

# The Basics: Types of Coverage

## Property Insurance

- Building & Contents
- Boiler & Machinery
- Business Income/Extra Expense

## Liability Insurance

- Premises Liability
- Worker's Compensation
- Auto Liability
- Director's & Officer's
- Host Liquor Liability
- Professional Liability  
(when a separate policy is needed)

## Fine Art Insurance

- Museum Collection and Loans
- Temporary Loans

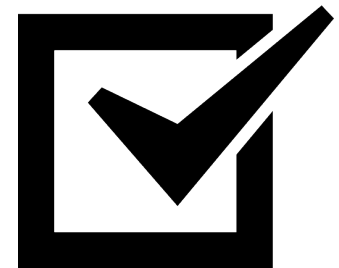


HUNTINGTON T. BLOCK  
INSURANCE AGENCY, INC.

# Specialty Fine Art Policy?

## **Museum Collection and Temporary Loans Policy:**

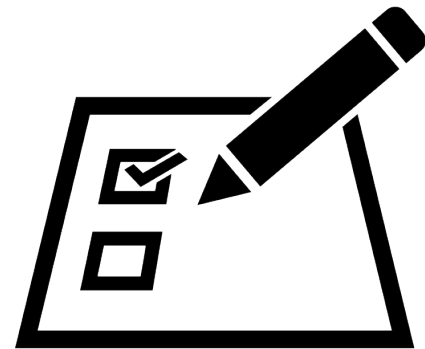
- Property covered
- Perils covered
- Who is covered
- Exclusions
- Valuation
- Incoming and Outgoing Loans
- Additional Interests - Lenders, Exhibition institutions



# Art Policy Property Covered

## What Property is Covered Under the Fine Art Policy?

- Paintings, etchings, drawings (including their frames, glasses and shadow boxes)
- Antiques
- Sculpture
- Video artwork
- Technical equipment of a non-artistic value used in association with an exhibit
- Other works of art, or rarity historic value or artist merit



# Fine Art & Commercial Policies – Perils Covered

All physical risks of loss or damage from any external cause, except as excluded.\* The policy is designed to cover accidental loss or damage stemming from a sudden event.

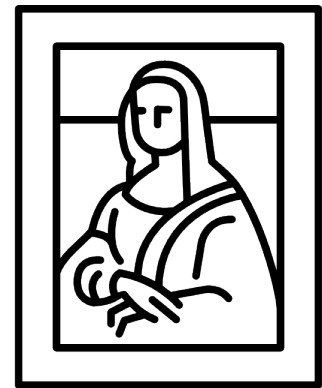
- Premises Liability, 3<sup>rd</sup> Party Liability (Suits). i.e. – Slips and falls at your own institution
- Off premises Liability. i.e. – negligent acts, what are contractual requirements



# Small Museum Program Fine Art Policy-Property Covered

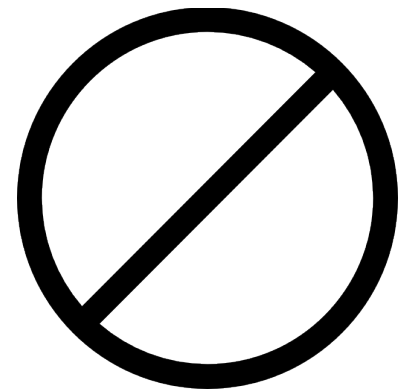
## **Whose Property is Covered Under the Fine Art Policy? (Who has Legal and Financial Interest in the property)**

- Property owned by the Museum/Cultural Institution
- Property of others on long term loan to the Museum/Cultural Institution (6 months or more)
- Property of others offered as gifts while awaiting acceptance by Trustees
- Residuary gifts and jointly owned property (The insured 's interest)
- Property of others on short term loan to the Museum/Cultural Institution (less than 6 months)



# Fine Art Policy Exclusions

- Wear and tear, gradual deterioration, inherent vice, or loss or damage sustained due to or resulting from any repairing, restoration, or retouching process.
- War
- Nuclear reaction, radiation or radioactive contamination....
- Terrorist acts (can be purchased for additional premium)



# Understanding Your Policy's Valuation Method

Understand how a claim for loss or damage would be paid to tailor inventories – loan agreements

## **When determining values keep in mind:**

- Regular inventory and valuation reviews for the current market value of owned objects
- Value of all short term and long term loans/current loan agreements – agreed values
- Donations – gifted items awaiting approval, partially or fully owned – insured's interest at agreed values

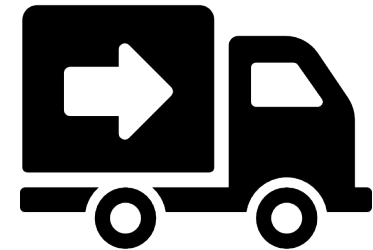
# Small Museum Program Fine Art Policy

## Incoming & Outgoing Loans

### **Covers the Museum's/Cultural Institution's Property and Property of others, as agreed**

- “wall to wall”
- in transit
- while on exhibition
- otherwise (conservators, framers, auction houses)
- Worldwide coverage.

### **No deductible for loss or damage to property of others on loan to the Insured**





# Best Practices - Reviewing and Updating Policy Limits

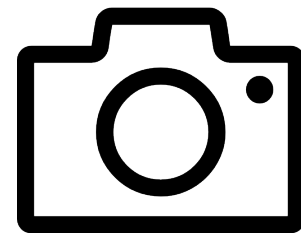
## **When determining limits for the Fine Arts insurance policy, keep these in mind:**

- Regular inventory and valuation reviews for the current value of the owned items
- Value of all short and long term loans / current loan agreements
- Value of outdoor sculpture
- Value of gifted items awaiting approval
- Highest concentration of value (gallery, display, off-site storage)
- Highest value for any single work of art
- Probable Maximum Loss in any one loss event
- Total Dollar amount required to replace key items in the collection in order to continue your mission as a cultural institution



# Importance of Loan Agreements, Certificates of Insurance and Condition Reporting

- Loan Agreements – Enables museum to professionally borrow and lend without interruption
- Defines Responsibility protecting the museum in the event of damage to the artwork whether incoming, on exhibition, or outgoing
- Certificates of insurance proof of insurance for lenders, and transporters
- Document the condition of objects when received and before they are returned
- Condition Reporting helps pinpoint when loss or damage occurred
- Take photographs



# Loss Prevention/ Best Practices - Loan Agreements

## **Loan Agreements should include the following information:**

- Purpose of Loan: Exhibit, Research, Other
- Effective Dates
- Lender Contact Information & Requirements
- Full Description of the object including statement of condition
- Insurance Value: Lender should provide the value - ideally with an appraisal - and Museum staff should vet the value to be certain that it is in a reasonable range. If the value of the loaned item appears to be significantly more than other comparable items, the issue should be raised with the Lender to provide the rationale or documentation as to how the value was derived.
- Insurance Coverage Responsibilities – clear statement of whether the Museum or the Lender will cover the artwork. Indication of coverage inclusive of incoming / outgoing transit.
- We can review the insurance section of Contracts and Loan agreements



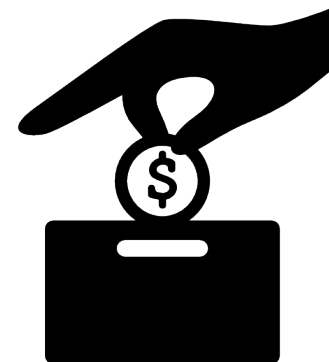
# Loss Prevention/ Best Practices - Inventory/ Backup of Records

- Many institutions experience incidents of missing objects or mysterious disappearance where there is no evidence of forced entry or theft.
- Inventory should be done on a continuous basis, which may take several years to complete for large collections with a large number of objects
- Higher valued items and long term loans should be inspected more frequently.
- A copy of the inventory should be maintained both on and off-site. In the event of damage to the property such as a storm, earthquake or flood, local officials may not allow staff to return to the facility until it is deemed safe and this can take weeks or months.



# Donations – Wanted or Unwanted/ Planned or Unplanned

- Develop a plan and procedure to deal with donations, where will the items be stored or displayed at the museum
- Make a record with custody agreement, dated, signed by the donor and add to inventory list
- Understand your insurance policy's coverage as it relates to donations, gifts, bequests
- Without written/electronic records can not prove interest or what was agreed



# Loss Prevention/ Best Practices

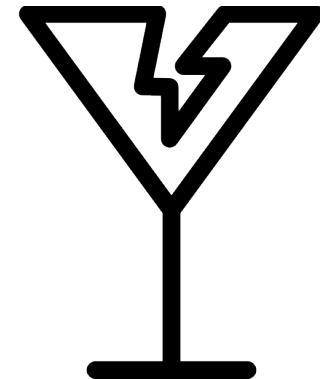
## Fire and Burglar Alarm Systems

- Fire is one of the most serious dangers because it can destroy the objects quickly and completely. Non-public areas such as loading docks can be especially vulnerable.
- Central station burglar and fire alarms ring at the police and / or fire departments or an alarm monitoring company such as ADT.
- Seek and maintain relationships with local police & fire departments



# Loss Prevention Planning

- Evaluate all fire protection and burglar protection measures in place.
- If central station alarms cannot be installed, implement alternative measures, including 24 hour surveillance system
- Proper packing
- Implement barriers to protect artwork, cases for smaller, fragile pieces
- Proper storage of flammables



# Loss Prevention/ Best Practices - Managing Visitors

- Vitrines help to prevent touching of objects on display
- Rope barriers or stanchions keep art at a safe distance from visitors
- Toddlers in baby carriages tend to grab items within reach
- Security cameras should be used and on while open to visitors and may document the damage as it is sustained
- Use of guards or docents is recommended for large groups, especially school groups
- Art that is a common object- such as a chair, step or rug need to be marked  
“Do not touch”





# Loss Prevention/ Best Practices

## Light Exposure/ Humidity Control

### Light Exposure

- Ideally, items would be kept away from any harmful light and especially sunlight.
- Pay special attention to light exposure for works on paper and photographs.

### Temperature & Humidity Control

- Each category of objects (e.g. oil on canvas, wood furniture, paper, musical instruments) has its own ideal temperature and humidity level. If possible, best to have separate areas for treatment and while awaiting treatment with appropriate temperature and humidity control specific for each area.
- Air filters should be used to reduce pollution



# Loss Prevention/ Best Practices

## Good Housekeeping/ Landscaping

- Keep areas clean from trash and spills
- If housekeeping is outsourced, make sure procedures are being followed on a scheduled basis
- Keep trees and shrubs pruned and away from entrances
- Keep paint and chemicals away from heat sources (coffee pots) and appliances to prevent fires and store in proper fire-proof cabinets
- Keep small and fragile objects protected in locked cases or cabinets
- Keep objects off by 12 inches from the floor



# Benefits of Establishing Relationships

- Establish relationships with local police and fire departments, insurance agency, neighborhood institutions and colleagues in your field
- Conduct regular security checks
- Seek advice on appropriate fire protection measures and potential fire hazards
- Local law enforcement can provide alerts to crime incidents in the area



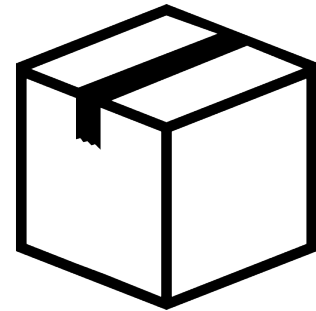
# Disaster Planning

- Have a Disaster Emergency plan in place before a disaster strikes
- Train staff to understand the procedures, conduct practice drills
- Don't store items on the floor in sub/basement levels to avoid water damage. If you must store in basement levels, store at least 12 inches off the floor on shelves
- Designate alternative location (higher ground level) to move art in the event of a weather emergency. If not possible, move objects to an interior room without windows.



# Loss Prevention/ Claims

- At time of loss the insured has the burden of proof of value, would not want to rely on the Insurance company's estimate of values.
- Majority of claims disputes are due to no values provided by conservator clients
- When transporting high valued objects professional packers and shippers reduces the probability of a loss occurring
- Proper Packing & Tracking is key when using overnight carriers (Federal Express, UPS, etc.)
- Contract- What's actually required



## **Examples of recent losses:**

- Breakage – visitor bumped into fragile object
- Art was dropped causing glass to shatter and tear the print
- Glassine sticking to oil on canvas painting
- Art near an open window was damaged when blown over by breeze

## **Potential Negative Outcomes:**

- Art is able to be conserved but issues over loss in value can develop
- Art is destroyed and deemed a total loss
- Dispute over value can occur during claims process if owner does not provide a value

## Questions & Answers Session



# Huntington T. Block Insurance Agency, Inc.

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