

## GOVERNMENT INDEMNITY SCHEME

### STANDARD CONDITIONS

#### GENERAL

1. In granting an indemnity to the owner, the Government is relieving the borrower of the need to take out commercial insurance. It therefore requires the borrower to observe certain conditions. The lender should be given the opportunity to see and approve them.

i. As a means of encouraging continuing responsibility by borrowers in order to eliminate small claims, the scheme has a minimum liability clause. The borrower is required to undertake to meet the cost of the loss of any object on loan to him covered by indemnity under the scheme, up to a limit of:

- a. £300 for objects of value up to £4,000
- b. £300 plus 1% of the total value of the object for objects of value of £4,000 and above.

It is open to the borrower to meet the minimum liability through existing resources or to insure against the possibility of having to meet it, or the owner may waive the right to receive the minimum liability but such a waiver must be put in writing before the indemnity takes effect.

ii. The borrower is required to adopt any special security measures stipulated by the Secretary of State (or in Scotland, the Scottish Ministers, or in Wales, the National Assembly for Wales), on the advice of the National Security Adviser, and to display the object only in the place which has been afforded security clearance.

iii. The object must be made accessible to the public at the agreed times.

iv. The borrower is required to maintain adequate physical and environmental conditions to prevent, so far as possible, any deterioration in the state of the object.

v. The borrower must give prompt notification to the Council for Museums, Archives and Libraries (hereinafter called "MLA") of the loss of, or damage to, any object, and of any variations in the list of indemnified objects, their valuations, the period of loan, the arrangements for public access, the security arrangements and environmental control provisions.

vi. The borrower shall not undertake any restoration or conservation on the object without prior agreement of the owner.

#### LOANS FROM NATIONAL MUSEUMS AND GALLERIES

2. In accordance with Government policy to bear its own risks, the borrower is relieved of the need to take out commercial insurance in respect of loans from national museums and galleries (including those bodies funded by the Scottish Executive Education Department and the National Assembly for Wales). This notwithstanding, the minimum liability applies as above.

#### THE OWNER'S RIGHTS TO IMPOSE CONDITIONS ON A LOAN

3. The terms of the indemnity scheme do not affect the owner's and/or lender's rights to impose other reasonable conditions on the loan of the object. Nor do they affect the owner's rights to claim compensation from the borrower where conditions imposed by the owner have been breached.

## PAYMENT OF COMPENSATION

4. An undertaking given by the Secretary of State provides a guarantee that Parliamentary authority will be sought for the provision of the necessary funds to recompense the owner for the loss of, or damage to, the object.

5. Compensation will be paid to the owner under the following terms:

i. If the claim does not exceed the borrower's liability, the borrower shall make the appropriate payment direct to the owner.

ii. For larger claims, the borrower shall again pay his liability direct to the owner. Where the object has been lost or irreparably damaged, payments (including the borrower's liability) will be made on the agreed valuation. In the case of damage to the object, the payment will represent the costs of such reasonable repairs and any reduction in the market value of the object after any such repairs as may be agreed between the owner and the Secretary of State, and shall not exceed the agreed valuation.

iii. In the event of loss or damage due to the specified conditions not having been observed, the Secretary of State shall be entitled to conduct, in the name of the owner, the pursuit or settlement of a claim against the borrower or a third party or to prosecute in the name of the owner. The Secretary of State shall have full discretion in the conduct of any proceedings or in the settlement of any claim and the owner shall give all such information and assistance as the Secretary of State may require.

iv. If an object is lost and subsequently recovered and restored to the owner, the owner shall immediately repay, to the Secretary of State, any sum received under this indemnity (less, if the object is recovered in a damaged state, an amount representing the deterioration in value due to the damage.)

v. Compensation for the loss of books, manuscripts or bulk archive material, will be made in accordance with the valuation agreed between the owner and the Secretary of State.

6. Compensation will be paid subject to the provisions below;

i. In the event of loss of, or damage to, the object, the borrower shall submit to MLA sufficient evidence of the circumstances in which the loss or damage took place to enable MLA to assess whether or not the conditions were fully complied with.

ii. The borrower is responsible for providing a level of physical and environmental control appropriate to the care of the object. It is open to the owner and/or lender to impose any conditions deemed necessary for the safety of the object, but compensation will not be payable under the indemnity where any deterioration in the condition of the object is occasioned by the object being maintained in inadequate conditions imposed by the owner and/or lender.

iii. Compensation will not be payable in respect of loss or damage caused by

a. negligence or other wrongful act of the owner, his agents or servants

b. war, hostilities or war-like operations

c. the condition (including inherent vice or a pre-existing flaw) of the object at the time of its loan to the borrower

d. a third party claiming to be entitled to the object

e. restoration or conservation work undertaken to the object by the borrower, his servants or agents with the agreement of the owner.

## ARBITRATION

Any dispute or difference between the owner and the Secretary of State in connection with any indemnity shall be referred to and determined by a sole arbitrator. The arbitrator shall be appointed by agreement between the owner and the Secretary of State or, in default of agreement, by the president for the time being of the Law Society (or the Law Society of Scotland if indemnity is issued by the Scottish Ministers). Such arbitration shall take place in London (or Edinburgh, as applicable).

## LAW

Indemnity shall be governed by, and construed in accordance with, the law of England (or Scotland as applicable).

## **GOVERNMENT INDEMNITY SCHEME: TRANSPORT CONDITIONS**

1. Transport companies used to move object(s) must have experience in the transport of fragile and valuable artefacts with employees trained in the handling of such material and must be able to meet the conditions below and confirm this in writing.
2. When indemnified objects are sent out or brought in from abroad the company must have the ability and appropriate experience to handle consignments of valuable and fragile material. The company must be experienced in dealing with airport and seaport procedures and all necessary documentation.
3. The removal, packing, unpacking and transport of the loan material must be supervised by senior members of the transport company in consultation with the lender and/or borrower of the material.
4. Vehicles, whether owned by a transport company or the borrower or the lender, used for the transport of indemnified material must conform to the specifications in paragraphs 5 to 10 below.
5. Vehicles used should normally be closed vans (ie having solid sides and roof) with a windowless freight compartment separate from the driving cab. All vehicles to be equipped with good quality locking devices. Additional locking facilities may also be required; such as closed shackle padlocks. Any locking bars or external fittings must be secured with concealed or non-return screws or welded or riveted into place.
6. Vehicles should provide appropriate protection against vibration and shock and extremes in relative humidity and temperature conditions for consignments of valuable and fragile material. Air-ride suspension and climate control equipment may be necessary in appropriate circumstances. Environmental conditions should be monitored.
7. Vehicles and crew have to be equipped with appropriate means of communications such as fixed and/or mobile radio telephones for route monitoring and emergencies.
8. Keys to the freight compartment should be kept separate from the vehicle keys.
9. Vehicles other than closed vans may be used in appropriate circumstances, eg the carriage of exceptionally large items which may demand the use of an open lorry with the load suitably covered. Furthermore, small consignments or single items may be carried by car, small van, taxi, train or air providing a sufficient number of couriers are in attendance.
10. All vehicles must be provided with fire-fighting equipment appropriate to the load and the crew experienced in its use.
11. Whatever method of transport is used compliance with the operating conditions in paragraphs 12-19 is required.
12. A vehicle must carry two drivers on long journeys, or one driver and a courier on short journeys. The crew to consist of responsible persons experienced in the handling of valuable consignments and capable of dealing effectively with an emergency situation.
13. Where space on the carrying vehicle is limited, or where deemed essential for security control, a second escorting vehicle will need to be provided and equipped with mobile radio/telephone communications.

14. The route needs to be carefully planned and the addresses and telephone numbers of emergency services should be carried by the crews and accompanying couriers.

15. Ideally the journey should be completed in one haul.

16. When a stopover is necessary arrangements must be made to lodge the vehicle and/or material in secure premises which are protected by a 24-hour intruder and fire alarm system or under continuous supervision.

17. On no account should a vehicle be left unattended by the crew even in an emergency.

18. Special circumstances may apply to some overseas transport but arrangements must be no less rigorous than those specified above.

19. An effective "no smoking" policy must apply in areas containing loan material.

A In the event of loss or damage due to the specified conditions not having been observed the Secretary of State shall be entitled to conduct in the name of the owner or lender the pursuit or settlement of a claim against the borrower or a third party or to prosecute in the name of the owner. The Secretary of State shall have full discretion in the conduct of any proceedings or in the settlement of any claim and the owner shall give all such information and assistance the Secretary of State may require.

B These conditions are the minimum requirements of the Government Indemnity Scheme, but borrowers should be aware that some lenders impose additional conditions which the borrower will be required to meet for the loan to proceed.

## **GOVERNMENT INDEMNITY SCHEME: SECURITY AND ENVIRONMENTAL CONDITIONS**

1. The borrower shall at all times be responsible for ensuring that the greatest possible care is taken of the material which is the subject of the indemnity.
2. The indemnified material must be accommodated in a strong building which has physically well-protected windows, doors and skylights. The building must also provide appropriate environmental control for the indemnified material.
3. The whole of the building must have an automatic fire detection system fitted by a NACOSS (National Approval Council for Security Systems) approved alarm company which is serviced annually and maintained in good working condition.
4. At night, or when the building is closed or not otherwise in normal use, there needs to be either an agreed level of night guarding or modern intruder detection alarm system which covers all possible entrances to the building. This alarm system is to be fitted by a NACOSS approved alarm company, serviced annually and maintained in good working condition.
5. The intruder and fire detection systems must be connected by a monitored signalling device to an alarm-receiving centre or the emergency services unless they are monitored internally by security personnel.
6. If, as a result of false calls, the police response to the system is downgraded withdrawn; or if there is a failure which renders the system ineffective; or if the system cannot be re-set immediately, guarding by trained personnel must be introduced until the police response is fully restored or the system is repaired or re-set.
7. Environmental conditions must be maintained 24-hours a day, 7-days a week throughout the loan period from the time the indemnified material arrives until it departs from the loan venue.
8. Relative humidity, temperature and light levels should be monitored throughout the loan period in the space containing indemnified material.
9. Paintings, drawings and similar objects must be secured to walls by mirrorplates and security screws or, if this is not possible for any reason, an acceptable alternative must be agreed with the National Security Adviser.
10. Small pictures, ie less than 450mm x 250mm (including frame), must not be displayed near windows, fire escapes or entrances and exits to the building.
11. Unglazed paintings, fragile or sensitive material must be protected by rope or other barriers which must be at least one metre from the exhibits or an acceptable alternative must be agreed with the National Security Adviser and Environmental Adviser.
12. small portable objects must be exhibited in locked display cases which should be fitted with anti-bandit laminated glazing meeting British Standard BS5544. If the material consists of gold, silver, jewellery or items which are especially valuable, the cases must be fitted with alarm devices. The cases must be secured in a manner approved by the National Security Adviser.
13. All indemnified material must be displayed so that it is invigilated by trained personnel. This will normally mean at least one person to a room unless an acceptable alternative is agreed with the National Security Adviser.

14. Security or qualified staff must be continuously deployed in the exhibition rooms during the time the public is admitted and proper arrangements must be made for their relief for refreshment and other purposes. They must concentrate on the safety and security of the displayed material at all times.

15. When it is not possible to arrange for a gallery containing indemnified material to be properly invigilated it must be closed to the public.

16. There must be a form of drill with which every member of staff is familiar to cater for all emergencies.

17. An Emergency Plan should be drawn up and updated regularly to cope with emergencies such as: fire; smoke, escape of water from tank, pipe or appliance; theft; robbery; vandalism; storm; explosion; terrorist act; political act; flood; riot; civil commotion; pest attack; earthquake; collision by aircraft or other vehicle.

18. Staff performing security duties must have access to with communications equipment by which they can indicate that there is an emergency situation.

19. When meetings or other events are held in areas containing indemnified material consideration must be given as to an appropriate level of supervision.

20. Food or drink must not be allowed in the area containing the indemnified material except under arrangements approved by the National Security Adviser and Environmental Adviser of MLA.

21. Smoking must not be permitted at any time.

22. The arrangements for formal openings and private views must comply with all the above conditions.

A In the event of loss or damage due to the specified conditions not having been observed the Secretary of State shall be entitled to conduct in the name of the owner or lender the pursuit or settlement of a claim against the borrower or a third party or to prosecute in the name of the owner. The Secretary of State shall have full discretion in the conduct of any proceedings or in the settlement of any claim and the owner shall give all such information and assistance the Secretary of State may require.

B These conditions are the minimum requirements of the Government Indemnity Scheme, but borrowers should be aware that some lenders impose additional conditions which the borrower will be required to meet for the loan to proceed.

## **GOVERNMENT INDEMNITY SCHEME: FOOD AND DRINK CONDITIONS**

The general security and environmental conditions applying to exhibitions and displays covered by government indemnity do not allow food and drink in the area containing the indemnified material unless arrangements are approved by the National Security Adviser and the Environmental Adviser of MLA. If it is not possible in connection with private views or other functions to serve food and drink in spaces other than those containing indemnified material the National Security Adviser must be consulted and the following conditions are likely to apply.

1. A strict enforcement of the ban on smoking.
2. Food and drink is prepared and dispensed in a space not containing indemnified material. No heat or steam generating equipment can be used in the space containing indemnified material.
3. Red wine must not be served in a space containing indemnified material.
4. Strict attention is given to the cleaning operation to ensure removal of residue of food and drink. Appropriate checks should ensure that chemical cleaning agents or extra amounts of water do not adversely affect environmental stability or the corrosivity of the atmosphere next to indemnified material.
5. Where practicable the installation of suitable barriers are required to prevent close approach to unglazed, fragile or sensitive exhibits. Such barriers must be a minimum of one metre distant from the object to provide a manageable sterile zone.
6. The deployment of adequate staff on invigilating duties in all exhibition spaces containing indemnified material especially where barriers cannot be installed.

If arrangements are made incorporating the above together with any additional measures required by MLA, the government indemnity will remain valid. If, however, there are any doubts about arrangements or where it is felt that government indemnity may be affected or that different arrangements are sought, the National Security Adviser and Environmental Adviser must be consulted.