

## Best Practices for Lending Art to Institutions

Lending pieces of art to museums and other institutions for exhibitions is a wonderful way for a collector to share his or her collection with a broader public. Additionally, lending typically enhances provenance, which in some cases can increase the value of a work, an especially important consideration if the owner is anticipating selling or donating the work in the future. Before lending a work of art, there are several important factors every client should consider.

**Venue Selection** - Before agreeing to lend a piece of art, inquire as to exactly what the vision is for the exhibition - what other pieces will be included? How long will the work be displayed? What role will the piece in question play in the context of the exhibition as a whole?

**Loan Agreement** - It may seem obvious, but a surprisingly high number of art loans to institutions occur without a signed loan agreement. A proper loan agreement includes contact information for the lender and borrower, dates of the loan, list and description of loaned items, retail replacement value of each item at the start date of the loan, description of insurance coverage, projected additional costs (i.e. installation, conservation) and who will cover these expenses, and details of environment, security and transit for the loaned work(s). If the owner has pre-negotiated terms regarding the exhibition such as where the piece will be exhibited and how many people will have viewing access, this should also be included in the loan agreement.

**Appraisals and Insurance** - It is critical to have an up-to-date retail replacement value appraisal for insurance purposes before the agreement with the institution is finalized. The owner and the institution must agree upon the same value for the work so that in the unfortunate event that damage to the piece occurs, the lender and the lendee have already agreed on value and have agreed as to which party will cover replacement cost. Retail replacement value is defined as the cost to replace a piece in the most appropriate marketplace within a limited amount of time. Sometimes museums insure pieces to fair market value, rather than retail replacement value. Fair market value can be as little as 50 percent of the retail replacement value, so it is imperative that the lender and the lendee agree upon the same retail replacement value and that the piece is insured for this full amount.

**Condition Reports** - Unfortunately, many lenders do not follow appropriate protocol as it relates to condition reports for works being lent to institutions. It can avoid much headache later on if the donor arranges for a condition report to take place each time the piece is moved. A condition report should occur before the piece is picked up from the donor's home, when it arrives at the institution, immediately prior to leaving the institution and once it returns to the owner's home. If any damage occurs to the piece, these reports protect against finger pointing between parties as to who caused the damage. Ideally, the condition reports will be done by the same specialist, but sometimes this is not possible due to geographic locations of the donor and the institution.

**Packing and Shipping** - Depending on the institution, the exhibition and the piece(s) being lent, the receiving institution may or may not arrange for packing and shipping of the piece from the owner's home to the institution and from the institution back to the owner's home. If the institution is coordinating packing and shipping, find out what packing and shipping company the institution will use, and research them. If you are unsure whether this is a reliable company, Winston Art Group would be pleased to act as independent consultant. In the event that the indicated shipping company is not a qualified and trusted art shipping company, suggest another and ask the institution to cover the cost. Even if the institution will not cover the additional shipping cost to use a qualified company, it is worth the donor paying the extra expense. The vast majority of damage to artwork happens during shipping. It is simply not worth the risk to place a treasured artwork in the hands of a mediocre shipper.

**Enjoy** - Finally, once proper loan measures are in place, visit the exhibition opening and enjoy! Be sure to request from the institution copies of any marketing materials or publications relating to the exhibition to

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