

Insurance and indemnity

Definition

Ensuring your own objects, loans and other objects left in your care have appropriate cover against damage or loss.

Scope

Working out your insurance needs can be complex, and may need specialist advice from valuation experts, security advisors and conservators, as well as your insurance providers. The risks you insure against, and how much cover you need, will depend on related procedures including **Valuation** and **Emergency planning for collections**. Items of low financial worth but great significance may need enough insurance to cover swift emergency treatment after a disaster, followed by years of remedial conservation work.

Your insurer may require high-value objects such as fine and decorative arts to be catalogued (and photographed) in enough detail to help later recovery if they are stolen. The ObjectID standard is used internationally for this purpose.

Indemnity refers to non-commercial insurance of the kind underwritten by governments, allowing museums to exhibit high-value loans they could not otherwise afford to borrow. In the UK, the Government Indemnity Scheme is managed by Arts Council England.

The Spectrum standard

You should have a **policy** on how you insurance or indemnify objects in your care. This could either be a standalone document or part of a wider collections management policy. Either way, in deciding your policy you will most likely need to consider these questions:

- Is your museum allowed to insure its collections (many national museums are not)?
- Which objects must you insure, and against what risks?
- Which objects would it be prudent to insure, and against what risks?
- What circumstances should trigger a review of an object's cover?
- How will you insure or indemnify objects you borrow?

- How will you make sure your objects have appropriate cover while lent out or otherwise away from your museum?
- Who is responsible for arranging insurance and renewal?
- How will you keep your insurance cover up to date?

You should also have a written **procedure** that explains the steps to follow when managing and documenting insurance. Spectrum's suggested procedure is a useful starting point, but however you do it, your own procedure should meet the following minimum requirements:

Minimum requirement	Why this is important
Where possible, all the objects in your care, whether in your museum or away from it, are insured or indemnified according to your agreed policy.	You can recover from loss of, or damage to, your own objects. You can compensate lenders if you lose or damage their objects.
You have the appropriate minimum liability sum or excess to be paid if required.	You have the financial resources to cover those sums if the worst happens.
Your insurance and indemnity cover is reviewed regularly, and updated as required.	Changes in valuations are reflected. New acquisitions are covered.
Your catalogue records meet any standard specified by your insurer for the purpose of recovering stolen items.	You may not be covered if a valuable item is stolen and you cannot provide images and enough information to identify it.

Suggested procedure

Identifying insurance and indemnity needs

Create your insurance and indemnity policy.

In this step, 'policy' refers to your own your museum's decisions about what to insure or indemnify. You **must** normally insure or indemnify:

- Objects on loan to you (including in transit) - loans are usually subject to contractual agreements, including a requirement to insure or indemnify.
- Objects on loan from you (including in transit) - it is normally the borrower's responsibility to insure or indemnify objects on loan to them, and you should get written evidence that appropriate cover has been arranged. In some cases you might agree in advance to insure objects you are lending, and include this in your loan agreement with the borrower.

You **must** also normally insure:

- Working exhibits - there are statutory liabilities requiring specialist cover associated with aeroplanes, cars, boats, locomotives, steam vehicles, mechanised exhibits and mining equipment.

It is **prudent** to insure:

- Objects with a readily identified high market value - these may include fine art, precious metals, gemstones and coin collections, clocks, watches and certain classes of biological material (eg ivory, though this can never be sold legally and there is therefore no 'market value' and insurance should be for conservation only).
- Objects which may not have a high market value but which are of great value to you - these might include objects central to your displays, of local significance, or with a high replacement cost (eg a replica engine).
- Objects in transit or temporarily with another organisation (eg for conservation) - in some cases responsibility for insurance may be transferred by agreement with the other party.

See **Note 1** for guidance on objects in transit.

File your approved policy on insuring and indemnifying your collections and note the **Document location** so you and others can find it.

Insuring and indemnifying objects

Work with the insurer or indemnifier to arrange cover.

You will often need to take out insurance or indemnity cover (or update existing cover) as a result of other Spectrum procedures.

Send appropriate information to the insurer or indemnifier.

Your insurer or indemnifier will need information about your organisation and its security arrangements and disaster planning.

Provide the insurers with current valuations for all objects to be insured. Valuations of objects which are not your property should be agreed in writing by the relevant owners. If you do not already have up-to-date valuations go to **Valuation**.

Agree the insurance or indemnity cover and record information about it.

Record the following information about the insurance or indemnity cover:

Object identification information

- The reference numbers of the objects being covered - **Object number**.
- **Brief description** of the objects being covered.

Or

Loan in information

- The reference numbers of the objects being covered when they are a loan - ***Loan in reference number***.

For insurance cover record:

Insurance information

- Your reference number for the cover - ***Insurance reference number***.
- Name and contact details of the insurer:
 - ***Insurer*** (use a standard form of name).
 - ***Address***.
- Name of the person in your organisation authorising the cover - ***Insurance authoriser*** (use a standard form of name).
 - Date of the authorisation - ***Insurance authorisation date*** (use a standard format).
- ***Insurance note*** (eg special conditions attached to this arrangement).
- The dates covered by the insurance:
 - ***Insurance begin date*** (use a standard format).
 - ***Insurance end date*** (use a standard format).
- The date when the cover should be renewed - ***Insurance renewal date*** (use a standard format).
- ***Insurance policy number***.
- The amount of the cover - ***Insurance amount***.

For indemnity cover record:

Indemnity information

- Your reference number for the cover - ***Indemnity reference number***.
- Name and contact details of the indemnifier:
 - ***Indemnifier*** (use a standard form of name).
 - ***Address***.
- Name of the person in your organisation authorising the cover - ***Indemnity authoriser*** (use a standard form of name).
 - Date of the authorisation - ***Indemnity authorisation date*** (use a standard format).
- The date when the indemnity cover was requested - ***Indemnity request date*** (use a standard format).
- The dates covered by the indemnity:
 - ***Indemnity begin date*** (use a standard format).
 - ***Indemnity end date*** (use a standard format).
- ***Indemnity note*** (eg special conditions attached to this arrangement).

- The date when the cover should be renewed - **Indemnity renewal date** (use a standard format).
- The amount of money you are responsible to pay if there is a claim - **Object minimum liability sum**.
- The date indemnity was confirmed by the indemnifier - **Indemnity confirmation date** (use a standard format).

Retain written evidence of insurance or indemnity cover.

Retain written evidence of the insurance or indemnity cover, and check to ensure all the details are correct.

File the documents and note the **Document location** in the relevant object records so you and others can find them in future.

Secure and control access to insurance and indemnity records.

Restrict access to, and protect the security of, your insurance records as they contain confidential information such as valuations and security arrangements.

Monitor and update cover as required.

Cover agreed for items in your accessioned collection is likely to be ongoing, with annual renewals reflecting broadly the same risks, although you may need to update your cover in the light of changes in valuation or specific high-value acquisitions. You will also need to monitor loans in and out of your museum, and update your cover accordingly.

When insuring against potential conservation costs in case of damage, take note of developments in techniques and consequent changes in costs.

Claiming against insurance or indemnity

Compile information in support of the claim.

If you need to make a claim for damage to, or loss of, objects covered by insurance or indemnity you will need to include information about the objects and the circumstances go to **Damage and loss**.

For a large group of objects provide as much information as possible at group level, and for an average or typical object within it.

File the claim and note the **Document location** in the relevant object records so you and others can find it in future.

Guidance notes

Note 1: Objects in transit

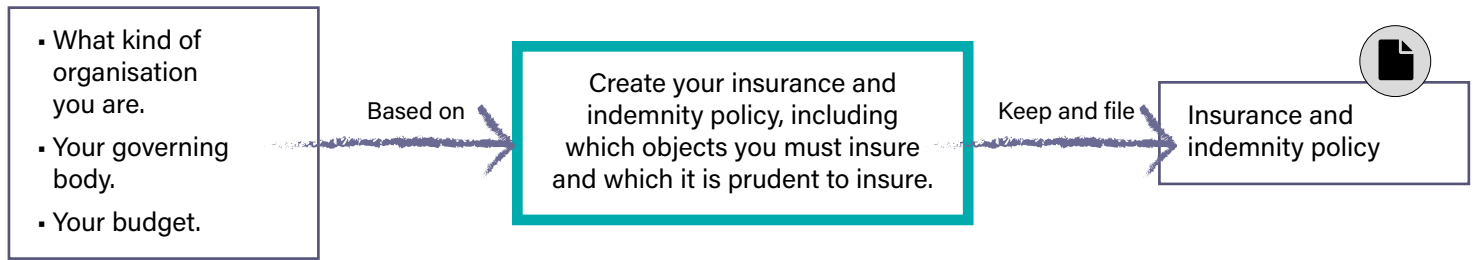
When arranging the, determine whether and which items should be covered by insurance in transit, who is responsible for providing cover and to what level. It may be necessary to approve the mode of transport in consultation with the insurers.

When arranging the deposition of archaeological project archives, it is expected that the project archaeologist will be responsible for insurance of the archive in transit. Other instances where insurance in transit is highly desirable include the collection/delivery of treasure and objects purchased from salerooms or antiquity dealers.

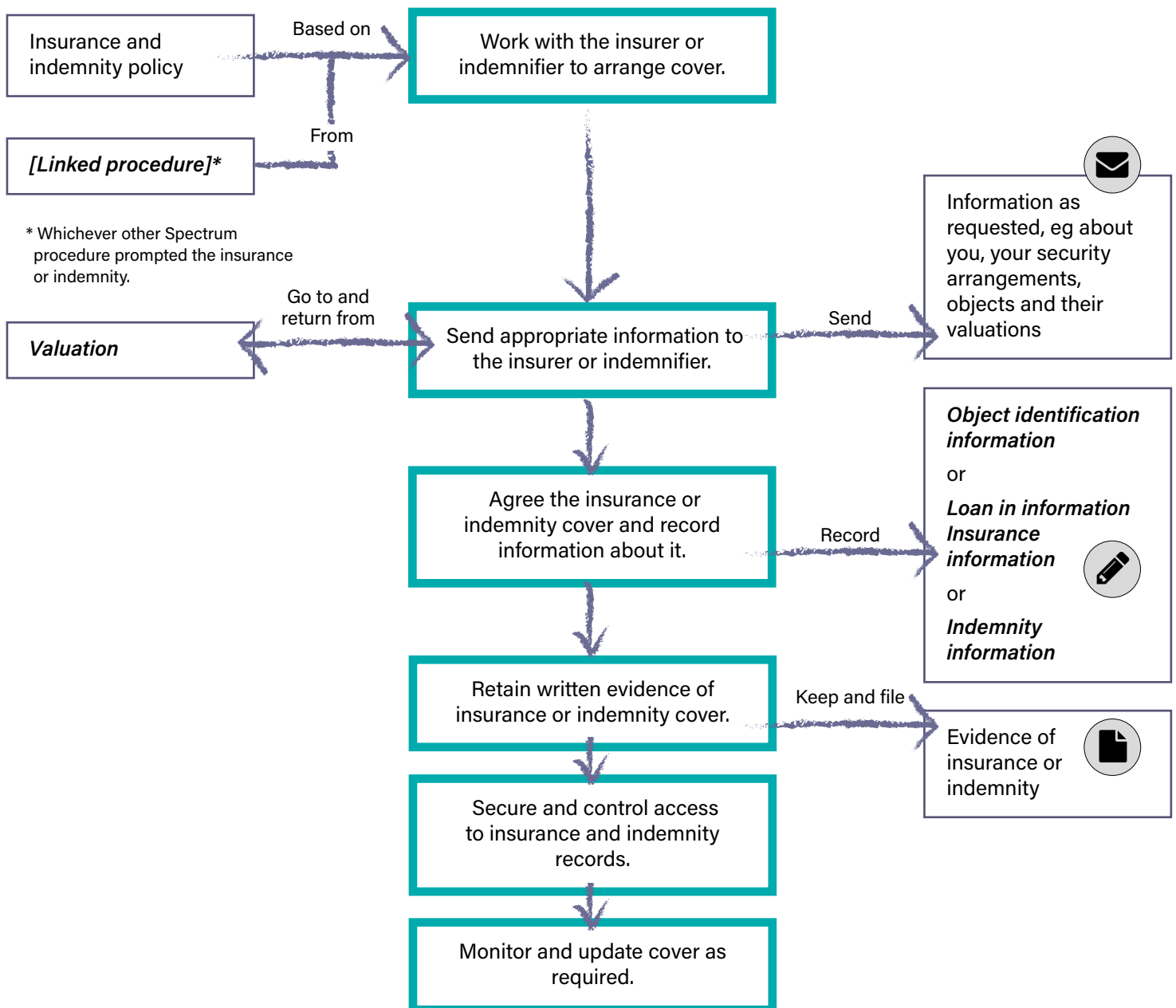
For items on loan from you, the loan agreement should include a stipulation that the item be insured for the specified value for all risks, including transit cover from the time it leaves your premises to the time it returns ('nail to nail' cover).

Insurance and indemnity

Identifying insurance and indemnity needs



Insuring and indemnifying objects



Claiming against insurance or indemnity

