



## **What is Commercial Insurance?**

Commercial insurance is provided by private insurance companies or brokers. The borrowing institution will pay a premium towards the cover and this is calculated from the total value of the objects being borrowed. Artworks are normally insured on an 'all risks' basis (in transit and in situ) to and from each venue and in the event of a claim for loss or damage, compensation will be paid to the owner by the insurance company.

## **What is State/Government Indemnity?**

State or Government Indemnity schemes give borrowing institutions an alternative to the cost of commercial insurance. Providing that conditions relating to transport, security and environmental controls are met, museums and galleries can apply for this undertaking and in the event of loss or damage, the relevant Government or State will not only carry the risk but any compensation will be paid to the owner by the Government or State rather than an insurance company.

Currently, 22 European Countries have State Indemnity in place and there are also schemes in the USA and Australia, you can find more detail on EU indemnity on the UKRG website resources pages here;

<https://www.ukregistrarsgroup.org/resources/>

## **The UK Government Indemnity Scheme - FAQ'S**

The GIS is an arrangement whereby the Government is responsible for payment of compensation in the event of loss or damage to objects on loan to a museum, gallery or similar institution in the UK. Museums, galleries and libraries do not have to pay any premiums, but the terms and conditions require the borrowers to accept a minimum liability. Minimum values and liability are outlined below by geographic region.

This scheme enables thousands of objects to be exhibited around the country and in cash terms it has real value. At a notional rate of 0.001%, a common commercial insurance premium, it saves museums around £15-18 million a year. Most importantly it facilitates loans and allows bigger and better exhibitions.

To find out more about the scheme, you can download the guidelines for national and non-national institutions on the Arts Council England website here;

<https://www.artscouncil.org.uk/protecting-cultural-objects/government-indemnity-scheme>.

As of 1 January 2016, a number of changes have been implemented to the scheme:

### **In England and Northern Ireland:**

- increase in the minimum value per indemnified object from £301 to £1,001

- increase in the minimum liability per financial year from £5,000 to £25,000, for national institutions and non-national institutions with Designated collections (England only)
- no change for minimum liability for non-national institutions: £300 (plus 1% for objects valued over £4,000)

#### **In Wales:**

- increase in the minimum value per indemnified object from £301 to £501
- increase in the minimum liability from £5,000 to £15,000 per financial year, for national institutions
- no change for minimum liability for non-national institutions: £300 (plus 1% for objects valued over £4,000)
- guideline ceiling of £10 million on indemnities for works (a maximum value per indemnified object) offered on long-term loan to Welsh institutions

#### **In Scotland:**

- no change to minimum value per indemnified object: £301
- no change to minimum liability: £5,000 per financial year for national institutions, £300 (plus 1% for objects valued over £4,000) for non-national institutions

The guidelines have been revised accordingly. However, any indemnities issued prior to 1 January 2016 will be governed by the previous guidelines and undertakings in force at the time they were issued.

### **1) Which museums are eligible?**

All, publicly funded museums, galleries and libraries - including local authority and university museums - are automatically eligible, as is the National Trust, but other bodies, such as independent museums, may be approved as eligible. Institutions which are not automatically eligible will only be approved in respect of specific loans or exhibitions and relevant information would need to be supplied to the GIS team at Arts Council England.

### **2) What does GIS cover?**

All museum objects may be covered provided that the loan is for the benefit of the public or academic understanding of the object. Borrowed objects may be covered for the purpose of specific exhibitions or for long-term loan. Cover will be applied to objects whilst on display, within transit and in some cases overnight storage at a Fine Art Shipping Agent's premises. All these arrangements would need to be approved by The Museums Security Adviser in advance.

### **3) Does the indemnity scheme specify particular standards for transport, security and environmental controls?**

Yes. There are standard conditions relating to how artworks are transported, the security of the borrowing venue and its environmental controls. The borrowing institution must provide for the adequate care of the objects on loan and these must be approved by both the Museums National Security Adviser and the Environmental Adviser. The lender may also specify conditions which must be met.

### **4) Is restoration or conservation covered?**

No. As a general rule, only work required to display the object is covered. For example, the borrower may frame or glaze an item, but work which effectively alters the object, such as conservation or restoration, is not covered. It may be possible in certain specified circumstances

for the loan objects to be covered by the GIS while undergoing conservation or other work. The MLA must be consulted in advance.

## 5) How is indemnity arranged?

When arranging a loan or exhibition the borrower should consult the GIS team at Arts Council England at the earliest opportunity. The GIS team will supply an application form which must be completed with full information and returned five working days for borrowing National Museums and three months for non-national Institutions in advance of the intended start of indemnity cover, i.e. three months before collection if indemnity is required 'nail-to-nail'.

## Resources

- Information on UK GIS, including standard conditions  
<https://www.artscouncil.org.uk/protecting-cultural-objects/government-indemnity-scheme>
- Q&A with the Government Indemnity Manager, produced May 2019  
<https://www.ukregistrarsgroup.org/wp-content/uploads/2019/06/GIS-QA-May-2019.pdf>

## Useful websites about non UK organisations.

- NEMO - The Network of European Museum Organisations  
<http://www.ne-mo.org/>
- Lending-for-Europe - Collections Mobility  
<http://www.lending-for-europe.eu/index.php?id=157>
- American Association of Museums  
[www.aam-us.org](http://www.aam-us.org)
- The Australasian Registrars Committee Inc  
<http://www.registrars.org.au/home/>
- See also the UKRG EU Indemnity Checklist  
<https://www.ukregistrarsgroup.org/resources/guidance/>

## GIS Promotional Letter – Information for lenders and borrowers

The GIS Promotional letter available to all lenders and borrowers has been updated as of 29 April 2019. This letter is available to help further promote the Government Indemnity Scheme to borrowers and lenders and boost confidence in the scheme. It is now available in the following languages: Arabic, Chinese, English, French, German, Italian, Japanese, Korean, Russian, Spanish.

Copies are available from: [government.indemnityscheme@artscouncil.org.uk](mailto:government.indemnityscheme@artscouncil.org.uk) and posted on the Government Indemnity website under **Section3: Information for lenders and borrowers:**  
<http://www.artscouncil.org.uk/protecting-cultural-objects/government-indemnity-scheme>

For further advice email the Government Indemnity Manager at [government.indemnityscheme@artscouncil.org.uk](mailto:government.indemnityscheme@artscouncil.org.uk)