Cathedral

**Saved**
- Rose Window
- Crown of Thorns
- True Cross
- The Great Organ
- 16 Copper Statues of Saints on spire

**Lost**
- Roof, known as “The Forest”
- Spire
- Statues of St Denis & Ste. Genevieve
- Gargoyles
Lessons Learned

- Construction/renovation risk mitigation plan
- Insurance Requirements in construction contract
- Clear disaster evacuation plan for each and every artifact
- Prearranged off-site storage
- Purchased insurance on the collection
Leonardo’s “Salvator Mundi”

- Purchased for $1,000 by Art Dealer in 2005 at auction in New Orleans without certainty of authenticity
- Conservator performing restoration confirms piece as authentic da Vinci. Only one of about 20 original paintings.
- Sold to Dmitry Rybolovlev in 2011 for $127.5M
Leonardo’s “Salvator Mundi”

- Record-breaking $450M at Christie’s Auction in November 2017
- Purchased by Prince Mohammed bin Salman (“MBS”)
- Supposed to have made debut in 2018 at Louvre Abu Dhabi, whereabouts currently unknown
QUESTION:

Who do you think made out the best from this transaction?

A. The seller
B. The buyer
C. Christie’s
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
Most Common Causes of Damage

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

Source: AXA XL
Claim Examples
Superstorm Sandy

- ~$400M 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: air conditioning installation
- 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
Banky’s “Girl with a Balloon”

Sold at Sotheby’s in October 2018 for £1M
Banky’s “Girl with Balloon”

VIDEO
Banky’s “Girl with Balloon”

Girl with a Balloon

Love is in the Bin
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 increases
- 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 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/Flood
  • 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 enables institutions to develop and sustain more dynamic exhibits and reach a broader audience. While the benefit of these exchanges is profound, one of the biggest risks to an institution canister is not preparing a comprehensive lender agreement.

A lender agreement is a contract naming the lender and the borrower and specifying the details of the loan. The agreement outlines the name and description of the piece, the dates the piece is on loan, the location of the borrowing, and the specific exhibit. Every loan, 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 breed of unknown outcomes. That’s why the crucial document should be comprehensive and well-written.

### Here Are 6 Things to Consider When Creating a Lender Agreement:

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<td>Long-Term Loans</td>
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<tr>
<td>6</td>
<td>Everything Else</td>
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</tbody>
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### 1. Agreed Value

Make sure you have an agreed value for each artwork. Stationary appraisal is one, but often, insurance is a more reliable method of valuing artwork. It is also a strong insurance policy.

### 2. Packing and Shipping

Packing damage can increase without express consent, but you can protect your artwork by ensuring it is properly packaged. It is also crucial to wipe off the artwork before shipping to avoid contamination.

### 3. Display Requirements

Some works require specific care when on display, such as those that require specialized lighting. Make sure those requirements are clearly detailed.

### 4. Insurance Coverage

Decide who is paying for the insurance, and ask your insurance company for a complete list of all the artwork that is being insured. This will help ensure full coverage.

### 5. Long-Term Loans

Regularly update your lender agreements and review every loan with the lender. Make sure all agreements are in place to avoid unnecessary costs.

### 6. Everything Else

The lender agreement is also the place to include any additional agreements that are necessary for the loan, such as the agreement regarding artwork.

### Support for Lenders and Beneficiaries

The American Alliance of Museums (AAM) has developed an agreement checklist to help lenders and beneficiaries navigate the complex world of lending artwork. It includes a detailed checklist, outlining all necessary agreements, and ensuring that the necessary steps are taken to protect both the lender and the borrower.

### Contact

P.J. Sheehan, AAM
President, American Alliance of Museums

For more information, please visit [American Alliance of Museums](https://www.aam-us.org)
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
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
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QUESTIONS?

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