



Assessment of Legal Risks for Museums and Art Collections

ArtSecure's Legal Risk Assessment is an industry-first assessment of legal risks specific to art collections & management which aims to mitigate risks and enhance value

Why Legal Risk Assessment for Art?

Art Collections run legal risks in different areas of management and operation that if not addressed can expose to significant financial and reputation harm. Increased costs for litigation and remedial actions, ineffective allocation of resources and reduced fundraising capacity compromise the overall financial position of the collection. Further, reputation damage can be expressed in decline in on-site visits, reduced borrowing capacity and negative impact on public and customer confidence in an organization.

Area	Risk example
Acquisitions	Acquire items with title defects (whether due to theft, liens & encumbrances, unauthorized sales)
Loans-in / Loans-out	Breach of intellectual property laws / Seizure of loaned item by 3rd party
Import / Export	Breach of cultural property & international laws (eg. CITES)
Cataloguing	Inability to claim for stolen item due to inefficient record-keeping system (as ownership may be difficult to prove)
Valuations	Inability to claim item's appreciated value due to outdated valuations
Exhibitions	Use of new technologies (e.g. augmented reality) may lead to breach of copyright, liability for personal injury, etc.

Indicative collection management areas and corresponding legal risks

Current vs ArtSecure

Currently, legal risk management is done in an empirical manner; legal risks are addressed through empirical checklists designed to avoid pitfalls and action is triggered when a risk is materialized. We aim to change this by adopting a risk-based approach and a proactive model that mitigates the materialization of risks.

ArtSecure LRA Model

ArtSecure's Legal Risk Assessment (LRA) Model combines three knowledge domains: the ISO31000 Risk Management Standard, Museum & Collection Standards and Art Law.



The Result is ArtSecure's LRA Library, the sector's first comprehensive library of legal risks specific to museums and art collections incorporating proposals for specific risk mitigation actions for all collection management processes.

LRA Library

More than 60 legal risk categories and more than 100 risk mitigating control activities:

- Library of legal risks specific to museums and art collections
- Library of risk mitigating control activities
- Taxonomy of risks according to museum / collection processes

The Collection's Value is Enhanced

ArtSecure's Legal Risk Assessment Methodology offers a number of benefits enhancing value from which a number of stakeholders can benefit directly or indirectly.

Helps in	How
Allocating resources effectively	By adopting processes, procedures & controls based on the type and level of risk associated with each activity
Cost saving	Minimizes spending on remedial actions by implementing risk-mitigating actions
Unlocking Value	By allowing the organization to engage in business opportunities that were unknown or previously considered too risky
Increasing Risk Awareness	Owners obtain deep knowledge of their collection and can therefore make educated decisions which enable them to manage it optimally
Lowering insurance premiums & widening coverage	By proving knowledge of the organization's legal risk profile & thus making the organization more attractive for insurance companies

Who can benefit?

Directly	• Museums	Indirectly	• Buyers
	• Private Collectors		• Art Funds
	• Collection Beneficiaries		• Lending Institutions
	• Sellers		• Insurance Companies
	• Art Fair Organizers		• Auction Houses

Value for the long term

Where a collection is the subject of sale, purchase, cross-border loan, exhibition, asset-based lending against art, auction house guarantee or insurance, ArtSecure's Legal Risk Assessment becomes a necessary exercise that the main stakeholders will increasingly demand.

By adopting a risk-based approach, we are able to identify, assess and understand the legal risks to which an organization is exposed in order to take measures proportionate to those risks so as to mitigate them effectively.

The Legal Risk Assessment Team



Phoebe Kouvelas, LL.M.
Partner, Art Law



Andreas Koidis, MSc.
Partner,
Risk Management



Ioli Ioannou, MSc.
Associate,
Collections
Management

For further information, contact us at **+30 215 215 4404** or **info@artsecure.gr**
You can also visit our website: **www.artsecure.gr**

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