



Museum Association of Arizona Collections Insurance Workshop

March 15, 2023



Presentation Overview

- 1. Introduction**
- 2. Coverage Basics**
- 3. Coverage Logistics**
- 4. Claims Procedure**
- 5. Conclusion**



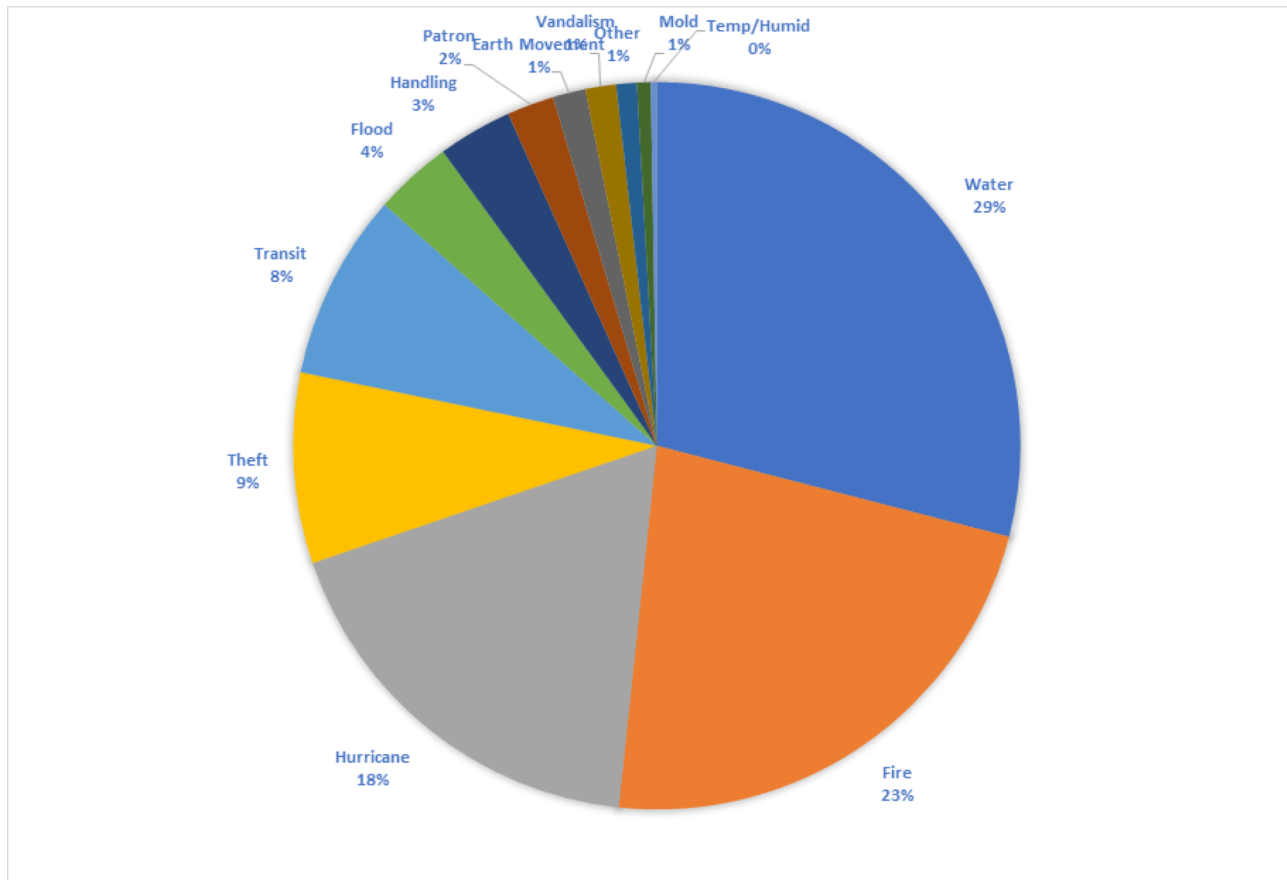
Huntington T. Block

- Huntington T. Block is the oldest and largest fine art insurance broker in the United States.
- Founded in 1962 by Mr. Huntington T. Block
- HTB is endorsed by the American Alliance of Museums and the American Institute for Conservation of Historic and Artistic Works
- **Structure**
 - DC, NYC, Houston
 - HTB Underwriting Department
 - HTB Claims Department & Specialized Art Adjusters Network
 - Aon Global Fine Art Team



Risk

- All physical objects have risk of loss or damage.
- Most severe fine art losses over the past 25 years:



4 Ways to Address Risk

Not an Option

Put art in a bunker

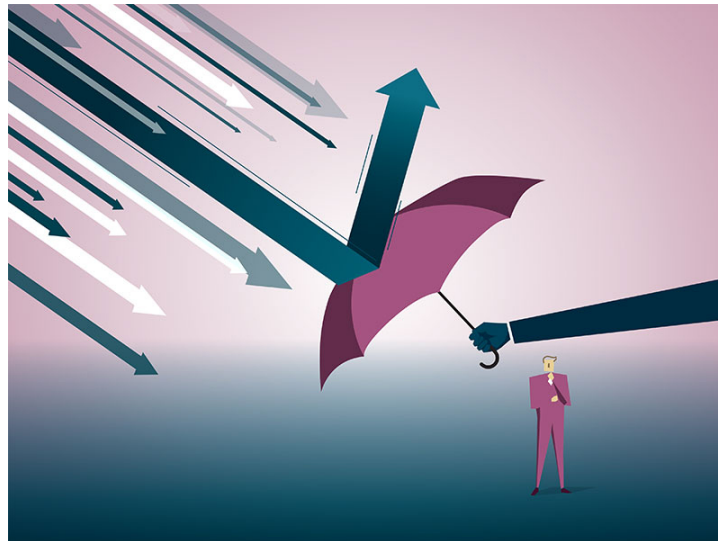


“Self-insure”

Buy Commercial Insurance

What is Insurance?

Insurance is a contract, represented by a policy, in which an individual or entity transfers risk of losses to an **insurance** company. The company pools clients' risks which makes premium (cost of the contract) more affordable for the **insured**.



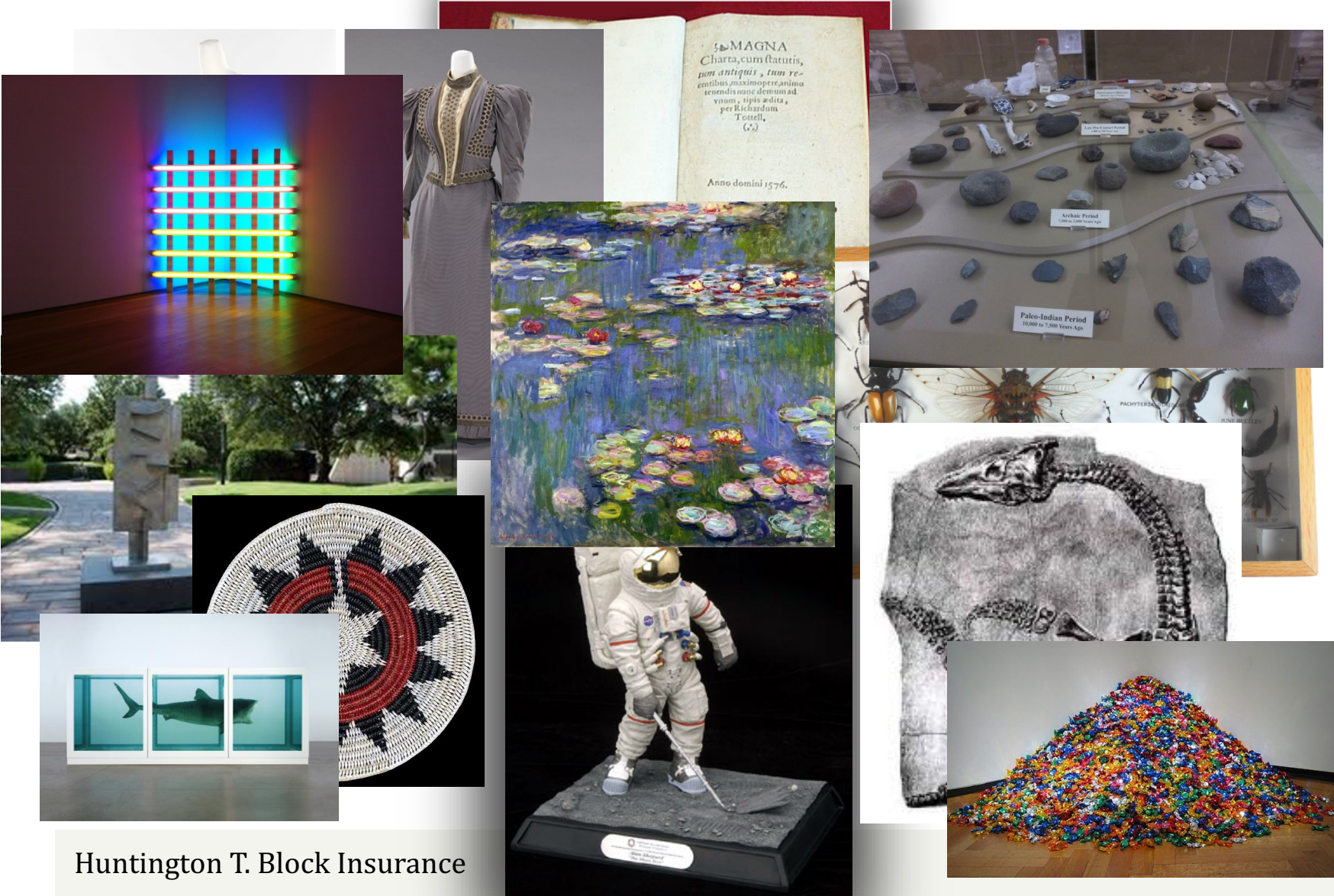


Why Specialty Fine Art Insurance?

Fine Art Insurance Policy Highlights:

- Property Covered
- Perils Covered
- Exclusions
- Valuation
- Limits and Deductible
- Incoming and Outgoing Loans

What is Fine Art?



Huntington T. Block Insurance

Fine Art Policy

Property Covered

- **What Property is Covered Under the Fine Art Policy?**

Property Insured: This policy covers fine arts and collectible objects of every description including but not limited to paintings, etchings, drawings, photographs (including their frames, glasses and shadow boxes), rare books and manuscripts, numismatic objects, rugs, tapestries, antiques, sculpture, statuary, ceramics, pottery, porcelain, memorabilia, natural history objects or historical artifacts, archeological objects, video artwork, packing crates, installation and re-installation material, and technical equipment including video monitors, projectors, EDP hardware and software of a non-artistic value used in association with, or as part of an exhibit used in direct association with an installation or exhibition, **and other bona fide works of art, or rarity, historic value, or artistic merit.**



Whose Property is Covered?

1. Property owned by the Insured

2. Property offered as gifts, for sale or awaiting acceptance

3. Insured's interest in residuary gifts and jointly owned property

4. Property of others, meaning property loaned, leased, rented, or consigned or otherwise made available to the Insured on a "wall to wall" basis

Any other property of a fine art or collectible nature as more fully described above that the Insured has agreed to insure or assume responsibility for contractually or otherwise.





Fine Art Policy Valuation Clause

PROPERTY OF OTHERS AGREED VALUE

The amount the Insured **has been instructed and/or agreed to insure** in the museum's own loan agreement, consignment agreement or otherwise, with the owners of the property or agents of the owners. In the event the insurance value of the Property has not been determined or agreed, the Policy will value such property at current market value.

- Contractual obligation (loan agreement)
- Should be based on recent appraisal value, if available.
- Address any anomalies in lender values.
- Don't let lenders leave the insurance value blank.



Fine Art Policy Valuation Clause

OWNED ➞ CURRENT MARKET VALUE

Higher of the price paid for the Property (plus any transit, acquisition fees or restoration costs incurred by the Museum in the acquisition) **or the current market value** of the property at the time any loss or damage occurs. Video Equipment, Crates, etc. will be valued at Replacement Cost.

- No appraisal required
- No full inventory required (although very good to have!)
- Valuation is not based on inventory values (that's a starting point)
- Determination of value is done at the time of loss

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.



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....*

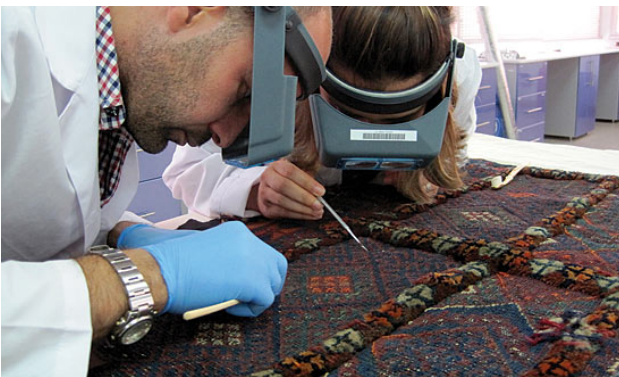


* See policy for full exclusions verbiage.

Partial Damage Coverage

Partial Loss: In cases of partial loss, or damage to any insured item, the amount payable shall be the cost and expense of repair and/or restoration plus any resulting depreciation in value, but not exceeding the full insured value of that item.

- Pays for conservation and salvaging following a covered loss.

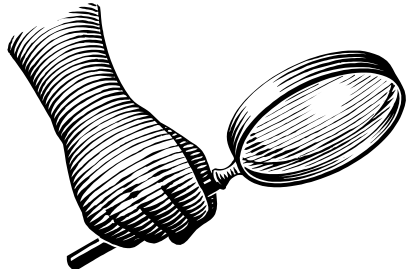


Total Loss

Total Loss: In cases of total loss to any insured item, for which the Insurer has paid the full insured value of that item, it is agreed that upon payment of the loss, such item shall be surrendered to the Insurer.



Fine Art Policy Limits



What is a 'limit'?

The total amount of losses to be paid under an insurance policy, expressed either on a per occurrence basis (e.g., per accident or event) or on an aggregate basis (e.g., all losses under a single policy, or for all policies during an underwriting period).

- **What are the Art Policy Limits?**
 - a. \$X At Insured Premises
 - b. \$X At Any Other Location
 - c. \$X In Transit on any One Conveyance
 - d. \$X Terrorism
 - e. \$X In Any One Loss or Disaster
- **What is the Fine Art Policy Deductible?**

\$X per occurrence, but only for permanent collection on premises.

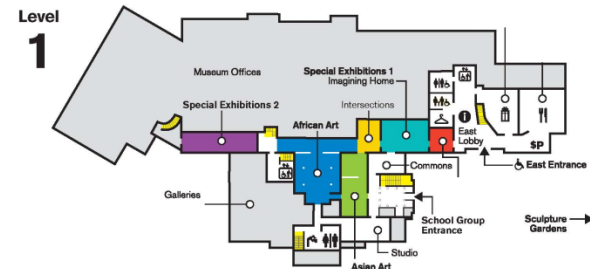
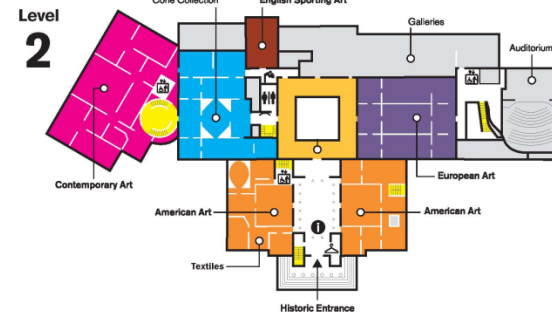
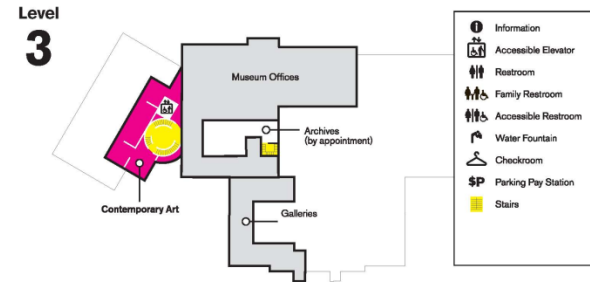
Fine Art Insurance **Broker:** Huntington T. Block

Fine Art Insurance **Company:** Underwriter

How Museums Determine Policy Limits

Museums use various methods to determine what policy to purchase:

- Probable Maximum Loss (PML) Scenario
- Total Value of Highest Valued Location or Building or Part of Building
- A Percentage of Permanent Collection Total Value
- Total Value of Temporary Loans
- Premium Driven: Buy as much limit as budget will allow
- Core Mission Restoration
- Incoming Exhibition Schedule



Incoming & Outgoing Loans

- Covers the Insured's Property and Property of Others, as agreed (on Loan Agreement):
 - "Wall to Wall"
 - While in transit
 - While on exhibition
 - Otherwise (conservators, framers, auction houses)
 - Worldwide



Transfer of Risk

When to transfer risk away from your institution:

- **When you have no control over the items – transfer risk**
 - Incoming transits if possible
 - At another institution
 - When you cannot control the packing or shipping
- **If loaning to another institution**
 - Check the borrower's insurance
 - If inadequate, require that proper insurance be in place
- **Read Loan Agreement Contracts Carefully**





Certificates of Insurance

- Certificates of Insurance are “snapshots” of an insurance policy in place. Certificates do not change coverage.
- Certificates are usually not required in order for coverage to be in place.
- Certificates support the Loan Agreement contract between the lender and the borrower.
- **The Loan Agreement is the legal contract that is the most important document when lending/borrowing artwork.**



Waiver of Subrogation

Parties that may ask for a waiver of subrogation:

- **Anyone** that is handling, transporting, or borrowing artwork that they are not responsible for insuring.

This could be:

- Shippers
- Art Handlers
- Exhibiting venues
- Borrowing museums

Only makes sense if:

- The party could possibly be held liable for damage.
- The party is not insuring the art.



Fine Art Claims - What Can Happen?

- Fire destroyed the entire building and all artwork inside.
- Vandalism scratches to sculpture installed in galleries.
- Artwork fell from the wall after it had been installed. The screws that were used to secure the cylinder element into the wall failed.
- Due to water leakage from pipes in building, artworks in the Insured's permanent collection sustained water damage.
- Storm caused water damage at offsite storage facility.
- When ceramic art was being off loading at the artist's studio, it fell over and shattered.
- Mold found on various rare books.

UPS, FedEx, and Express Shippers

- Not equipped to handle or transport art.
- If use, pack to withstand 3 story drop and excessive handling/vibrations.



Pre-existing condition is key!

- Before packing for incoming transit, museum must establish pre-existing condition of artwork.
- Photograph all angles prior to packing for incoming transit.
- Whenever there is a change in insurance responsibility, there must be a thorough condition report and photographs.
- Helps avoid disputes.



Photo from @arthandlrmag (Instagram)

Visitors causing damage



Huntington T. Block Insurance

Claims Procedure: What To Do If A Loss Occurs

- **Move the art out of harms way**
- **Report** the loss to Security / Risk Manager
- **Report** to Risk Management
- **Photograph** damaged artwork
- Determine how the art was damaged
- If the art is stolen or missing:
 - File a Police Report
 - Continue to look for the missing artwork
- **Identify/notify** the owner/lender of the artwork
- **Collect Documents** (Copy of Loan Agreement, Inventory Records, Photos, Incoming Condition Reports & Transit Documents)

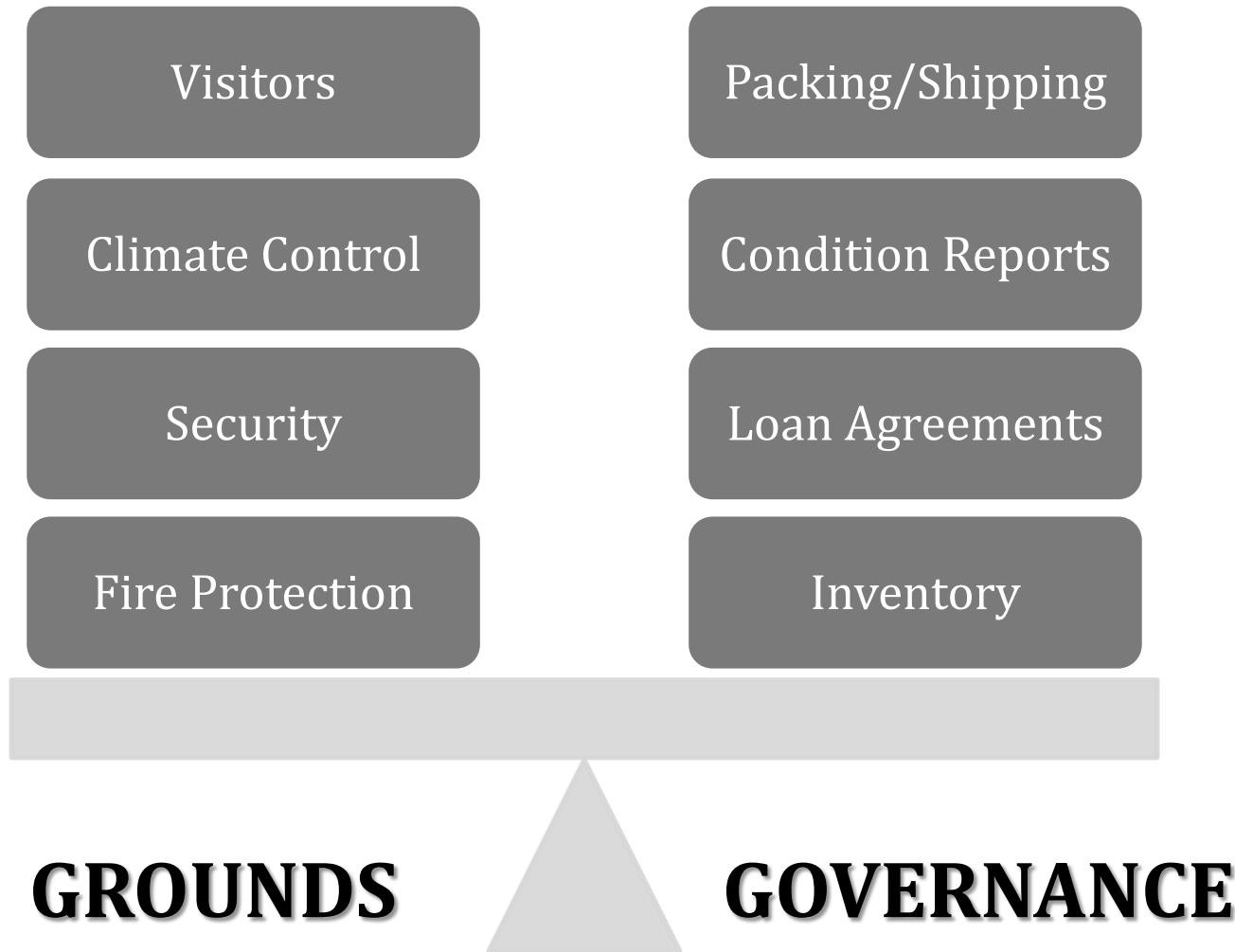




Concluding Thoughts

- **Methods of Transport – Art Packers & Shippers**
- **Packing & Condition Reporting**
- **Stable Artworks**
- **Proper Installation Methods**
- **Building Maintenance and Upkeep**

Loss Prevention for Museums





Huntington T. Block Contact Information

Adrienne Reid

Email: Adrienne.Reid@huntingtontblock.com

Phone: 832/476-6944

Instagram: [@reid_insures_art](https://www.instagram.com/reid_insures_art)



Taylor Armstrong

Email: Taylor.Armstrong@huntingtontblock.com

Phone: 202.429.8538

Instagram: [@htbtaylor](https://www.instagram.com/htbtaylor)

www.HuntingtonTBlock.com