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UNIQUE PERSPECTIVES

Liberty Specialty Markets

FINE ART & SPECIE

HOW INSURERS CAN HELP THE ART WORLD CUT EMISSIONS

Artists have long made a stand against environmental harm and climate change. But now they're asking what the art world can do to reduce its own emissions. David Saillen thinks insurers can support them.

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If asked to name sectors of the economy most affected by the drive towards carbon reduction, manufacturing, transportation and energy may appear in that list. Fine art, by contrast, might not – which is why it may come as a surprise that the world of fine art is aware of their impact and are reviewing this. But how can insurers help them?

Artists have long been producing work with a strong environmental message. Consider Scottish painter Iain Campbell who dipped his portraits of people from around the world into black paint during the 2021 United Nations Climate Change Conference (COP26) talks to symbolise lives being destroyed by climate change. Two years ago, the Dutch artist Thijs Biersteker collaborated with a scientist to produce a digital art installation in Paris to show the real-time impact of climate change on nature in the French capital.

But now the art world is turning its attention to itself. In 2020, the market for the sale of art worldwide is believed to be in the region of $50bn. Add to that figure the value of museums, galleries and auction houses and one can see the scale of the sector. While its impact may not be as readily apparent as that of a paper mill or chemical plant, it is clearly contributing to emissions, a fact that many in the sector are now recognising.

Measuring art's emissions

East London gallery owner Kate MacGarry recently published her gallery's carbon footprint on the website of the Gallery Climate Coalition. In 2018–19, it was 24 tonnes, equivalent to 40 round trips between London Heathrow and New York JFK. In fact, 45% of the gallery's carbon footprint was flights, including to art fairs. MacGarry's gallery is just a single example. At the macro end of the scale, a report by art charity Julie's Bicycle estimates that the global art market produces 18m tonnes of CO_2 annually, rising to 70m tonnes when emissions from visitors are included.

So, it's immediately apparent that transportation is a huge part of the sector's emissions. Before a major exhibition can open to the public, the artworks must be shipped to the museum or gallery. As fine art insurers have traditionally shunned sea transits in favour of road or air, emissions are high. But why is the insurance industry so unwilling to use the marine option? For multiple reasons. Uncertainties over the loading and stacking of containers; the potential impact of long voyages through different climate zones; the risk that a container with a valuable artwork may share a ship with fire risks such as chemicals or electric vehicles; the risk of a container being lost overboard – or even sacrificed in the event of an emergency. Indeed, the recent issues of port congestion and mega-container vessels like the Ever Given becoming wedged in the Suez Canal have done little to increase underwriters' confidence.

In addition to the artworks themselves, artists and visitors need to travel. There's the movement to and from art fairs and visits to exhibitions. It all adds to a vast number of transits – many of which will not be in economy class. When an art fair takes place, the local airport may temporarily become one of the busiest for private jets in the world.

Buildings are another main generator of emissions for the art world. The spaces in which art is displayed are often large and open with high ceilings – far from ideal for low energy consumption. While some newer exhibition spaces are being built to use minergy – minimum energy – the older ones were constructed long before low emissions existed as a concept. Although the buildings could be modified, most institutions don't have the budgets available to fund such large-scale refurbishments. Ventilation systems may be old, yet the climate – temperature and humidity – inside these buildings will frequently need to be controlled in order to protect and preserve the exhibits, hence air conditioning systems and lights could be running 24-hours-a-day.

Role of the insurer

So how much of a role can insurers play in helping their fine art clients reduce their emissions? It's a question that we at Liberty Specialty Markets have been asking ourselves more frequently of late. There are certainly opportunities for individual carriers and the wider market to play a more supportive role.

One idea under active consideration is that of 'replacing with better'. For example, if a museum is damaged and part of its structure has to be replaced, don't simply replace like for like. Instead, consider effecting repairs that will help reduce emissions – better insulation, more efficient materials, perhaps a different form of heating. In this way, incremental reductions in the sector's emissions could be achieved.

Incentivising eco consciousness is an intriguing area. One could envision a scenario in which museums and galleries with low energy consumption and emissions are rewarded by their insurer. The buildings could have some sort of eco-rating or labelling applied to their facilities which would provide a guide for underwriters. During the underwriting process, we could ask clients more detailed questions on the need to maintain a specific temperature bandwidth or degree of humidity. How much is necessity and how much is simply standard operating procedure?

Simplifying the insurance of sea transits would also be a positive step. That may require a greater willingness by insurers to accept more risk in the name of promoting net zero – or being flexible enough to offer dual pricing for air and sea transport. Advances in technology may also make insurers more comfortable with sea transits. This type of technological innovation could also encourage the underwriting of mobile exhibitions, which move from venue to venue as a whole. From an emissions perspective, this would be more efficient than shipping several individual works from several places in the world to and from an exhibition.

Pressure from buyers

Today's art buyers are different to those of 10 or 20 years ago. Each generation's appreciation of art and desire to own it evolves. There are environmentally attuned consumers who are more aware of the climate impact of each artwork and exhibition. Investors, too. For these people, a visit to an overheated, badly insulated monument to Victorian architecture may no longer hold the same attraction.

Currently, there is not a market-wide forum for fine art insurers and brokers to discuss how best to help their clients on their journey towards net zero. It would be beneficial to have such a forum, because, while the art world is not seen as a sector that is central to the drive, it has a vital role to play. With that in mind, the art market setting a positive example on environmental, social and governmental issues is something insurers should both support and facilitate. ■

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