

AXA Art Insurance Corporation

4 West 58th Street
New York, NY 10019

(212) 415 8400
(877) AXA-4-ART

Atlanta • Chicago • Dallas • New England • New York • Philadelphia • Los Angeles
Amsterdam • Antwerp • Cologne • Hong Kong • London • Madrid • Milan • Paris • Singapore • Zurich

AXA Art News...

AXA Art launches artprotect™, the company's Global Risk Assessment Platform (GRASP) for Art Warehouses and Art Storage Facilities, during AAM in Chicago

AXA Canada introduces specialized Fine Art and Collectibles Insurance Coverage leveraging the expertise of AXA Art, the Group's global art insurance specialist

AXA Art supports Art Talk, The Radio Show, a weekly one-hour talk radio program that profiles activities of interest in the artworld. The show's AXA Art spotlight segment serves to bring attention to issues of collection management to its audience. Art Talk airs on WGCH AM 1490 Sundays from noon to 1 p.m. www.wgch.com

AXA Art is featured in March issue of Worth Magazine. In Caveat Collector Vivian Ebersman offers commentary on issues of provenance for the publication's Best Practice segment

AXA Art's global support of TEFAF referenced in the Financial Times

AXA's global headquarters in Paris were featured in the March issue of Arts and Antiques Magazine which took an intimate look at the 18th and 19th century art on display in the company's Paris boardroom

AXA Art continues its support of the Louvre Atlanta project

For more information on these and other topics please visit our website at: www.axa-art.com



Dear Reader,

Welcome to the **Spring 2007 AXA Art Info Letter**. We want to introduce you to a new project that is part of AXA Art's Global Risk Assessment Platform (GRASP). The project was catalyzed by the disastrous fire which swept through an east London Fine Art warehouse in 2004. The goal of this program is to establish global standards for safety within art warehouses and art storage facilities.

As the art market continues to escalate and the quantity of art objects entrusted to warehouses and storage facilities also grows, the need for optimal storage conditions assumes critical urgency. Inside this newsletter you will find a list of questions to ask your storage facility. These questions will help you to approach the choice of a warehouse with confidence.

I encourage everyone to think about the questions we raise and use our checklist when choosing a Fine Art Warehouse.

Sincerely,
Christiane Fischer
President and CEO,
AXA Art Insurance Corporation

AXA Art Info Letter



**Warehouse
Edition**
Spring 2007



As the ICEFAT Best Practices Committee Chairman, I am working to introduce the Warehouse Project as a requirement for ICEFAT membership. I see the adaptation of Best Practices as a natural progression toward protecting the integrity and value of art. Standardizing our warehouses and facilities will have meaning to the insurance community as well as to the collectors and institutions that comprise our customer base. I am pleased to be working with AXA on this project.

–Bob Crozier, President, Cozier Fine Arts



Safety has always been one of our top priorities. Based on the questions asked by AXA Art and our subsequent discussions, we have implemented several new procedures to further enhance the safety of all our warehouse facilities. This valuable relationship has enabled us to sharpen our focus based on the expertise within our own company and AXA Art.

–Oliver Stebich, co-founder and president, Stebich Ridder International, Inc. (SRI)-Warehouses, New York and New Jersey



Gander & White welcomes the global scope of the AXA Art warehouse project. As the art market becomes increasingly international, and the storage, fine art packing/crating and transportation of works of art intensifies with each year, the importance of competent fine art shipping companies and protocols increases exponentially. Our clients and the fine art transit community at large overwhelmingly support this initiative and welcome implementation of uniform standards of practice and safety, standards Gander and White has been proactively pursuing for many years.

–Oliver Howell, Managing Director, Gander and White, London



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The AXA Art Global Risk Assessment Platform for Art Storage Facilities

Origins

In 2004, one of the most devastating fine art warehouse disasters on record destroyed an estimated \$100 million in fine art property, including over 50 works by British abstractionist Patrick Heron and 100 works from the Saatchi Collection. Beyond the financial loss, the London Momart warehouse fire destroyed a significant horde of irreplaceable cultural property. This fire, coupled with the damages to art stored in warehouses during the 2005 hurricane season, taught us that our assumptions about the warehousing industry needed careful re-checking.

Warehouses play a critical role in safe-guarding property belonging to private collectors, museums and galleries world-wide. While vast troves of priceless personal art and objects are given over to warehouses for safe-keeping each year, there is currently no recognized standard by which the facility, its operations and its policies can be assessed to assure the optimal safety of its contents. The fine art warehouse industry operates without regulation or even a loose set of best practices guidelines.

Project Description

With this in mind, AXA Art Insurance Corporation hired Global Risk Partners to develop a web-based Global Risk Assessment Platform (GRASP) to create and manage a risk assessment system for evaluating different warehouse facilities. Today, GRASP is part of AXA Art's worldwide risk management initiative called *artprotect*™.

The objective of GRASP is to provide a single summary page for individual



Fire at art storage warehouse, Leyton, England, May 26, 2004

storage facilities which assesses specific risk/safety factors against agreed criteria. To do this, answers from over 1000 questions used by an on-site assessor are being distilled into matrices which profile the processes and functions of each individual facility. To ensure objectivity, the questioning process is binary – Yes or No. The system also “weights” those areas that we believe are more significant than others.

Initial Results

The GRASP software and process has been field tested for the last six months in the United States, and the results have been extremely positive. To date over 30 commercial art storage locations have been assessed. The biggest impact, apart from having a quantifiable profile of each facility, has been the positive response from the companies that operate them: many have welcomed a drive for improved standards within the industry

and, in response to recommendations arising from the inspections, the vast majority have begun to improve accountability and started investing in those areas that will significantly reduce risk exposure. We expect that as the results of GRASP become more widely known to other insurance companies, professional advisors, collectors and museum personnel, future warehouse choices will be made on the basis of the quality of operations rather than price.

Risk Criteria

Inherent risks can typically be divided into the following groups:

- Natural
- Technological
- Accidental
- Criminal

Each risk group can be further subdivided into more specific categories including fire and safety, access controls, building and environment, human

Choosing your Art Storage/Warehouse Facility

Ten questions to ask your art storage facility. Does your company:

1 Have sole use of the entire building, including basement areas?

A mixed use space provides less control over the contents and behaviours of neighbors. Having a waterbed testing facility on the floor above document storage is not a good idea.

2 Conduct pre-employment checks on all employees?

In 2006 a truck carrying over \$1 million in Milton Avery paintings disappeared. Had the company run a pre-employment check, they would have quickly discovered the driver was a convicted criminal, without a valid drivers license.

3 Control entry to the warehouse by use of an access control system?

Access control is crucial to preventing unauthorized entry and theft. It also enables the facility to track every person coming and going to establish accountability at all times.

4 Have a training program for employees in the skills required for handling fine art?

resources and training, etc. Each of these categories is individually addressed during the inspection review through the list of more than 1,000 questions. Once entered into the GRASP database, these questions are filtered and weighted in order to produce a detailed matrix with ‘percentage scores’ for each individual category. In addition, a list of recommendations is

5 Have a security alarm system certified to at least UL Extent 2 or EN standards and monitored by central station? (Get a copy of the certificate)

A security alarm significantly reduces the occurrence of illegal entry.

6 Have a fire detection system monitored by a central station and that provides immediate notification to the fire department?

Fires can start where they can't easily be seen, even by an overnight guard. Having an automatic notification system in place can mean the difference between minor smoke damage and a major catastrophe. Response time is critical in controlling a fire.

7 Have a sprinkler or other fire suppression system?

Stopping or controlling the spread of fire can not only save the immediate area, but also the adjoining spaces.

8 Control and monitor air temperature and humidity levels?

Changes in temperature and humidity can invite numerous irreversible damages such as paint peeling, wood warping, and mold growth.

9 Have a system where all keys are accounted for at any time of day or night?

This not only helps to prevent unauthorized access, but allows for the right people to be contacted immediately if necessary.

10 Have an inventory control system to locate any stored item at any time?

Having a specific inventory record of your property helps to prevent items from getting lost or mysteriously disappearing.

There are various ways of mitigating against the risks associated with art storage. Choosing a facility that can explain its program and provide positive answers to these questions is a good step towards identifying a qualified art warehouse or art storage facility that is as committed to the care of your collection as you are.

prepared which, if implemented, would provide the facility with a score of 90% or better in all categories.

The matrix and recommendations are given to each facility. A spreadsheet is used to provide notification as soon as a specific recommendation has been implemented. The scores, however, are not recalculated until an assessor re-surveys

the location. But the information is immediately provided to underwriters for their records.

AXA Art is confident that the GRASP project will lead to a widespread acceptance of unified standards for warehouses and art storage facilities worldwide.