



Preserving cultural value

Why it is important to protect our works of art

CANADA'S MULTICULTURISM — a combination of British, French, and Aboriginal cultures and traditions — is preserved and displayed within the walls of the country's impressive system of some 2500 museums and cultural institutions. According to the Canadian Museums Association (CMA), these institutions contribute over \$650 million in salaries and wages to the national economy and an estimated \$17 billion annually to Canada's GDP.

Perhaps more important than its economic contribution is how millions of art works, objects, artifacts, and documents in trust in Canada's museums play a significant role, according to the CMA, in preserving Canada's collective memory, shaping the country's identity and promoting tolerance and greater understanding in such a diverse country. How does one place a value on that role? Or more specifically, how does one protect the value of any individual one-of-a-kind piece displayed on these museum walls?

"Time extracts various values from a painter's work," Impressionist Painter Henri Matisse wrote. *"When these values are exhausted the pictures are forgotten, and the more a picture has to give, the greater it is."* Through its museum funding and various organizations, Canada's museum system assures its national treasures can be enjoyed by its more than 59 million visitors each year. To ensure that these national treasures are further protected, enjoyed for future generations and their value preserved, a growing number of Canadian museums, galleries, colleges and universities with collections use fine art insurance.

PROTECTING VALUES

Although fine art coverage may appear to be very expensive, it is considered one of the most comprehensive insurance coverages available on the market today, especially in the context of rising art values. Documenting value is one of the initial steps in underwriting fine art protection. As the value of art goes up, insurance premiums will increase accordingly. To make certain their insurance cov-



erage effectively protects the value of a collection, collectors and museums will find themselves reevaluating their works on a regular basis, usually every three to five years.

Unlike a building, that if damaged or destroyed can be rebuilt at a specified cost, damaged, stolen or lost artwork can rarely be replaced. Its uniqueness is, in part, what creates its value. Insuring fine art requires distinctive underwriting treatment because of the distinct characteristic of what is being insured.

With priceless treasures and art work entrusted to them, most museums and collectors, in the eyes of insurance companies, are deemed “good risks” as they tend to be meticulous about displaying, lending, and handling art work. Canada is a particularly attractive fine art insurance market because clients pay attention to risk management practices, benefit from a low crime rate and are less susceptible to natural disasters and other exposures that pose risk to art collections.

Many museums and collectors choose to insure their art works under All-Risk

policies which offer broad coverage with few exceptions to exclude coverage. Under these specialized fine art All-Risk policies art work is protected against flood, earthquake, vermin, mold, fire and other potential exposures. Fine art premiums are typically calculated on probable maximum losses. Two paintings displayed in one place, such as an individual’s private collection stored at home, could be entirely destroyed in a fire. It is less likely that an entire \$150 million museum collection housed in several locations would be destroyed at once. Therefore, large collections, such as those of museums, may only purchase a certain percentage of the value of their entire collection, while a private collector may purchase insurance to cover an entire collection.

COLLECTIVE APPROACH

Many Canadian institutions have found benefits in taking a collective approach to address their insurance needs. The Canadian Universities Reciprocal Insurance Exchange (CURIE) for example, is an insurance pool of 42 Canadian universities. CURIE collectively purchases its property, liability, errors & omissions and more recently,

Joseph P. Dowd

Regional Manager, Fine Art & Specie Americas


Natasha Fekula

*Assistant Vice President
Claims Manager*

Ann-Louise Seago

Vice President, Senior Underwriter

fine arts insurance to offer expanded coverage for university collections, including art, books and other valuable documents or artifacts. Similarly, the CMA offers members special insurance programs designed specifically for their museum members.

While art theft is of concern to any collector, especially in light of the increasing value of art, common reasons for the loss of art work are fire, smoke damage, water damage and, the most common, breakage or damage during transit. Works of art are particularly vulnerable when they are moved, but care also needs to be taken as to where and how they are displayed. If they are small, they are more vulnerable to theft; if heavy, they might need to be additionally secured; and if fragile, serious thought should be given as to how to protect them. Many insurance firms will work with clients to ensure that the art works are covered appropriately or “nail-to-nail” — from one location to the next. The value of art involves more than its price at auction: preserving works of art is important as they celebrate our cultural differences, our heritage and our national identity. 

Ann-Louise Seago

*Vice President, Senior Underwriter
Fine Art & Specie*