

PRESERVING THE IRREPLACEABLE: CULTURAL AND HERITAGE PROPERTY



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Cultural and Heritage Property

Cultural and heritage property considerations pose significant challenges for organizations that preserve assets ranging from historical sites and artifacts to collections and scientific memorabilia. The nature of these properties demands a specialist-partnership approach to risk management and risk financing.

By asking the simple question, “What do you want left after a fire or flood?” Gallagher’s **Cultural Property** team underscores the importance of safeguarding these irreplaceable and wholly unique cultural and historically significant buildings and their contents, says **Deborah Freeland, Area SVP, Senior Property Risk Engineer at Gallagher**.

Gallagher’s expertise in cultural heritage protection encompasses various properties in this niche sector, from **historical properties to religious buildings, museums, universities, aquariums, and even courthouses and post offices**. Deborah Freeland emphasizes that their **expertise extends beyond physical structures** to include contents ranging from fine art, wine collections, and valuable manuscripts to scientific samples and even sneaker collections.

The process is not a one-size-fits-all approach, says Deborah Freeland. Hence, she applies a bespoke approach to risk engineering, starting with what matters to the client and designing a risk management and insurance program that responds as intended in the event of catastrophic losses.

LESSONS FROM HISTORY: CHRIST THE KING CATHOLIC CHURCH, OCTOBER 2015

In 2015, a Catholic church in Chicago experienced a devastating fire that almost demolished another building, which still serves as a powerful reminder of the vulnerability of cultural assets. The fire, believed to have been ignited by rags improperly stored by volunteers during floor staining, raged through the roof and steeple of the ornate limestone building, collapsing onto the structure.

The restoration, which took place between 2017 and 2020, saw an investment of USD\$10 million,¹ as insurance coverage was insufficient to cover the loss in its entirety. Fundraising efforts were relied upon

for each of the following phases. Despite the institute’s and the community’s commendable efforts at restoring the church to its former glory, it is fair to say what was lost can never truly be brought back.

This is why it is essential to stop the fire from happening in the first place, explains Deborah Freeland. It is also why she is keen to understand what is of most value to her clients and how best to protect those assets so they are not lost if the worst happens.

Preparation is essential. Human life must, of course, be the top priority in any emergency, states **Ellen Ross, Managing Director, Fine Arts practice** for Gallagher, emphasizing that cultural institutions must have a viable emergency plan for immediate use. For collections, the overriding principle is to protect and preserve.

THE MAIN RISKS

Cultural and heritage sites hold rich historical, artistic, and societal value, making their preservation a paramount concern in risk management. By identifying and understanding the unique vulnerabilities of cultural and heritage assets and examining them through multiple lenses, stakeholders can effectively mitigate risks and ensure the long-term preservation of these irreplaceable cultural legacies.

Fire risk

Fire risk poses a significant threat, necessitating meticulous risk management strategies. Arson and electrical issues are the leading causes of fires in heritage buildings, with hot work a strong third. Some of these vulnerabilities are especially pronounced during building and maintenance work.

For example, a devastating fire in 2019 engulfed a famous Paris landmark. The painstaking reconstruction is due for completion in December 2024, a process that will have taken over five years, if completed on time. Traditional carpenters are among the specialists who have been brought in to rebuild the church’s oak roof trusses by hand. This serves as a stark reminder of the potential devastation that could unfold in the event of a fire.

“In New York, with Hurricane Sandy, we had severe losses in areas that were not in traditional flood zones. To have such a catastrophe was a surprise. We immediately responded by developing new protocols to mitigate future loss including, for example, limiting basement storage for art.

In addition, Sandy highlighted that even if your premises are not in a flood zone, having a disaster plan in place so you are prepared for emergencies is essential. For many insureds, it had never even been on their radar.

The world is experiencing more frequent and severe natural disasters, and galleries and cultural institutions need to think more aggressively about Loss Control and Emergency plans; revisiting and revising them to incorporate these weather-related risks.”

Ellen Ross, Managing Director, Fine Arts practice for Gallagher

As Deborah Freeland advises, some of the major causes of fire include:

- Arson
- Electrical equipment or damage to wiring
- Heating equipment
- Cooking equipment
- Hot work (cutting and welding, roofing, paint removal, and soldering)
- Smoking materials

These properties are especially vulnerable to fire during renovation or new construction due to the added risk created by:

- Construction equipment and tools
- Temporary electrical and heating equipment
- Presence of larger quantities of flammable liquids and gases
- Sprinklers, alarms, and other fire protection systems taken out of service
- Firewalls, partitions, and barriers compromised by demolition work
- Poor access for fire department vehicles (potentially hindered by construction vehicles, trailers, storage of materials, etc.)
- Access within the building hindered by scaffolding, temporary barriers, and storage

Water damage

Aside from fire, water damage is emerging as one of the leading causes of loss to major institutions, states Ellen Ross. The prevalence of broken pipes in aging buildings stands out as a major catalyst for damages; many other losses are associated with weather-related incidents such as floods, severe windstorms, and hail.

In 2022, a museum in Boston was forced to shut down² due to flooding from a burst pipe. While the archival loss was thankfully minimal, the gallery spaces and physical exhibits were severely damaged, and needed complete restoration.

In Manchester, UK, the city’s largest conference center was flooded just one day before it was due to open for a risk management event (the irony was not lost on the many exhibitors and delegates). Heavy rains had overwhelmed the Victorian drainage system beneath the modern building, which resulted in damage to exhibition stands and carpets.³

Common causes of water damage include:

- Malfunctioning plumbing systems
- Damaged or deteriorating roofs causing water infiltration
- Inadequate or blocked drainage systems
- Exterior surface water entering the building
- Moisture buildup due to excessive condensation and high humidity
- Clogged drains in HVAC (heating, ventilation, and air conditioning) systems resulting in water leakage

Natural catastrophes

Natural disasters, including earthquakes, hurricanes, severe convective storms, floods and wildfires, can cause severe damage, sometimes resulting in total loss. The increasing frequency and severity of extreme weather events around the world are prompting a rethink of the exposures that cultural buildings face.

DECIDING WHAT MATTERS

When assessing levels of risk in cultural or historical sites such as places of worship, museums, or heritage sites, it is vital to prioritize the relative importance of assets that need to be protected based upon their significance and vulnerability.

It comes back to the question posed by Deborah Freeland, “What do you want left after a fire or flood?”



An ongoing project of ours involves the development of novel protection schemes tailored specifically for wet collections. These collections may vary from small jars containing deceased specimens to large containers. It is important to note that the preservatives used in these situations are usually quite flammable. For instance, one major Natural History Museum in Washington, DC holds 500-gallon containers housing flammable liquids containing colossal creatures such as giant squids.

Our focus lies in tailoring preservation methods to protect these one-of-a-kind items and ensuring their resilience to potential catastrophes. In this way, we underscore our commitment to maintaining and conserving these invaluable and historical treasures.”

Deborah Freeland, Area SVP, Senior Property Risk Engineer at Gallagher

Priorities may vary depending on the value of assets, the type of damage most likely given geography and past events, access to damage-prone areas and the institution's interests.

The following framework takes into consideration the different priorities involved:

- Protecting the **safety of visitors, staff, and occupants** is the most crucial step in risk management.
- At religious sites, items of religious importance, such as **sacred texts, relics, and sacramental or liturgical objects** may be a priority.
- For museums, **irreplaceable artifacts, artworks, and historical documents** are a priority, as these collections hold immense cultural value. Different collections will have different levels of significance, depending on the focus of the museum.
- Ensuring the **stability of the structure** is essential to mitigating the risks of collapse or other significant damage during natural disasters or other unpredictable events.
- Archaeological and heritage sites often host lost forms of **architecture and historic fabric** that contribute to the historical and cultural significance of the structure.
- If the cultural or historical building is located within a **historic district encompassing other structures**, preserving, and maintaining these can enhance the site's overall value.

LOSS MITIGATION

Engineering a loss mitigation strategy for cultural and historical structures is a complicated process that requires a custom approach. If not designed correctly, preventative methods have the potential to cause further damage to contents within a building (for instance, through the use of inappropriate fire extinguishing agents or nozzles for high pressure systems located too close to fragile manuscripts or artwork).

Deborah Freeland's advice on how to mitigate losses, protect people and property, and prevent additional and avoidable damage to contents:

- Select **fire suppression agents** that are best suited for the specific collection or artifacts, taking into account the potential for collateral damage. Options include fire sprinkler systems, water mist, clean agents, inert gasses, aerosol extinguishing, and hybrid systems.
- Passive fire protection in the form of fire partitions and barriers can also limit the exposure. Display of items in glass cases can facilitate higher safety levels in the event of a fire.

- **Humidity and temperature control** in the environment may be crucial. Low humidity can cause some objects to turn brittle, while very high moisture can cause warping or oxidation and encourage the growth of mold or fungus on paper, parchment, fabrics, wood, and metal.
- Establish storage solutions such as **fire-resistant cabinets, safes, or vaults** to store sensitive artifacts. Divide storage areas into compartments with fire-resistant walls and doors to contain the spread of fire.
- Locate fire sprinklers or suppression system nozzles to minimize potential damage to sensitive collections. Implement fire detection systems, such as aspirating smoke detection or intelligent systems. (Using video camera algorithms to detect flickering and smoke associated with fires to provide early warning of potential fire incidents and allow a fire to be manually extinguished in its incipient stage, before automatic systems operate.)
- Old manuscripts and books, as well as fabrics and natural history collections, can fall prey to damage from any number of insects. Develop and enforce appropriate pest control strategies to protect assets from insects and/or vermin.

RETROFITTING AND RESILIENCE

When Hurricane Sandy struck New York, one museum saw flooding of up to 30 feet. However, the stage of construction allowed for re-engineering of the structure to address such incidents in the future. These included transferring the art-handling activities from below grade to the fifth floor, adding an aluminum wall with steel footings that can be easily assembled around the building's perimeter, watertight doors in both the loading dock and west entrance, and waterproofing the northern glass.

This approach to construction is becoming a growth market, says Ellen Ross. Cultural site engineering has shifted towards incorporating risk mitigation strategies, particularly in areas prone to earthquakes or hail, and coastal regions.

In earthquake-prone regions, construction techniques now incorporate seismic strengthening measures from the outset, demonstrating a proactive approach towards maintaining structural resilience.

Meanwhile, the potential for wildfire damage is increasingly factored into designs for structures and collections in regions with brushfire exposures, such as the Napa Valley's wineries in California.⁴

CLAIMS CONSIDERATIONS

When insuring cultural or historical structures, it is essential to note that the buildings and the artifacts are insured separately. Artifact collections are insured independently under a **fine arts inland marine policy** or a **fine arts and specie policy**. And these respond differently to property insurance. Separate loss adjusters will be appointed to handle the different policies in the event of a loss.

Institutions should establish emergency policies to swiftly triage the assets and identify items requiring immediate treatment following an incident, advises Ellen Ross. These plans should involve access to experts who can assist with the loss assessment and take proactive steps to mitigate any further damage.

Planning, prioritizing triage, and **initiating prompt restoration** as a means of emergency stabilization are crucial for losses involving precious contents and artifacts. Any delay could mean the difference between preserving and losing significant assets.

Claims that affect the structure of a cultural or heritage property follow a more standard approach, similar to any other property insurance claim, says Ellen Ross. However, additional considerations are factored into the loss adjustment process to ensure the integrity of the historic structure, including accessibility to skilled artisanship and similar building materials.

Deborah Freeland explains that if a historical building incurs a partial loss, the emphasis is on restoration and preserving the fabric of the building. Traditionally, if the damage is limited to a certain degree, say **30% of the structure**, then restoration is required. In cases where the projected damage surpasses that, replacement can be considered.

Determining the true value

The cultural and historical property sector is more susceptible to fluctuations in value than commercial properties. Issues such as inflation, labor shortages, and supply chain disruptions have all impacted the cost of rebuilding and restoration.

Calculating the time and labor costs associated with a complex restoration is far from easy. Sourcing exact replacement materials and skilled artists or artisans with the required expertise further exacerbates the severity of the loss. In the case of the church in France, for instance, the Loire-Valley-based carpenters used methods dating back over 250 years.

Although the cultural property sector has displayed some resilience over the past three years, the inherent difficulty of accurately determining rebuild costs remains the same due to the scarcity of true replacements. This calls for regular valuations and discussions within the tripartite relationship.

UNDERSTANDING THE CLIENT'S NEEDS

Owners of cultural and historical landmarks have niche risk management needs. These involve preserving the cultural heritage and significance of the building, conserving its artifacts, and protecting the fabric of the building.

Bespoke property insurance coverage is required to facilitate this, catering to the structure's unique needs and the environment it sits in, including coverage for damage, theft, vandalism, and general and public liability. Risk management strategies must also be tailored to the unique and evolving vulnerabilities faced by both external and internal assets, including the impact of extreme weather factors and technological failures.

With these specific needs in mind, clients seek the expertise of risk professionals who understand the significance of preserving and protecting priceless collections and cultural buildings.

Gallagher's Cultural Property team is in high demand across a diverse range of sectors for their specialist approach. While museums, religious buildings, and heritage properties remain their bread and butter, the team's expertise has growing relevance for a class of insureds that do not fit within the traditional "cultural property" definitions but have a need for a specialist approach to risk and insurance.



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GALLAGHER'S TEAM OF EXPERTS: THE CULTURAL PROPERTY TEAM

• Deborah Freeland, Area SVP, Senior Property Risk Engineer

For over 25 years with Gallagher, and about 40 years total industry/risk management experience with cultural properties, Deborah Freeland has been aiding Gallagher's clients, understanding their priorities, and implementing innovative risk management strategies. She is also a long-time member and past chair of the National Fire Protection Association's Technical Committee on Cultural Resources, which writes the National Fire Codes for museums, libraries, places of worship, and historic buildings.

• Ellen Ross, Managing Director, Fine Arts practice

With 32 years of experience in the field, Ellen Ross has positioned herself as the expert's expert. Her extensive background in this domain, including underwriting, has equipped her with a deep understanding of the unique challenges and client requirements of preserving high-value assets and structures of cultural significance.

• Peter Persuitti, Global Managing Director, Nonprofit & Religious practices

Peter Persuitti is a seasoned leader with over 40 years of nonprofit management and expertise in reinsurance and brokerage, serving as a global vertical leader. At Gallagher, he orchestrates our internal collaboration with subject matter experts in protecting cultural institutions, including places of worship, and our external partnerships with specialists, leveraging his vast experience in serving the third sector with resourcefulness and tailored, impactful solutions.

Citations:

¹[Shrine of Christ the King Making Progress Following Fire](#)

²[West End Museum Closed Indefinitely After Pipe Bursts](#)

³[Our Insights From AIRMIC 2023: An Industry Shifts on Its Axis](#)

⁴[Californian Winemakers Are Learning Firefighting Techniques](#)

Contact us

For assistance in cultural site risk management, please contact Gallagher's dedicated Cultural Property team. We are experts in protecting and preserving the priceless.

For cultural and heritage queries:
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For religious institution queries:
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- **Gallagher Drive®** — mining significant data on nonprofits, benchmarking by line of coverage, and deep analytics (powered by MicrosoftBI)

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