



KULTURDEPARTEMENTET

# Rules for the government indemnity scheme for objects borrowed from lenders abroad for exhibitions in Norway

*Adopted pursuant to the Storting's annual budget resolution relating to the Ministry of Culture.  
Last revised by the Ministry of Culture on 16 June 2016.*

## 1. Scope of these rules

These rules apply to all government indemnities issued for objects borrowed from lenders abroad for exhibition in Norway (in this document referred to as the indemnity scheme).

## 2. Scope of the indemnity scheme

- a) The maximum liability of the indemnity scheme at any given time is set in the national budget.
- b) The indemnity scheme only provides indemnities for objects of significant artistic, cultural or natural history value. Such objects must be in public or private ownership and located abroad. Objects for which an indemnity is sought must have a total value of at least NOK 10 million.

## 3. Administration of the indemnity scheme

- a) *The King in Council* makes decisions regarding government indemnities for exhibitions with a total value of NOK 20 million or more. The Ministry of Culture may make decisions relating to government indemnities for a total value below NOK 20 million.
- b) *The Ministry of Culture* (in this document referred to as the Ministry), drafts the rules for the government indemnity scheme, has overall administrative responsibility for the scheme and issues indemnity certificates to individual lenders.
- c) *The Arts Council Norway* undertakes the ordinary administration of the indemnity scheme. The Arts Council Norway appoints a dedicated indemnity committee. On the advice of the indemnity committee, the Arts Council Norway recommends the approval or rejection of individual applications to the Ministry. Approvals must confirm that the security arrangements are acceptable and that the borrower has confirmed that the

conditions stipulated in the loan agreement or by the indemnity committee are/will be met.

*d) The indemnity committee* reviews and assesses indemnity applications, including the loan agreement between the lender and the borrower and security arrangements relating to the exhibition premises, installation/deinstallation, storage, packing and transportation. In this connection, the committee may set specific requirements regarding the implementation of necessary measures. Approval recommendations to the Arts Council Norway must confirm that the security arrangements are acceptable, and that the borrower has confirmed that the conditions stipulated in the loan agreement are/will be met.

#### 4. The borrower

Indemnities may be applied for by museums and exhibiting institutions in Norway (in this document referred to as the borrower or borrowers).

#### 5. Scope of indemnity

a) A government indemnity covers all risks to an indemnified object during transportation, storage and display, with the exception of:

1. War or war-like conditions. However, terrorist activity unconnected to war or war-like conditions is covered.
2. Natural aging and deterioration.

b) A government indemnity covers the following losses:

1. Total loss of an indemnified object; see section 15.
2. Damage to an indemnified object; see section 16.

#### 6. Indemnity period

A government indemnity normally covers the indemnified object “from nail to nail” – during transportation to and from the exhibition, during display and during any storage. However, all or some of such transportation may be excluded by agreement in an individual case.

The indemnity period must be specified on the indemnity certificate; see section 10.

If an indemnified object is included in a touring exhibition visiting several countries, the indemnity normally only covers the period between the date the object leaves the last exhibition location outside Norway and the date the object leaves the last exhibition location in Norway.

## 7. Indemnity application

- a) A borrower wishing to apply for a government indemnity in connection with an exhibition must notify the Arts Council Norway at least one year before the date on which the indemnity is to take effect.
- b) The borrower's indemnity application must reach the Arts Council Norway no later than six months prior to the date on which the indemnity is to take effect. If notice given in accordance with sub-paragraph a) above indicates that more time will be required to process the application, the Arts Council Norway may set an earlier application date.
- c) The indemnity application must be framed in accordance with the application requirements laid down by the Arts Council Norway.
- d) The indemnity application must always contain the following:
1. Complete list of the indemnified object(s), including the indemnity value(s); see section 8.
  2. Completed questionnaire relating to the security arrangements of the exhibiting institution.
  3. Copy of the loan agreement between the borrower and the lender; see section 9.
  4. Outline of the transportation plan.
- e) If the loan agreement between the borrower and the lender contains special conditions relating to security, climate, lighting, packing, transportation, the use of couriers or similar matters, the application must specify the applicable conditions and expressly confirm how the borrower will satisfy these.
- f) In the application, the borrower must expressly confirm that the loan agreement does *not* contain conditions, which are inconsistent with these rules.

## 8. Indemnity value

The indemnity value of each individual indemnified object must equal the object's market value. The borrower and the lender must expressly confirm that the specified indemnity value corresponds to the market value of the indemnified object, and may be required to produce documentation to substantiate such confirmation (independent expert valuations, previous insurance policies, etc.).

The indemnity value must be specified in the currency of the country in which the object is resident, or alternatively in Euros or US dollars. In exceptional cases, the Arts Council Norway may agree to specification of the indemnity value in a different currency.

## 9. Loan agreement

The loan agreement between the borrower and the lender must be concluded in writing and contain the following information:

- a) Description (identification) of each individual indemnified object.
- b) Identification of the owner. If the owner is someone other than the lender, written documentation must be provided to show that the owner has authorised the lender to conclude the loan agreement in accordance with these rules.
- c) Confirmation by the lender of acceptance of the conditions set out in these rules.
- d) The indemnity value of each indemnified object; see section 8.

## 10. Indemnity certificate

The Ministry will issue an indemnity certificate to the lender once the government indemnity has been approved. (A template for the standard indemnity certificate issued by the Ministry is appended to these rules).

## 11. Condition report and handling (packing and unpacking) of indemnified objects

- a) Before an indemnified object is packed for transportation to the borrower, the lender must prepare a condition report for the object. The condition report must be reviewed and confirmed by the borrower when the indemnified object is received. The report must be made available to the Arts Council Norway.
- b) The Arts Council Norway and/or the indemnity committee may require both the borrower and the lender to attend the packing of an indemnified object for transportation to the borrower, and unpacking upon arrival.
- c) The Arts Council Norway and/or the indemnity committee may apply section 11(b) correspondingly in connection with the return of an indemnified object to the lender.

## 12. Borrower obligations during the indemnity period

During the indemnity period, the borrower must inform the Arts Council Norway immediately of any changes to the assumptions or conditions on which the indemnity is based.

### 13. Breach of conditions or these rules during the indemnity period

- a) The indemnity committee may verify that the indemnity conditions are met. If the lender or borrower breaches the indemnity conditions or these rules, the Arts Council Norway may close the exhibition with immediate effect following consultation with the Ministry.
- b) If the lender commits a serious breach of the indemnity conditions or these rules, the Ministry may revoke the indemnity with three days' notice.

### 14. Administrative procedure for indemnity events

- a) If an indemnity event occurs during the indemnity period, the lender, the Arts Council Norway and the Ministry must be informed immediately.
- b) The lender and the borrower must prepare a joint written damage report specifying the cause of the indemnity event, the extent of damage and the lender's indemnity claim. The report must be submitted to the Arts Council Norway as soon as possible, and under no circumstances later than two months after the indemnity event occurs or is discovered.
- c) During its consideration of the damage report and lender's indemnity claim, the Arts Council Norway may obtain additional information from the lender, the borrower, the transporter and other parties capable of shedding light on the indemnity event and the financial losses resulting from it.

### 15. Compensation for total loss of an indemnified object

A total loss exists when:

1. An indemnified object suffers irreparable 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 a total loss, the indemnity value, see section 8, will be paid out. In addition ensuing value added tax, customs duty and other tax liabilities will be covered.

## 16. Compensation for damage to an indemnified object

a) Damage exists when:

1. An indemnified object comprises several parts and one part is lost in accordance with section 15 (shortage).
2. An indemnified object suffers physical damage.

b) Following consultation with the indemnity committee, the Arts Council Norway may claim repair of damage in return for payment of the cost of such repair. However, this does not apply if repair will entail an unreasonable loss to the lender.

c) If repair of damage cannot be claimed in accordance with sub-paragraph b) above, or if the indemnified object suffers a reduction in value despite repair, the payable compensation will equal the percentage of the indemnity value that corresponds to the final reduction in the value of the object.

## 17. Ownership of an indemnified object following payment of compensation

The lender retains ownership of an indemnified object even if compensation for total loss or damage is paid under the indemnity scheme.

If an indemnified object is recovered after compensation has been paid for total loss, the compensation must be repaid with a deduction in respect of any reduction in value and the cost of repairing any damage; see section 16(b) and (c).

## 18. Minimum liability

The borrower will bear minimum liability of NOK 400 000 in respect of each individual indemnity event. In this context “indemnity event” means each individual incident resulting in damage.

## 19. Lapse or reduction of liability to the lender

a) An indemnity may lapse or be reduced if the lender, the owner or a person acting on behalf of the owner or lender and occupying a senior position intentionally or with gross negligence:

1. Provides incorrect or incomplete information in connection with the conclusion of the loan agreement or indemnity agreement.

2. Deviates from conditions set out in the loan agreement or indemnity agreement, including these rules, or conditions set by the Arts Council Norway, the indemnity committee or the Ministry.
3. Provides incorrect or incomplete information in connection with payment under the indemnity.

b) If the lender is entitled to claim payment in respect of loss or damage under an insurance policy and/or from the transporter, the indemnity payment may be reduced accordingly.

## 20. Recourse claim against the borrower

Recourse claims against the borrower are always permitted in respect of the borrower's minimum liability; see section 18. A recourse claim may also be made against the borrower in respect of compensation paid to the lender, provided that the borrower or someone acting on the borrower's behalf and occupying a senior position intentionally or with gross negligence:

a) Provides incorrect or incomplete information in connection with the conclusion of the loan agreement or indemnity agreement.

b) Deviates from conditions set out in the loan agreement or indemnity agreement, including these rules, or conditions set by the Arts Council Norway, the indemnity committee or the Ministry.

c) Provides incorrect or incomplete information in connection with payment under the indemnity.

## 21. Disputes

a) All matters relating to the indemnity scheme are governed by Norwegian law unless provided otherwise in the indemnity certificate or these rules.

b) Any legal proceedings relating to disputes between the indemnity scheme and the lender and/or borrower must be instituted before Oslo District Court.

c) In exceptional cases, the Ministry may consent to deviations from sub-paragraphs a) and/or b).





## Annex 1: Sample indemnity certificate issued to the lender

Museum X

Your ref.

Our ref.

Date

Xxx

xxxx

The Royal Norwegian Ministry of Culture hereby declares that a government indemnity has been issued for the exhibition “O” at “Z Museum” in Norway.

The maximum liability under the indemnity will be *EUR/USD/GBP/...* in respect of (*number of*) item(s) from “X Museum” as specified in the loan agreement of (*date*) between X and Z. The indemnity covers the indemnified object(s) “nail to nail”, and will take effect no earlier than (*date*) and end upon return to the lender, no later than (*date*).

The indemnity covers loss or damage during the exhibition period and transportation, in accordance with the terms and conditions set out in the “*Rules for the government indemnity scheme for objects borrowed from lenders abroad for exhibitions in Norway*”.

Yours sincerely

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Deputy Director General

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Senior Adviser