



“Dispelling the Myths around the UK Government Indemnity Scheme”

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Collections and Cultural Property



**National Heritage
Act 1980
(as amended by
the Museums and
Galleries Act 1992**

**GIS provides an alternative to
commercial insurance for
loans in to UK institutions**

**It exists for the UK public
benefit**

**It aims to enhance and widen
access to objects of a
scientific, technological,
artistic or historic nature**

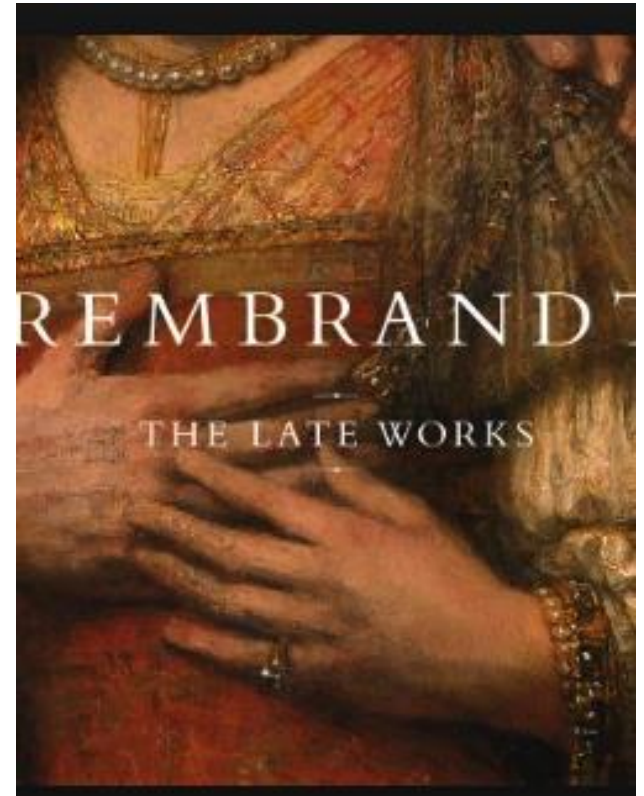


Ostro topaz from Brazil,
Long term loan to Natural History Museum

**GIS underwrites
the Borrower's
risk of loss or
damage to the
objects loaned
for the public
benefit**

**We estimate the Scheme saves
the sector £15 million a year**

**(as much as £30 million in
previous years)**



Purpose of Indemnity:

The purpose of indemnity is that in the event of loss the indemnified party should be restored to the same financial position after the loss that the party was in immediately prior to the loss; but an indemnified party should not be able to profit to any extent from the event which generates that loss; nor should the indemnified party be left in a worse financial position after the loss.



PICASSO PORTRAITS

6 October 2016 - 5 February 2017

VALUABLE PICTURES

MUST NOT BE THROWN DOWN OR JARRED

USE SLINGS BUT NOT GRAPPLES



Wedgwood Museum. Photo: Jon Stroud

Government Indemnities - reporting year ending 30 September 2018

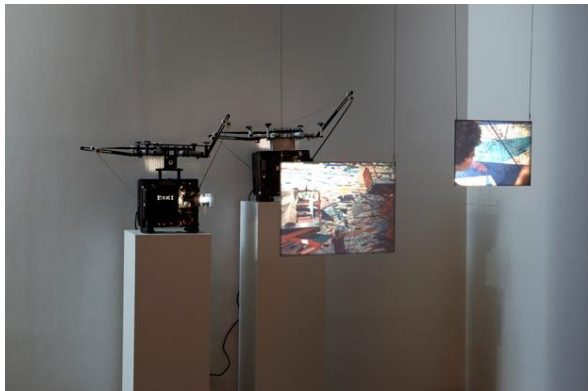
National institutions

- 698 indemnities
- 19,500 objects
- valued at £17bn.

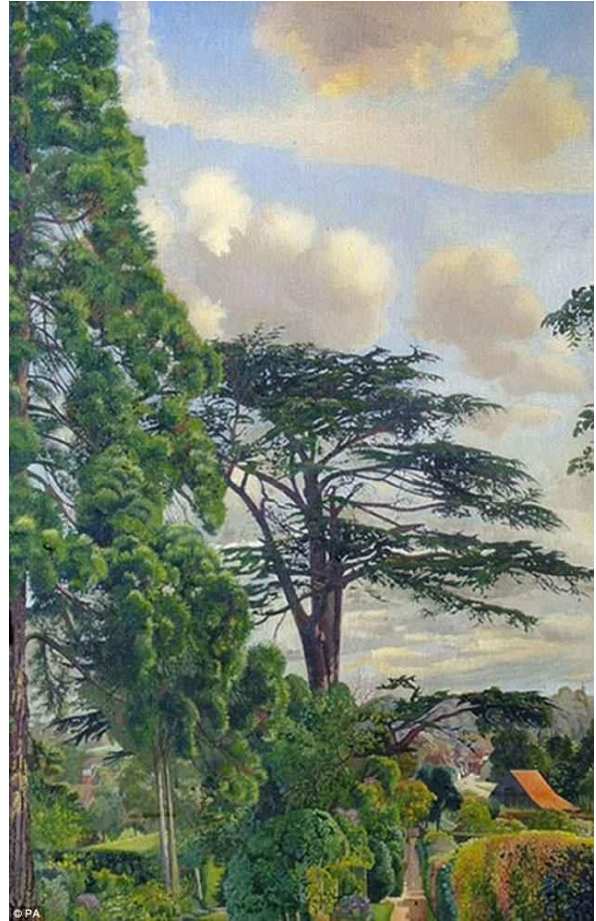
Non-national institutions

- 246 indemnities
- 13,000 objects
- valued over £7bn.

saved the museum sector approximately £15 million of commercial insurance premiums. Without it many, if not all, of the major loan exhibitions would be financially unsustainable.



Stolen Stanley Spencer painting is returned to its rightful owners after it was found stashed under a drug dealer's bed





If there is a claim for a large value loan in excess of your budget, can you guarantee that Her Majesty's Government will compensate the Lender?

UK Government Indemnity is a statutory scheme under the National Heritage Act. Her Majesty's Government is therefore duty bound to meet the statutory liabilities that arise. We also wish to protect the good name/reputation that the scheme has worldwide.

Why won't Her Majesty's Government cover Third party claims?

It cannot indemnify lenders against loss arising from legitimate claims as to good title. If a lender transpires not to be the owner (for example, because the 'lender' did have good title to the object) the contract between the person named on indemnity schedule as being the owner and the Secretary of State is rendered unenforceable. The UK Government cannot protect against sequestration in the pursuance of a claim by a third party. This would be a matter for the courts. Nor can it indemnify for loss resulting from a court holding in favour of a third-party claim or loss arising from a failed third party claim.





“Surely it is comforting to owners to know that the spirit of system will prevail and where appropriate, an ex-gratia payment will be made. If there was no legal requirement to meet the claim, in a less enlightened and fair system, there might have been a temptation to refuse the owner’s claim absolutely. There would have been a short-term saving but overall a long-term loss in confidence in the validity of the Government Indemnity Scheme system which would have been increasingly costly to museums and galleries as they would be faced with the refusal of lenders to accept the UK Government’s indemnity system with the concomitant increasing spend on commercial insurance.”

Lenders often ask for Waiver of subrogation against the organisers (i.e. the borrowers), carriers and packers employed by the organiser

Waiver of recourse against the lender or lender's curators or employees e.g. carriers, packers, holders or caretakers of the item

**War risk: but what
war?**

Some lenders insist on the governing law of the indemnity being in their own country – this cannot be agreed and any arbitration on the indemnity must take place in England or Wales

**“Difference in Conditions” policy:
what does it cover that indemnity
does not?**

Additional Loss Payee

**recognition of the inalienable
and imprescriptible character of
loans and buy back clauses**

I strongly believe that everyone should have the right in the 21st Century to benefit from great art and culture. This principle is universal. It is thus of vital importance that museums all over the world are able and can afford to put on exhibitions that contribute to people's cultural and intellectual development. Therefore so far as possible lenders or their agents and brokers should not oblige Borrowers to purchase supplementary commercial insurance for non-existing, or very unlikely, risks.