



To whom it may concern

GOVERNMENT INDEMNITY SCHEME

I am writing to publicise the United Kingdom's Government Indemnity Scheme (GIS).

GIS provides a form of insurance, underwritten i.e. guaranteed by the UK Government, to owners when they lend to public exhibitions in the UK. The Scheme was introduced in 1980, by an Act of Parliament. It provides a statutory basis for the Secretary of State for Culture (as a representative of His Majesty's Government) to underwrite the risk of loss of, or damage to, objects lent for the public benefit to museums, galleries, libraries, the National Trust and other similar institutions and bodies in the UK. **GIS provides lenders to exhibitions in the UK with absolute assurance that, in the event of any loss or damage, the cost will be borne by the UK Government.**

By providing cost-free, nail to nail cover for the majority of risks normally covered by commercial insurers, the GIS has successfully allowed great art to be brought to the widest possible audience in the UK since its introduction.

We understand that you have concerns about accepting the GIS as a means of cover for your loan/s. We hope that this letter, which sets out the extent and benefits of the GIS and addresses some common concerns, will persuade you to join the many thousands of lenders who successfully use the Scheme.

Whilst many countries have adopted such a scheme, few provide one as comprehensive in coverage as the UK one. In practical terms, the GIS is supported by a rigorous and regular inspection scheme overseen by the UK's National Security Adviser and his team of advisers. This ensures the maintenance of the highest standards by everyone concerned at every stage of the process of borrowing and lending cultural objects.

The GIS covers most risks normally covered by a commercial insurer, including the risks to the object from terrorism, riot, civil commotion, piracy and hijacking. The GIS does not cover either loss or damage arising from the negligence of the owner, his servants or agents. Neither does it include war risk because we would not expect museums and galleries to be engaged in lending and borrowing cultural objects where this is within or near a conflict zone. The UK Government will, however, consider requests to waive these exclusions where there are convincing arguments to do so.

Lenders may be concerned that, if a claim were to arise, the process of settling the claim would be difficult and protracted, or about the number of potential claims. On the contrary, the GIS has an excellent track record: only a small number of mostly minor claims have arisen over the last 10 years. This is particularly impressive given that the total value of objects indemnified at any one time across the whole Scheme can be as high as £15 billion. Only one object has been for total loss: all the others were for damage which was repaired, after agreement with the owner on the treatment, either by appointed conservators or experts attached to the borrowing museum or gallery. These claims have all been settled quickly, with the sums paid out within just a few days of final agreement by all parties on the extent of the loss sustained.



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The GIS uses loss adjusters used by the industry, who specialise in this work, to advise on claims. Owners may also appoint their own expert (at their or the borrower's expense) to attend any assessment by the GIS expert, to represent the interests of the owner and to advise the owner and discuss questions on the damage and methods of repair with the appointed Scheme expert.

The GIS is an undertaking from the UK Government to the owner to indemnify for loss of, or damage to, the object. The undertaking will be honoured on valid claims, even in cases where the specified conditions (e.g. security conditions), with which borrowing institutions must comply, have not been observed. In such an event, the GIS payment would be made to the owner as soon as possible after the claim is agreed and any action against the borrowing institution would be pursued by the UK Government separately.

The UK Government is proud of the GIS and its exemplary track record. In addition to increasing access to cultural objects, the Scheme protects museums and galleries - which rely heavily on public subsidy and private generosity - from incurring unnecessary commercial insurance premiums. We do hope you will support us in this and accept cover for your generous loan/s through the GIS.

If you have any further questions on the GIS please get in touch with Carol Warner. Manager of the GIS at the Arts Council [email: government.indemnityscheme@artscouncil.org.uk].

Yours sincerely,

Helen Whitehouse

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