

## **Insurance of Museum Collections and Review of Insurance Valuations**

### **Background**

1. Saffron Walden Museum's collections are insured by the Council under the terms of the management agreement for the Museum Service. Originally the collections were insured with Zurich Municipal but following a review and renewal of Council insurance policies in 2004-05, insurance of the Museum collections was placed with AXA Art, which provided a policy better suited to museums' needs at a more competitive rate.
2. The Museum collections contain over 175,000 objects and specimens (estimated) and a wide range of subject areas, including some collections of regional and even international importance. This presents a range of specific challenges in valuing the collections for insurance purposes. The amount currently insured is £9,035,530 and the premium paid from October 08 – September 09 is £7,678.79 with an additional £3,500 Broking Fee (AON). The last comprehensive review of insurance valuations was undertaken in the late 1970s and although the amount insured (currently just over £9,035,530 annual premium around £8,0003) has been updated approximately in line with inflation and valuations for some isolated groups of objects have been reviewed, it is now evident that valuations for much of the collections could be well out-of-date and it is not sufficiently clear how the total sum insured relates to the different component collections. AXA commented on this when they took on insurance of the collections and it was agreed that the Museum would undertake a rolling programme of valuation reviews, aiming to do one collection per year until all had been covered. Oil paintings were reviewed in 2006 but the programme was temporarily halted in 2007 by spending restrictions and diversion of the Curator's time to the HLF application and fund-raising for the Heritage Quest Centre project. It was therefore desirable to re-instate the programme of insurance reviews in autumn 2008 with the Ceramics & Glass collection, before the Heritage Quest Centre project got underway, and continuing as tabled at the end of this report.
3. The problems of current insurance valuations were illustrated by the theft of an Ancient Egyptian pottery offering platter in August 2007, as insurance companies will work from the last valuation for the individual item, rather than the global figure, in assessing level of compensation. Although the current market values of such pieces (depending on condition and details) can be up to £9,000 today, AXA offered only £3,500 which was a compromise figure between the valuation listed for the offering platter of £25 in 1977 and its likely value today. It should be noted that the antiquities and arts markets can be subject to fashions and demands so for some antiquities and for decorative and fine arts especially, item-by-item valuations need to be reviewed periodically as values can increase or sometimes decrease independently of general inflationary trends. The Egyptian offering tray is an extreme example of this, but demonstrates the need to review insurance valuations for all significant items in the collections.

### **General Principle of Insurance**

4. The general principle underlying insurance of the collections is that since the collections are held for the public benefit (irrespective of whether it is the Council or Museum Society who owns or insures them), any loss or damage to the collections is made good so that the value of the collection for the public is maintained. Lost or stolen items would be replaced 'like for like' where possible, or at least with other acquisitions in the same general subject area. For a very small percentage of items which are on loan ('Loans In') insurance is obligatory as part of the loan agreement with the owners, and this is dealt with under the current policy and as part of the loan in procedures; loans are not a significant part of insurance costs.

### **Identifying Valuers for all collections**

5. The range of subjects covered by the collections means that a correspondingly wide range of specialists would need to be consulted. Except for the arts market and some antiquities, where there is a large commercial sector with professional valuers available, there is no ready-made network of valuers for most of the collections in subjects such as ethnography, social history, archaeological excavation archives or natural sciences. Museums therefore rely on contacts with other institutions, local auction houses, specialist societies and collectors to assist. For just one area – social history collections for example – we may be able to utilise contacts with expert collectors in costume, tools and photographs to value those parts of the collection at little or no cost, but we would have to cast the net wider to identify sources of valuation advice for domestic artefacts, prints and documents (of which there is a large and varied collection). In a few instances - e.g. local archaeological finds – it may be possible for staff to undertake an in-house estimate of insurance valuations for common types of finds but this would require the Curator's and other staff's time and a small budget to purchase recent catalogues from dealers and salerooms to assess current market values. The role and training of curatorial staff is concerned essentially with research and promotion of the cultural, historic and scientific value of collections; financial valuation is a separate expertise and there are ethical and professional restrictions placed on museum staff's activities in this area.

### **Methods of Valuation**

6. The manner in which valuations are ascribed will vary from collection to collection, and this will affect time and therefore cost of the exercise. For relatively high-value and unusual items, they must be valued individually (as the case of the Egyptian offering platter demonstrates). However, large numbers of objects and specimens of relatively low financial value can be grouped, e.g. 'x specimens of fossils from Essex chalk valued at average £15 each', '800 local history photographs valued at average £x each'. The Ceramics & Glass collection for instance contains a high proportion of rare and high-value objects which must be valued individually, although some of the commoner English wine glasses and Staffordshire figurines might be estimated as groups with an average value per item. By contrast much of the social history and natural science collections could be grouped according to pre-determined valuation bands.

### **Financial v. Cultural Value**

7. Financial valuation does not necessarily reflect historical or scientific value accurately, nevertheless many of the items of greatest significance will also be among the highest in insurance value. The two collections causing the greatest concern are Ceramics & Glass, a small but very fine collection widely regarded by collectors and ceramics groups, and Ethnography, which attracts international attention and contains some very rare and important objects. These two collections between them will account for a significant proportion of the total insurance valuation and both are badly in need of re-assessment following changes in the decorative arts market and in the ethnographic collection itself which has seen some additions but also the return of a large historic loan to the Cuming Museum.

### **Costs of Valuation and Documentation of Collections on Computer database (Modes XML)**

8. Costs of the insurance valuation exercise can only be predicted accurately for the commercial arts sector, where the usual charge is around £600 per day; this was the cost of revaluing the small collection of oil paintings (including research and production of a report) in 2006. The Ceramics & Glass collection would require – potentially around £2,000 - but a specialist with long-standing regard for the Museum and its collection is prepared to do this for £600 - 720 (3 to 3½ days) and it is strongly recommended that the Museum proceeds with this offer while it is available. The Museum can generate a list of ceramic and glass items from its computer database in spreadsheet

format, for new valuations to be entered and totalled; this cuts time and charges by valuers who otherwise type out their own lists which adds to costs).

9. From the above, it will be apparent that time and costs are greatly reduced if the Museum has complete and up-to-date catalogues of collections on computer, so that lists can be quickly produced and edited to facilitate efficient recording and totalling of valuations. While all new acquisitions are catalogued on computer, and some in-roads have been made on older collections when grant-aid was available, around 80% of collections still need cataloguing on computer and the Museum has never had enough staff to tackle a backlog of this size. This is one reason why the Heritage Quest Centre project is fundamental to access and management of collections, as project staff will add around another 50,000 records to the Modes XML collections database. It would therefore be sensible to commence the revaluation exercise with those collections which are already catalogued on computer to a reasonable standard and comprehensiveness, and address other collections as their documentation is improved by the HQC project.
10. Costs for valuing other collections will be very variable depending on who can be found to assist with different aspects of each collection, and whether they are able to give free advice or whether travel and some sort of fee has to be charged. For each collection, sourcing advisers and costing the exercise will be a separate exercise which will have to be done when the time comes, and cannot be meaningfully costed so far in advance of the actual exercise. However we should be looking at lower costs than those which apply to commercial arts valuations and it is anticipated that costs will be met out of existing revenue budgets (AGEK700) as the programme unrolls. The valuation exercise for oil paintings was undertaken in this way.
11. At present (October 2008) the Ceramics & Glass collection of around 3,000 items is virtually all on computer and the Ethnography collection (about 3,800 items) is in the process of being reorganised and records updated in tandem with Len Pole's Monument Fellowship project (August 2008 – July 2009). As these are the two collections identified above as priorities for insurance valuation, it is recommended that we proceed with the Ceramics & Glass as soon as possible (2008-09) and then proceed to the Ethnography in 2009-10 once those records on computer have been updated. From 2010 onwards social history, archaeology and natural science collections could be tackled. Some very small collections which are important to revalue – Egyptology, numismatics – might be fitted in as and when suitable expertise and staff time become available.

#### **Outcomes of Valuation Review and Options to consider**

12. The result of the revaluation exercise is difficult to predict at this stage, but is likely to result in a net increase in the value of collections to be insured. Its potential affect on the insurance premium cannot be gauged until we have accurate and up-to-date valuations in hand, especially for Ceramics & Glass and Ethnography. It is stressed that the collections are held for the public benefit (irrespective of whether it is the Museum Society or the Council who owns or insures them) and so insurance enables the public to be compensated for any loss or damage to the collection by re-investment in the collection to an equivalent value.
13. Against this general principle, it can be argued that some collections, by their nature, would be impossible to duplicate or are very hard to value in monetary terms because there is no commercial market and replacements could not be purchased. On the one hand, decorative arts (ceramics, glass, costume, furniture) could be replaced with equivalent pieces, as could prints, some local history objects, geology and antiquities; insurance therefore has a practical application. On the other hand, much of the natural science and local archaeology collections could not be re-assembled from other sources, especially as the local provenance and collection data which accompanies these specimens and excavated artefacts defines its 'value' to the Museum's collections and Uttlesford's heritage. At face value, a typical archaeological archive of potsherds,

records, plans and small finds might not appear to have much financial value except for a handful of the most complete artefacts or pots. The true cost of replacing such an archive however would be to conduct an excavation on another site of similar type. Thus the true value of the archive in financial terms could be tens of £ thousands as it represents a set of scientifically-collected, researched and analysed data through a labour-intensive project, with potential for further study and research because of the way the archive and data are structured. The Museum's growing holding of archaeological excavation archives (and other finds) is currently insured for a sum of £2 million on this principle but this is a very minimal estimate. As in practice it would be extremely difficult for the Museum to commission 'replacement' excavations, it could be argued that such archives are effectively irreplaceable and money spent on their insurance premium would be better directed to improving the collections, their care and use in other ways. Alternatively, they might be insured for a very nominal sum, so that in the event of catastrophic loss, the Museum would be able to buy a limited number of other antiquities just to replenish displays. A parallel argument might be made for some types of natural science specimens.

14. Agreement would need to be reached by the Museum Society and Council on what approach to take for insuring these collections, advised by Museum staff. Any variation from the current policy of insuring all collections fully would have to be reflected in an amendment to the management agreement for the Museum service.

#### **Next steps and recommendations**

15. Before decisions can be taken on the future approach to insurance of the Museum's collections, it is necessary to obtain reliable and up-to-date information of the valuation of at least the highest-value collections, rather than base decisions on projections from out-of-date data. It is therefore recommended that:
  - a Museum staff proceed with insurance re-valuations for Ceramics & Glass in 2008-09 and Ethnography in 2009-10 as described above, provided that costs remain within existing revenue budgets as anticipated. The Museum Society has agreed (28/10/2008) to pay for the valuation of the Ceramics & Glass collection only, as a special case in the current financial circumstances.
  - b For other collections, staff prepare a report for consideration by the Museum Society and Museum Management Working Group before end of March 2010 on insurance options for other collections, and a programme for updating insurance valuations for each collection. This will be partly dependent on progress with the Heritage Quest Centre project's collections programme. It is anticipated that the valuation programme will take several years to complete.