

## Lloyd's Market Association (LMA) Joint Specie Committee Guidelines on Insurance for Sea Freight

### Sea Transits – A Brief Guide:

A sea transit eventuates higher risks for insurers of fine art than would a comparable air transit. Historically this has understandably affected the appetite, conditions and pricing of the insurers covering such transits. Traditionally this has included:

- Exclusion of transit by sea other than when air transit is impossible due to dimensions or weight.
- Exclusion of General Average / Salvage Costs (not always legally enforceable).
- Higher rates for sea transits (between 2 and 3 times those for air transits).
- Inflated deductibles / client coinsurances up to USD 50,000 e.e.l / 20%.
- Rust, oxidation and climatic conditions exclusions.
- Requirement to request below deck / FCL ('full container load' – i.e. not sharing the container with any other consignors).

Sea transits are increasingly part of the landscape of the global art market, despite currently volatile costs of sea freight and the possibility of critical delays. One significant reason for this is the current focus on reduction of the art world's carbon footprint for environmental reasons (see the Gallery Climate Coalition and Art/Switch). In this context, art being transported by sea is being increasingly seen as a fact of life, and insurers are now looking not only to more safely accommodate such exposure but also ensure that they are not disincentivising behaviour that will benefit the insurance industry significantly in the long term. The only way this can be achieved without negatively impacting underwriting results, bearing in mind the increased risks, is by managing down the risks of sea transit in the direction of those associated with air transits.

For more information on the impact of sea freight shipments in reducing our carbon emissions please review this [case study](#) commissioned by artist Gary Hume and Matthew Marks Gallery and produced by environmental advisory Danny Chivers in collaboration with fine art shipper Cadogan Tate.

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## **Excerpt from Insurance Proposal for reference / notes:**

**Following consultation with the fine art specialist shipping industry, the following actions will be required by galleries:**

All points listed below are made under the impression that both the gallery, artist, shipper have determined that the artworks are safe to travel by sea freight and that sailing times are sufficient. Please ensure that your insurers are notified as soon as possible of your sea freight shipment, please see our insurance checklist for further guidance plus confirming that you are following the points below:

- 1.** You must use an \*FCL (Full Container Load) service and request that the container be positioned below deck (it is understood that shippers will consolidate multiple consignors of artwork into a single FCL/shipment). Insurers will cover the shipment even if the container isn't positioned below deck as long as it was requested. Galleries should keep a copy of this request email so that it can be made available to insurers where necessary.
- 2.** If you have specified a reefer\*\* container (refrigerated) the fine art shippers must inspect before loading, make sure it is dry and once loaded there must be a 12 inch gap at the top of the container for air circulation.
- 3.** Request Grade A / Food Grade containers. The quality of the container is much higher, costs an additional \$250-400 but no repairs, greater integrity, etc. Containers of this nature tend to come in the following sizes: 20ft, 40ft and 40ft high.
- 4.** All containers must be inspected before loading. A simple but effective method is for a tech to stand inside the container and shut the doors, any sign of natural light means the container is

compromised and must be rejected. The shipper should fill out the attached checklist and hold this on file for each shipment. Discuss with your fine art shipper how the artworks should be packed for sea shipments and make sure that this is followed. From an insurance perspective they would like to see that galleries, auction houses etc are minimising the risk as much as possible by packing the artwork appropriately.

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6. All artworks must be crated and elevated 4 in from the floor, ideally on forklift runners.
7. Ask your shipper or connect your shipper with the receiving agent so that they can send a pre alert to the receiving shipping agent a minimum of 7 days in advance to make sure they have everything in place to not delay the import of the artwork(s) which could result in containers being left at the port, reefer containers being unplugged.

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When referring to 'artworks' throughout this document this includes Fine Art, Collectables and Antiques.

\*FCL or Full Container Load is defined as a container that only contains artworks. This can be a full container occupied by one gallery/organisation or a consolidated container shared by multiple galleries. The container will be delivered to the fine art shipper that is being used, checked and packed by that fine art shipper.

\*\*A Reefer container is a refrigerated container that generally is used for transporting consumable goods around the world. Sometimes these are used in art transport to have some control over the conditions of the container. Reefer containers are plugged in once on the ship and generally do not have their own power supply.

## Further optional but advisable suggestions:

- A.** Galleries should request that their fine art shippers use a sea freight line that can offer container tracking rather than vessel tracking and should also request that the shipping agent track this daily whilst in the dock and weekly once departed.
- B.** Where appropriate, consider inserting tracker devices in the container and higher value crates to track G forces (shock and acceleration), temperature, RH, and light. Some shippers continue to pursue trials of various devices and reports from these trials will be available in the future.
- C.** Discuss any additional precautions with shippers to combat humidity etc.
- D.** Consider asking about supervision and whether it is possible.

These guidelines will be reviewed on an annual basis.

This document has been produced in collaboration with Lloyd's Market Association as part of GCC's [Sustainable Shipping Campaign](#)