Cuts could block access to great art

If there were a federal effort that cost taxpayers virtually nothing, yet generated hundreds of millions of dollars to benefit American families, wouldn't it be cited as a model of efficiency in government? As it stands now, the Trump administration has proposed to shut down such an enterprise.

CHARLES DESMARAIS
Art

The Arts and Artifacts Indemnity Program was created with bipartisan support in 1975, in a law signed by President Gerald Ford. Little known outside the administrative offices of major

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John McKee views a work at the exhibit "Monet: The Early Years" at the Legion of Honor in San Francisco.

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American museums, the program is at risk if the National Endowment for the Arts is eliminated, as proposed in Trump's budget plan released last week. Without it, exhibitions like the current "Monet: The Early Years" at the Legion of Honor and "Matisse/Diebenkorn" at the San Francisco Museum of Modern Art might never have been possible.

The indemnity program is simple in concept, if a bit hard to explain. To organize major thematic exhibitions, museums must borrow works of art from other institutions and from private collectors. Those objects are often extraordinarily valuable — irreplaceable, in fact — and each week seems to bring reports of ever-higher auction prices. As a result, insurance to cover moving and exhibiting art makes up a substantial part of the budget for a major show — if an insurance company can even be found that will accept the risk.

American nonprofit museums can apply for federal indemnity coverage — up to $1.8 billion in value for international art loans, $1 billion for domestic — and thus save the cost of insurance premiums. The evaluation process, overseen by a panel of museum experts that changes regularly, is stringent.

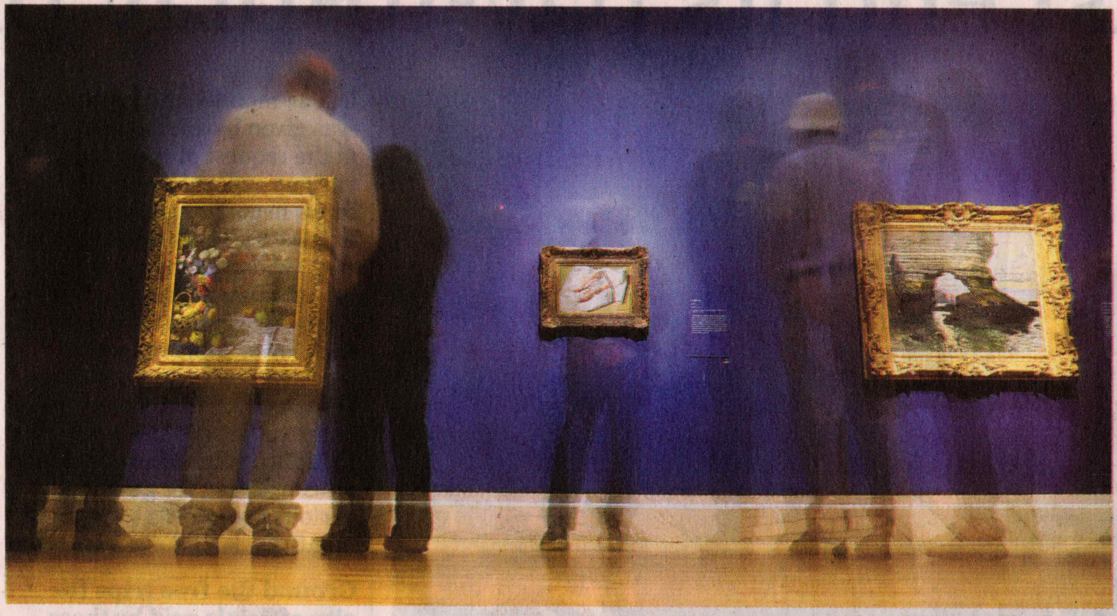
The government allocates no money; instead, it pledges to pay for any loss. In the event of a claim, the Federal Council on the Arts and the Humanities, which oversees the National Endowment for the Arts, would have to certify the loss and Congress would appropriate the money. The total federal liability at any given time is limited to $15 billion for the international program, half that for domestic.

In the 41 years of the program, only two payments have ever been made, according to a spokeswoman for the National Endowment for the Arts. One of those checks was returned to the U.S. Treasury when two paintings thought to have gone missing were found. The total amount of the other claim? $4,700.

There are administrative costs, of course. That comes to salaries for two indemnity program staff and minor office-supply expenses.

What we got for that amount of money was an estimated savings to museums "in excess of $420 million" in insurance premiums — money that was then used for education programs and other enhancements to the visitor experience.

But many shows would not happen at all without the program. Thomas Campbell, the outgoing director of the Metropolitan Museum of Art, said in a New York Times opinion piece last month that a planned Michelangelo exhibition has an insurance valuation of $2.4 billion. "Not even our museum," he wrote, "the largest art museum in the nation, could come close to paying the premium" without federal indemnity.



Scott Strazzante / The Chronicle

In a time-lapse exposure, museum-goers view paintings as Fine Arts Museums of San Francisco present "Monet: The Early Years" at the Legion of Honor in Lincoln Park.

National Gallery (Norway)

De Young Museum

Edvard Munch's "Moonlight" (1893) (above left) is scheduled for an SFMOMA exhibition this summer. "Peace: Burial at Sea" by J.M.W. Turner (1842) was at the de Young in 2015. The indemnification program allows works like these to travel to different museums.

In just the past two years, the federal council has granted indemnity for exhibitions organized by institutions across the country, from the Los Angeles County Museum of Art to the Met. The big art museums, which tend to do the big-ticket shows, participate most often, but the New York Botanical Garden is on the list, as are institutions in Salt Lake City, San Antonio and other mid-size cities.

In the Bay Area, visitors to the Fine Arts Museums of San Francisco are among the beneficiaries of the program. According to a Fine Arts Museums spokeswoman, indemnity provided "coverage for the majority of object value in 11 major exhibitions, taking away the need for private insurance premiums." Among those were shows of the art of J.M.W. Turner, Pierre Bonnard and Keith Haring, as well as the regional historical celebration "Jewel City: Art from San Francisco's Panama-Pacific International Exposition." Nearly all the works in "Monet: The Early Years" are covered, "just not all at 100 percent of value."

Fine Arts Museums Director Max Hollein said that should the program be eliminated as part of the proposed Trump budget, "the quality and standing of all American museums would diminish overnight."

At the Asian Art Museum, at least $1 million has been saved in insurance premiums over the past 20 years, according to a spokesman. "The Asian Art Museum has employed the program at least 6 times," he wrote in an email, "and benefited numerous other times via exhibitions that we borrowed from other organizing institutions (2013's 'China's Terracotta Warriors,' for example, was co-organized with the Minneapolis Institute of Arts, and they coordinated the loans insured through the program)."

Jay Xu, the Asian's director, said, "Indemnity plays an important role in fostering cultural empathy. Here's how: It's expensive to bring the best-of-the-best artworks from Asia, like we did last summer with loans from the National Palace Museum, Taipei (objects from that museum haven't traveled to the U.S. in 20 years). The indemnity program made that exhibition financially feasible, allowing us to introduce elements of Chinese culture to a whole new generation."

Loss of the program would also put U.S. museums at a competitive disadvantage to those of other nations. Austria, Denmark, Finland, France, Germany, Hungary, Italy, the Netherlands, Norway, Romania, Spain, Sweden and the United Kingdom all "have legislation in force concerning indemnity," though provisions vary, according to the National Endowment for the Arts spokeswoman.

"While recognizing this Blueprint is not the full Federal budget, it does provide lawmakers and the public with a view of the priorities of the President and his Administration," said Mick Mulvaney, director of the Office of Management and Budget, in a preface to the budget proposal.

The National Endowment for the Arts spokeswoman said she was unable to comment on whether budget officials were aware of the potential impact on the indemnity program of defunding the arts endowment.

Concern for the indemnification program echoed across the country. The director of New York's Museum of Modern Art, Glenn Lowry, called it "a vital program for culture." MoMA has brought more than 1,000 indemnified works in 10 exhibitions over the past five years to New York, most of which then traveled to other cities.

Timothy Potts, director of the J. Paul Getty Museum in Los Angeles, said it "has been the essential foundation of our exhibition program. Without it we simply would not be able to present ambitious and groundbreaking exhibitions featuring artistic masterpieces from around the world."

Neal Benezra, the director of SFMOMA, said the potential elimination of the indemnity program "places in jeopardy current shows such as 'Matisse/Diebenkorn,'" He continued, "This indemnification program is at no cost to the federal budget and it would be tragic if it was lost." An SFMOMA spokeswoman said upcoming shows like Edvard Munch and past ones like "The Steins Collect" have seen insurance savings "in the millions."

Even museums that have not participated in the program expressed concern. Lial Jones, director of Sacramento's Crocker Art Museum, said her institution had borrowed exhibitions organized by others that were covered, but had not applied. However, she said, "We are working on a show for 2022 of French Rococo to Neoclassical works (Fragonard to David) that may prompt a request.

"Private insurance is simply not available for national treasures valued in the tens and hundreds of millions of dollars," she said. "If the indemnity program goes away one of the casualties will be the major exhibitions we all clamor to see."

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