

Insurance
Fine Art
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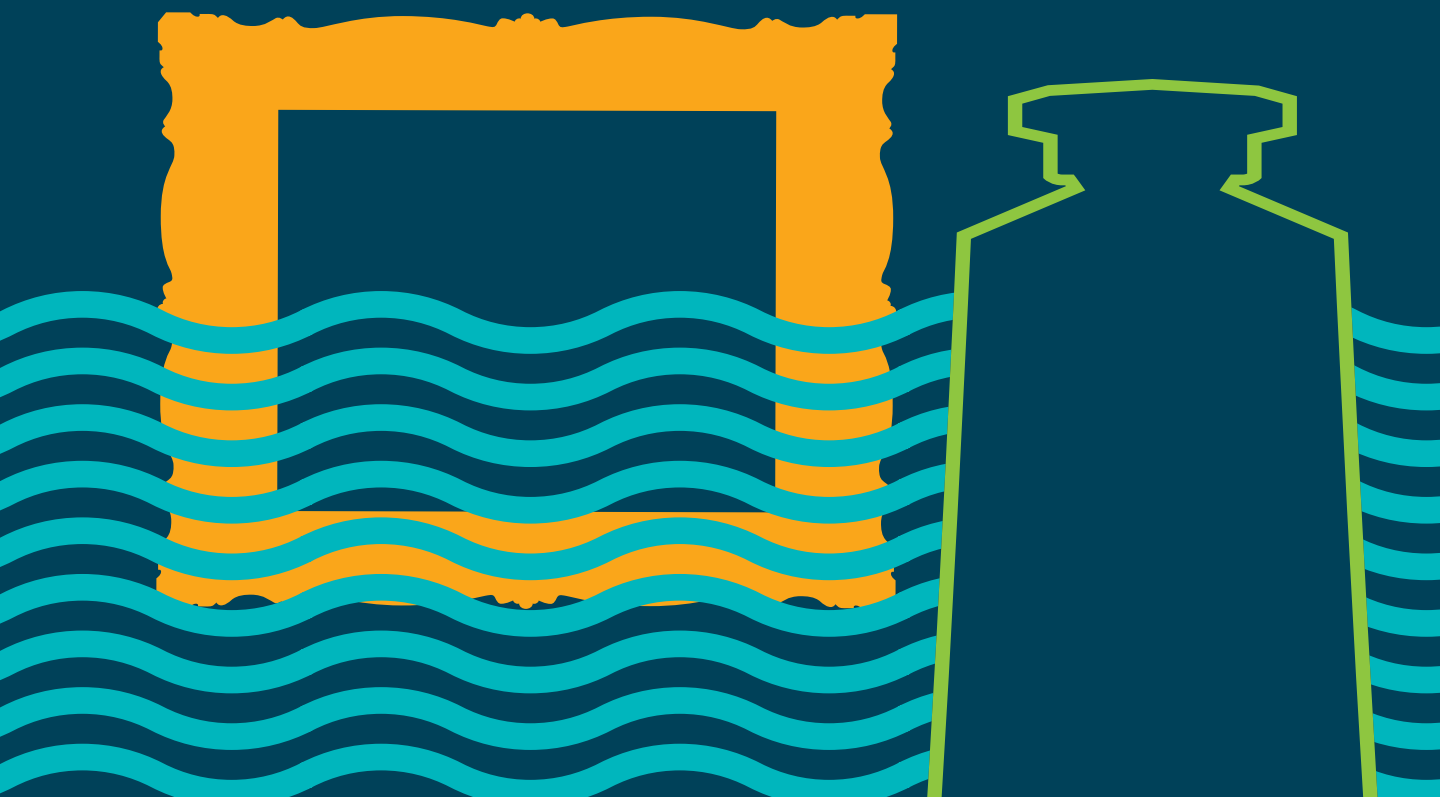


XL CATLIN

Protecting Fine Art from Natural Disaster



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Introduction

Superstorm Sandy. Mudslides in California. Massive flooding in the Southeast.

Scan the news headlines and it seems that when it comes to natural disasters and the associated risks to your fine art collections – the list never ends. And with the current trends in hurricanes and floods, the outlook is frightening. Of the thirty costliest United States hurricanes, ten occurred after the year 2000.¹

In today's extreme weather world, floods, hurricanes, and other disasters can strike with little warning. But their damage and destruction to irreplaceable art and fine collections can last for years.

In the end, no one can control when, how, or where a natural disaster will strike. However, galleries and museums can control the actions taken to prepare for emergencies, steps taken to safeguard fine art collections and minimize the subsequent damage.

**It all boils down to a simple statement:
Be prepared.**

This booklet was designed to provide you with guidelines to craft a disaster plan, tips for how to prepare for natural disasters and the steps to take for after a natural disaster event occurs.

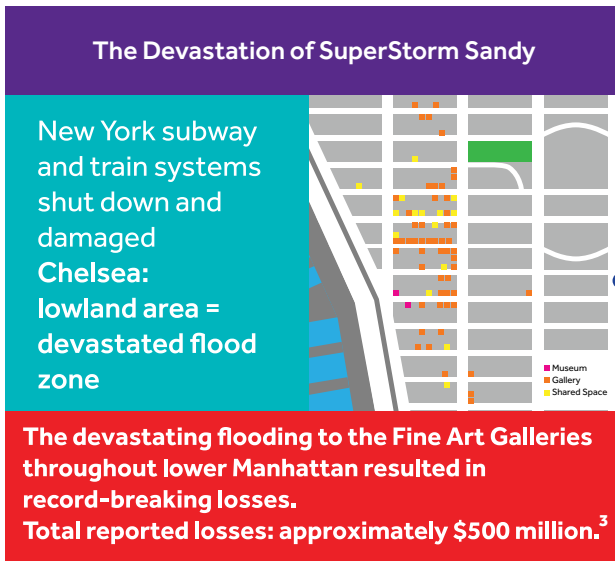
And at XL Catlin, we're here to help. We offer market-recognized expertise, risk management surveys, and the quick claims handling service that you need. We're with you each step of the way – before and after a natural disaster strikes.

Be prepared. Have a plan.

Case Study: Superstorm Sandy

On October 30, 2012, Superstorm Sandy made landfall about five miles southwest of Atlantic City, New Jersey. Sandy produced an enormous wind field which influenced wide areas of ocean, plus the angle of the storm's path towards land. Due to the storm's large size and slow movement, the surge was prolonged.² Sandy struck during a full moon so tides were running high. The area's rivers were swollen by significant rainfall, compounding tides and surge. Top storm surges:

- The Battery, New York ~9 feet above normal
- Kings Point, New York ~12.5 feet above normal
- New Haven, Connecticut ~9 feet above normal



Biggest lesson learned?

Next time, be prepared.

A disaster plan is the greatest factor in an emergency situation which determines whether a museum or gallery will recover quickly, or be out of service for months to years, losing precious revenue. Museums and galleries must prepare for a disaster or disruption through comprehensive disaster planning. A true comprehensive plan considers routine business activities as well as insurance and other financial liabilities.

Disaster plan guidelines

- Complete disaster threat assessments
 - Determine which threats are the most likely to affect the museum or gallery. Is it in an area prone to tornadoes, hurricanes, earthquakes, wildfires or floods? Is it near a major landmark that may be a terrorist target?⁴

Know your building structure.

- The basic knowledge of structures, building types, and materials is useful. If no one on your staff has such knowledge, then the assessment of the building should be done using someone from the community who is familiar with construction and design.
 - If possible, you may want to involve the original architect and contractor. If not possible, you may wish to obtain the assistance and expertise of a local architect or architectural firm.
- Knowing the strengths and weaknesses of the building helps the curator decide where to place objects throughout the museum.
- An assessment of the building is essential, because once the building has been repaired following a disaster, the collection can be returned and the museum can be reopened.
- Evaluate storage areas. Racks should be 12 inches off the ground. In flood-prone areas, storage racks should be removable to expedite moving artwork to a safe place.

Communications & Personnel

- Appoint an Emergency Planning Manager as lead for disaster plan and disaster recovery activities.
- Emergency Planning Manager should conduct a training and emergency drill schedule for team members. Since museum and gallery staffs tend to be small, all employees should have annual training in the following areas:
 - Disaster preparedness drills for likely disasters
 - Procedures for notifying emergency personnel, fire, police evacuation drills
 - Medical emergency procedures, with at least one person on staff with standard first aid and CPR training and, if possible, EMT training
 - Emergency utility cut-off drills
 - Emergency supply check
 - Tests of fire suppression and security systems
 - Other (i.e. installation of storm windows, emergency relocation of collections and exhibits, etc.)

Inventory Lists

- Ensure access to the current and comprehensive inventory list. This document should already exist with the museum registrar or gallery owner.
 - Hard copies and digital copies.
- Create a prioritized inventory list. This list may change depending on the type of disaster.
 - For example, if flooding, what are the critical items on lower levels of museum?
 - If damage is sustained to the entire building, then the most rare and valuable assets deserve the highest priority.

- Items loaned by patrons also get high priority since donors deserve special attention in a crisis situation.
 - Staff should do a “worst case scenario” and walk through the museum or gallery to identify which objects can be most easily rescued. If possible, do not store anything on the floor (to mitigate water damage); check the inventory lists and ward.
- Create a prioritized salvage list. Categorize the objects into three groups as follows:
- Category A material: National treasures and irreplaceable objects.
 - Category B material: Objects of very great importance or cultural value and extremely specialized equipment.
 - Category C material: Objects of great importance or cultural value.
 - A prioritized salvage list will also identify which items to protect first in the event of looting after a disaster.

Other Preventive Measures

- Gather emergency equipment
- Determine what emergency equipment your museum or gallery needs to collect and can afford to have on hand (in terms of cost, storage space).
- Recommended items to keep on location:
- Flashlights, batteries, headlamps, wet/dry vacuum, extension cords, EverSoak absorbent sock (to help soak up water), and if affordable, a portable generator.
- Designate staff members to be responsible for charging or purchasing batteries on an annual or semi-annual basis.
- Create a pre-weather event checklist.
- Depending on the construction of your building, there may be specific details to consider. For example, if you have a flat roof check roof to make sure no drains are clogged, also check gutters and drains on the sidewalk around your location.
- Record Keeping
- Store all important records, insurance policies, consignment agreements, gallery archives, certificates of authenticity and other irreplaceable documents in a waterproof safe. Store copies and backup of computer data files off site.

For hurricane and earthquake susceptible areas:

- Be sure that all wall-hanging devices are secure
- For hurricane zones, note that if walls are made of plaster and they become damp, they may not have the structural integrity to hold the artwork.
- For earthquake-prone California, consider using special earthquake hooks for art that is hung on the walls.
- Earthquake hooks trap the picture wire, which can help to prevent artwork from falling off walls.
 - For large, 3-dimensional objects, such as sculptures, be sure to carefully consider where these works are placed, in case they tip over. If object is oversized and heavy, consider attaching the base to the floor to keep it in place.

What to do after a natural disaster?

Coordinating the needs of salvage and financial recovery may seem overwhelming in the first days after a disaster. The following tips can help you respond effectively under stressful circumstances.

First response tips

- Keep personnel off-site until state or local officials inspect for major safety threats such as structural damage, contamination, fallen electrical wires, and gas leaks.
 - Inform local emergency management officials of the damage to your institution.
 - Contact your insurance agent immediately.
 - Check local media for contact numbers for technical and financial disaster assistance.
 - Locate the original or obtain the off-site copy of your emergency plan, collection inventory, financial records, and insurance policy.
 - Assess the damage as soon as you can re-enter the building. Document the damage in writing and with videotape and/or photographs.
- Begin cleanup and salvage as soon as possible. Don't wait for the insurance agent or adjuster, but remember to fully document the damage before recovery efforts begin.
 - Separate damaged works and move undamaged works to safe areas.
 - Goal is to stop the deterioration in progress. This includes drying out wet textiles or books
 - Next, objects must be put into the hands of professional curators to reverse the damage if possible. Restoration is a delicate process because too much meddling on an object will reduce value.
 - Be aware of high humidity and impact on painting restoration. High humidity may attract mildew and mold, which deteriorates paint.
 - As part of disaster plan, establish temporary storage facilities, (places where paintings would go if there was an emergency) that must have the proper temperature and humidity levels as well.
 - With textiles, water is the greatest threat. Water makes dyes run together and could ruin an artifact.
 - Do not throw away damaged items; they may be salvageable. Items that cannot be salvaged should be kept as proof of loss. Isolate contaminated objects.



Quick Tips

Plan Before Disaster Strikes

- Understand the structure of your building
- Have an emergency preparedness plan
- Keep an emergency kit available
- Make sure all personnel understand what is required of them in a natural disaster
- Have a prioritized inventory list
- Safeguard the inventory

- Store vital documents in a secure off-site location
- Regularly back up vital electronic documents

Following a Natural Disaster

- Document the damage in writing and photographs
- Contact your insurance agent immediately
- Begin clean-up and salvage as soon as possible
- Do not throw away damaged items

Top 5 Items on the First Floor

Item Name	Description / Estimated Value	Location	Disaster Preparation

Top 5 Items in On-Site Storage/Basement

Item Name	Description / Estimated Value	Location	Disaster Preparation

Fine Art insurance

The XL Catlin Fine Art & Specie team offers broad expertise, capacity and worldwide capabilities to galleries, museums and collectors that handle fine art. We provide the financial strength, global presence and deep understanding of the art market to protect your most valuable property. We bring decades of collective underwriting expertise, dedicated claims and a creative approach to protect diverse commercial and personal assets with customized insurance for: Fine Art, Jewelers Block, Financial Institutions and Cash-in-Transit risks.

Coverage

A standard property policy is not designed to protect fine art. Every work of art is individual and when damaged, requires knowledge and understanding of conservation and any consequent depreciation in value. To protect against this significant exposure, valuable collections require separate, specialized art coverage.

We provide coverage for accidental damage to works of art including the consequences in terms of repair, restoration, conservation, and depreciation in value.

Capacity

Up to USD 300 million

Expertise

XL Catlin's underwriting expertise includes, but is not limited to:

- Fine Art
- Museums
- Exhibitions
- Galleries
- Corporate collections
- Private collections
- Collectibles
- Coin and stamp collections
- Wine
- Vintage and classic cars
- Musical instruments
- Jewelry

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Endnotes / Sources

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