



Rules for the Government Indemnity Scheme for Objects Loaned by Norwegian Museums for Exhibitions Abroad

1. Scope of the rules

The rules apply to government indemnity granted for objects loaned by Norwegian museums (hereinafter called ‘the lender’) for exhibitions held by foreign exhibiting institutions (hereinafter called ‘the borrower’). The scheme is hereinafter called ‘the indemnity scheme’.

2. Scope of the indemnity scheme

- a) Maximum liability for the indemnity scheme is determined in the annual government budget.
- b) The indemnity scheme provides indemnity for objects in public or private ownership of significant artistic, cultural or historical value located in Norway. Objects for which indemnity is sought must have a total minimum value of NOK 50 million. Under special circumstances the Ministry of Foreign Affairs may grant an exemption from the minimum value limit.

3. Administration of the indemnity scheme

- a) The King in Council makes decisions regarding government indemnity for exhibitions abroad.
- b) The Ministry of Foreign Affairs has the overall administrative responsibility for the scheme and issues certificates of indemnity to the lender.
- c) The Ministry of Foreign Affairs has agreed with the Ministry of Culture that Arts Council Norway is responsible for the administration of the indemnity scheme

and consults with its indemnity committee on the processing of applications, and can also provide a valuation in specific cases.

- d) Arts Council Norway is responsible for the day-to-day administration of the indemnity scheme. On the advice of the Indemnity Committee, Arts Council Norway recommends the approval or rejection of individual applications to the Ministry of Foreign Affairs. The recommendation shall provide confirmation that the security arrangements are acceptable and that the lender has confirmed that the conditions set out in the loan agreement and similar requirements stipulated for the borrower by the Indemnity Committee have been or will be met.
- e) The Indemnity Committee reviews and evaluates applications for indemnity, including the loan agreement between the lender and the borrower and other arrangements relating to the exhibition premises, assembly/dismantling, storage, packaging and transport.

4. Scope of the government indemnity

- a) The indemnity covers all hazards (risk events) that may affect the indemnified object during transport, storage and exhibition with the exception of:
 - 1. war or war-like conditions. This also includes acts of terrorism that are unrelated to war or warlike conditions;
 - 2. natural ageing and deterioration.
- b) The indemnity covers the following losses:
 - 1. total loss of the indemnified object, cf. rule 14;
 - 2. damage to the indemnified object, cf. rule 15.

5. Indemnity period

The indemnity normally provides wall-to-wall coverage of the indemnified object, during transport to and from the exhibition, during the exhibition and if necessary during storage. However, an exception may be made for the whole or part of the transport when this has been agreed in a particular case.

The indemnity period shall be specified in the certificate of indemnity, cf. rule 10.

If the indemnified object is part of a touring exhibition that is being held in more than one exhibition arena, the indemnity will normally cover the whole of the period

mentioned in the first paragraph, with the exception of periods when the indemnified object is covered by another indemnity scheme or insurance scheme.

6. Applications for indemnity

- a) Applications for indemnity shall be formulated in accordance with the requirements for applications set by Arts Council Norway for this indemnity scheme.
- b) The application should be submitted to Arts Council Norway by 15 May of the year before the indemnity is to take effect. The Ministry of Foreign Affairs may, when this is justified for special reasons, exceptionally approve an application submitted in the same year as the planned exhibition will take place.
- c) The application shall always contain the following documents:
 - 1. a complete list of the objects to be indemnified with a specification of the indemnity value, cf. rule 7;
 - 2. a fully completed questionnaire on the security arrangements at the exhibiting institution;
 - 3. a copy of the loan agreement between the lender and the borrower, cf. rule 8;
 - 4. an overview of the transport plan;
 - 5. written documentation on whether there is a government indemnity scheme or insurance scheme for objects borrowed from a foreign institution for exhibition in the borrower's country, and if so, the coverage provided by such a scheme. The documentation shall include confirmation by the public authorities in the borrower's country. Norwegian government indemnity for exhibitions or parts of exhibitions will not be granted if indemnity or insurance can be provided by the authorities of the borrower's country.
- d) If the loan agreement between the lender and the borrower includes special conditions concerning security, climate, lighting, packaging, transport, use of a courier or similar matters, the application shall specify such conditions and the lender shall expressly state how the borrower will meet these conditions.
- e) The lender shall explicitly confirm in the application that the loan agreement *does not* include conditions that are incompatible with the present rules.

7. Indemnity value

The indemnity value of the individual indemnified object shall correspond to the object's market value. The lender shall explicitly confirm that the stated indemnity value corresponds to the market value of the indemnified object, and may be required to produce documentation to substantiate such confirmation (independent expert valuation, previous insurance agreements, etc.). The indemnity value shall be given in NOK.

8. Loan agreement

The loan agreement between the lender and the borrower shall be in writing and shall include the following:

- a) a description (identification) of each individual object to be indemnified;
- b) the identity of the owner of the object. If the owner is a person other than the lender, written authorisation from the owner to the lender to conclude a loan agreement with the foreign borrower in accordance with the present rules must be provided;
- c) confirmation by the borrower that they accept the conditions set out in the present rules;
- d) the indemnity value of each individual object to be indemnified, cf. rule 7;
- e) acceptance by the borrower to obtain written confirmation by the public authorities as to whether or not there exists a government indemnity scheme or insurance scheme for objects borrowed from a foreign country for exhibition in the borrower's country. Written documentation on the coverage offered by such a scheme must be provided;
- f) assurance that the borrower is responsible for a deductible of 0.005 % of the indemnity value, limited upwards to NOK 1 000 000, for each specific instance of damage that arises during the part of the loan period that is covered by the government indemnity scheme, cf. rule 5;
- g) information that the borrower has a duty to notify the lender of any damage to or loss of borrowed objects that are included in the exhibition, cf. rule 13;

- h) the borrower's acceptance that any claim for recovery made by the indemnity scheme against the borrower will be resolved by the Oslo District Court and governed by Norwegian law.

9. Certificate of indemnity

Once the application for government indemnity has been approved, the Ministry of Foreign Affairs will issue a certificate of indemnity to the lender. A sample certificate of indemnity issued by the ministry is appended to the present rules.

10. Condition report and handling of the indemnified objects

- a) The lender shall draw up a condition report for each indemnified object before it is packed for transport to the borrower. The condition report shall be reviewed and confirmed by the borrower when the object is received. The report shall be made available to Arts Council Norway.
- b) Arts Council Norway may require both the lender and the borrower to be present when the object is being packed for transport to the borrower and when it is unpacked on arrival at the borrower.
- c) Arts Council Norway may require that rule 10 b) applies correspondingly to return transport to the lender.

11. Lender's obligations during the indemnity period

The lender shall notify Arts Council Norway immediately if during the indemnity period any changes occur in the conditions or preconditions on which the indemnity is based.

12. Breach of conditions or the present rules during the indemnity period

- a) The Indemnity Committee may check that the indemnity conditions are met. If the lender or the borrower has committed a breach of the indemnity conditions or the present rules, Arts Council Norway in consultation with the Ministry of Foreign Affairs may require the lender to instruct the borrower to close the exhibition with immediate effect.

- b) If the lender commits a serious breach of the indemnity conditions or the present rules, the Ministry may terminate the indemnity with three days' notice.

13. Procedure in the case of an indemnified event

- a) If an indemnified event occurs during the indemnity period, the lender shall immediately notify Arts Council Norway with a copy of the notification to the Ministry of Foreign Affairs.
- b) The lender and the borrower shall draw up a joint written damage report specifying the cause of the indemnified event, the extent of the damage and the lender's claim for compensation. The report shall be submitted to Arts Council Norway with a copy to the Ministry of Foreign Affairs as soon as possible and no later than two months from the discovery of the damage.
- c) During its consideration of the damage report and the lender's claim for compensation, Arts Council Norway may obtain further information from the lender, the borrower, the transporter and others that can shed light on the indemnified event and the resulting financial loss.

14. Compensation for total loss of the indemnified object

Total loss is considered to have occurred when:

1. the indemnified object has suffered significant physical damage;
2. the lender is deprived of an indemnified object without the prospect that the object will be recovered. If the lender is deprived of an indemnified object for more than 60 days, it will for the purposes of this rule be assumed that the object will not be recovered.

In the event of total loss, compensation will be paid for the value of the indemnified object, cf. rule 7. The ensuing value added tax, customs duties and other taxes will also be covered.

15. Compensation for damage to an indemnified object

- a) Damage is considered to have occurred when:
 1. the indemnified object consists of several parts and one part has been lost in the manner specified in rule 14;

2. the indemnified object has sustained physical damage.
- b) Arts Council Norway may, in consultation with the Indemnity Committee, claim that the damage is repaired in return for payment of the cost of such repair. However, this does not apply if the repair will entail an unreasonable loss to the lender.
 - c) If repair of the damage cannot be claimed, or if the value of the indemnified object is reduced despite repair, the payable compensation will equal the percentage of the indemnity value of the damaged object that corresponds to the final reduction in the value of the object (percentage damage).

16. Right to the indemnified object in the event of compensation payment

The lender retains a right of ownership of the indemnified object even when compensation for total loss or damage has been paid out under the indemnity scheme.

If an indemnified object is recovered after compensation for total loss has been paid out, the compensation shall be repaid with a deduction for any loss of value and the cost of repairing any damage cf. rule 15 b) and c).

17. Deductible

The lender is responsible for a deductible for each indemnified event of 0.005 % of the indemnity value, limited upwards to NOK 1 000 000.

18. Lapse or reduction of liability towards the lender

- a) An indemnity may lapse or compensation to the lender may be reduced if the lender, the owner or a person acting on their behalf and in a superior position wilfully or through negligence:
 1. provided incomplete or incorrect information when the loan agreement or the indemnity agreement was concluded;
 2. has disregarded conditions stipulated in the loan agreement or the indemnity agreement, including the present rules, or conditions imposed by Arts Council Norway, the Indemnity Committee or the Ministry of Foreign Affairs;

3. has provided incomplete or incorrect information in connection with payment of the indemnity.
- b) If the lender or the borrower is entitled to claim compensation for loss or damage under their own insurance policy and/or from the transporter, the government indemnity payment may be reduced accordingly.

19. Right of recourse

If the borrower or the transporter or any person acting on their behalf commits a breach of the security provisions in the agreement or in any other way contributes by action or omission to the damage or loss that caused the indemnified event, the Ministry of Foreign Affairs has a right of recourse against such party in accordance with the ordinary rules on compensation.

20. Disputes

- a) All matters relating to the indemnity scheme are governed by Norwegian law.
- b) Cases relating to disputes between the indemnity scheme on the one hand and the borrower or the lender on the other shall be resolved by the Oslo District Court.

Ministry of Foreign Affairs, 4 May 2018

Annex 1: Sample certificate of indemnity for the lender

Museum X
Address

Your ref

Our ref

Date:

The Royal Norwegian Ministry of Foreign Affairs hereby declares that government indemnity is provided for the works borrowed from Museum X for the exhibition [name of exhibition] at Museum Y in [city, country].

The Norwegian Government's maximum coverage will be NOK [amount] for the objects from Museum X specified in the loan agreement of [date] between Museum X and Museum Y. Wall-to-wall coverage is provided for the indemnified objects during the indemnity period, which starts no earlier than [date] and ends on return to the lender, no later than [date].

The indemnity covers loss or damage during transport, temporary storage and the exhibition period, in accordance with the terms and conditions set out in 'Rules for Government Indemnities against Loss or Damage to Objects Loaned by Norwegian Museums for Exhibitions Abroad'.

On behalf of the Ministry of Foreign Affairs,

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Deputy Director General

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Senior Adviser