

SORM/Willis Meeting Fine Art Insurance Discussion November 6, 2018

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**Willis Towers Watson
Fine Art Jewelry & Specie**

**Insuring the Irreplaceable
Against the Unthinkable
or
Why Would You Want
One More Insurance Policy**

Who Are We?

Willis Towers Watson, Fine Art, Jewelry & Specie

The largest broker in the world dealing specifically with Fine Art, Jewelry, and Specie risks.

In 2017 Willis FAJS handled in excess of \$250,000,000 premium for over 3,000 clients worldwide.

Willis FAJS offers a full advisory and insurance service with tailor-made programs to satisfy the specific needs of our clients.

Willis FAJS has strong relationships and leverage with the London, European and US domestic markets.

Global - Offices in Washington DC, Chicago, New York, London, Paris, Rome, Hong Kong

Brokerage Services and Expertise

FAJS collectively offers a vast breadth and depth of experience which provides clients the following advantages:

- Dedicated, superior service by a team of knowledgeable experts
- Extensive international experience and expertise
- Customized innovative solutions to unique risks
- Extensive market capacity
- Active participation in risk management programs and dispute resolution
- Active participation in the museum and art community
- Expert, hands-on management of claims
- Consultation for clients on insurance contracts and policy review
- Many years experience working with US and foreign indemnity programs
- Expert review of the insurance requirements in loan agreements and exhibition participation agreements
- Expert review of any other parties' insurance contracts and requirements both foreign and domestic.
- Support of the Willis network global services with specialty in all areas of insurance and risk management.
- 24 hour access 7 days a week to key account personnel and claims staff in London.

What Does a Fine Art Policy cover?

- It covers the items on your property program that **“cannot be replaced with other items of like kind and quality”**. It is more than just “fine art”.
- **More specifically:** Fine arts and collectible objects of every description including but not limited to paintings, etchings, drawings, photographs, ceramics, sculpture, pottery, porcelain, rare books, coins, manuscripts, rugs, tapestries, statuary, and other bona fide works of art, rarity, historic value, or artistic merit and all associated property including but not limited to frames, glasses, shadow boxes, crates and other display equipment, 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 but only such equipment used in direct association with an installation or exhibition, all consisting of the following
 - Property of the Insured
 - Property of others offered as gifts to the Insured or for sale to the Insured and while awaiting formal acceptance;
 - The Insured’s interest in residuary gifts and jointly owned property, but only to the extent of the Insured’s interest at the time of loss or damage;
 - Property of others loaned to the Insured or otherwise in their care, custody or control.
 - The Insured’s Museum Reference Library, including but not limited to portfolios, books, exhibition catalogs, manuscripts, letters, documents, slides, photographs, negatives, videos and computer data.

Additionally Fine Art policies cover such items:

- On your premises
- At other unnamed locations
- While in transit
- Worldwide

Common Misconceptions

In order to obtain a fine art policy you will need to:

- Create an itemized valued inventory that will have to be constantly up-dated and endorsed on the policy
 - Coverage is blanket and does not require an itemized valued inventory
- Have everything appraised first
 - Valuation is based on the current market value at time and place of loss. Appraisals are not required in advance.
- We don't have a state owned museum so we don't have any fine art
 - Every state has some amount of fine art or special collections

Key Benefit – Valuation

- Owned items - Current Market Value of the item at time and place of loss
- Non-owned items - the amount agreed to with the owner of the item.
- Versus: Replacement Cost or Actual Cash Value or Scheduled Value which is typical on a property policy or package policy.

Even More Benefits

- Fine art rates are generally lower than property rates
- Increased capacity at high valued locations such as Libraries
- Decreased TIV reported to the property markets
- Ultimately the cost of the fine art policy might be offset with savings on the property policy
- No need to individually report transit exposures on an open cargo policy
- Very low deductibles – removing these exposures from self funded retentions under the property program

Most Important Benefit

- Access to SPECIALISTS!
 - Fine art adjustors,
 - Fine art restorers and conservators
 - Fine art appraisers in the event of a loss
 - And of course:
 - Fine art BROKERS

Where to start

- Identify which State Agencies are interested
- Interested agencies complete application and provide ESTIMATED TIV of owned collection at each location including top 10 items
- Estimated incoming loan activity for each entity
- Traveling exhibition exposure for each entity

Challenges

- Biggest challenge is estimating the value of each collection.
- Options:
 - start with the top 10 items – do some research
 - Group discount from an appraisal service
 - \$xxx times the number of items in the collection

Fine Art Markets

- Lloyds of London and London Company Markets
- AXA/XL
- Travelers
- W.R. Berkeley
- Aspen
- Great American
- Liberty Mutual

Additional Handouts Provided

- Sample Museum Collection and loans policy form and declaration page
- SORM Museum Application
- SORM Supplemental Application

Thank You

