

Price. Value. Sustainable? - The art, the climate and the insurance.

10th Cologne Art Insurance Talk

Only the spoken word counts!

19 November 2021

Thank you very much

- Our guests
- Our employees
- The panellists
- The HDI Global Specialty Underwriting Agency GmbH



- To the Art Cologne team
- To the film team from müllermusic
- The aramark catering team

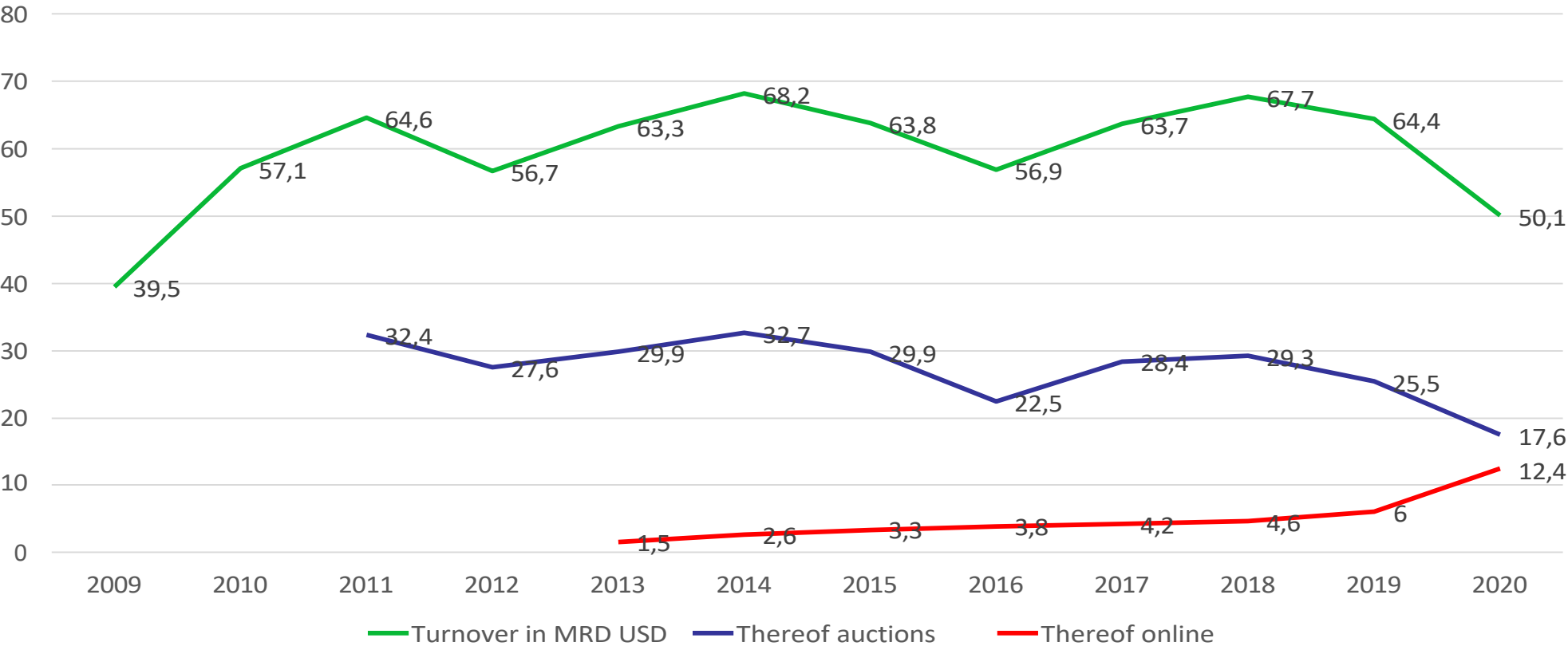
Themes

- Developments in the art market
 - Market development
 - New trends - online
 - Disruption in the market - NFT
- Factors influencing climate development
 - Energy consumption by sector
 - European Green Deal - and public funding in the future
 - NFT
- What business is this of the (art) insurance industry?
 - Market development
 - Existing risks are changing
 - New risks - NFT

Developments in the art market and art exhibitions

- 2020 - no more art fairs from March - worldwide
 - 2021 in March with Art Dubai, the next
- 2020 Sales decline by 22.1% to USD 50.1 billion
 - 2021 Sales growth of up to 40% in some cases
- 2020 - March to June Lockdown in many institutions
 - Museums closed
 - Exhibitions postponed or cancelled
 - 2021 from June restart

Global art market sales trend



New platforms - and old ones in a new guise



ARTLAND
CONNECTING COLLECTORS AND GALLERIES



artnet



KUNSTLOFT
Die Kunst des Einrichtens

SMART
COLLECTORS



Art fairs - from presence to OVR



Art | Basel
Miami Beach



frieze
masters



paper
positions.

Art | Basel
Hong Kong

NFT - Non Fungible Token ?

Certification of a file stored in the blockchain

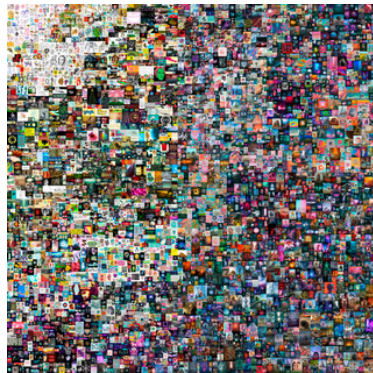


Foto: Mike Winkelmann (Beeple) - nytimes.com

Beeple - USD 69 million 2021,
Christie's March 21

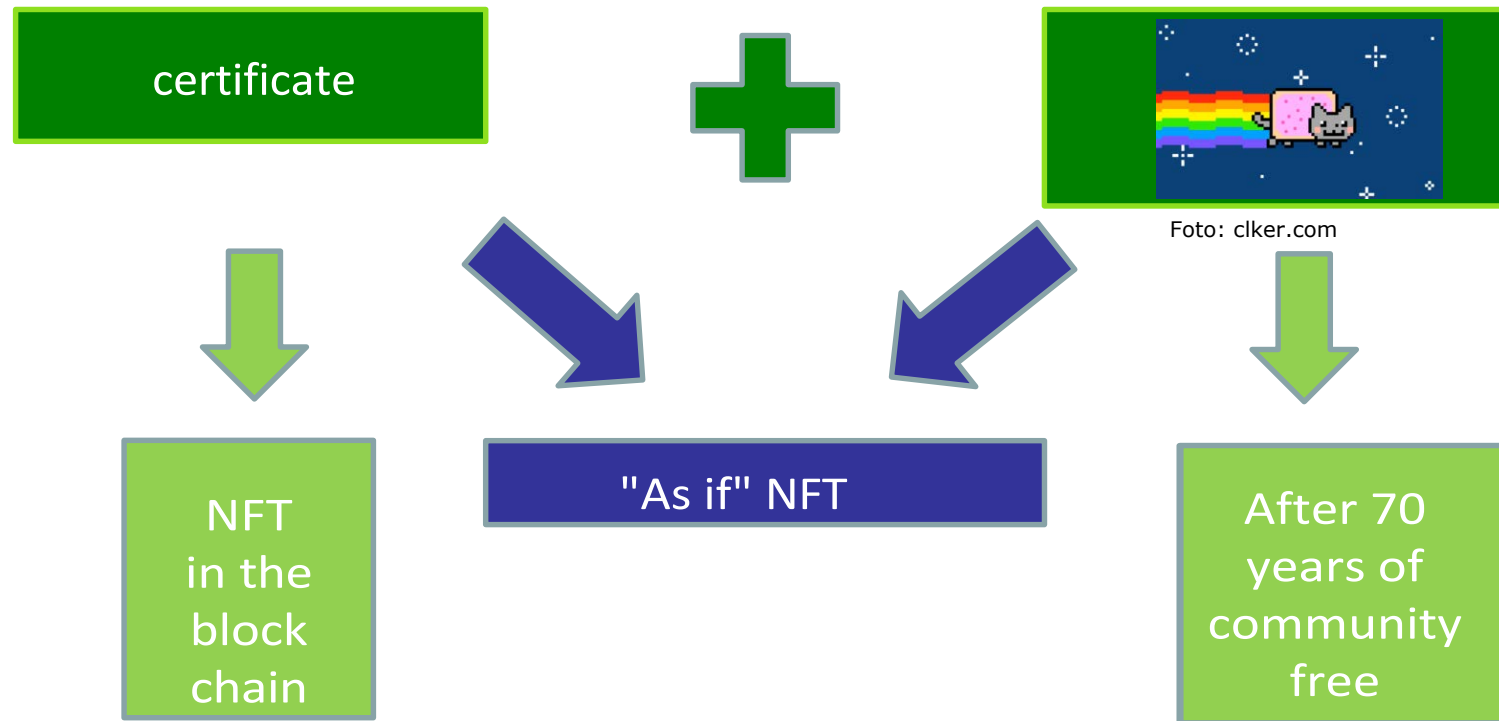


Foto: clker.com

Chris Torres - USD 561 thousand
Result February 21

Disruptive

The value separates from the work



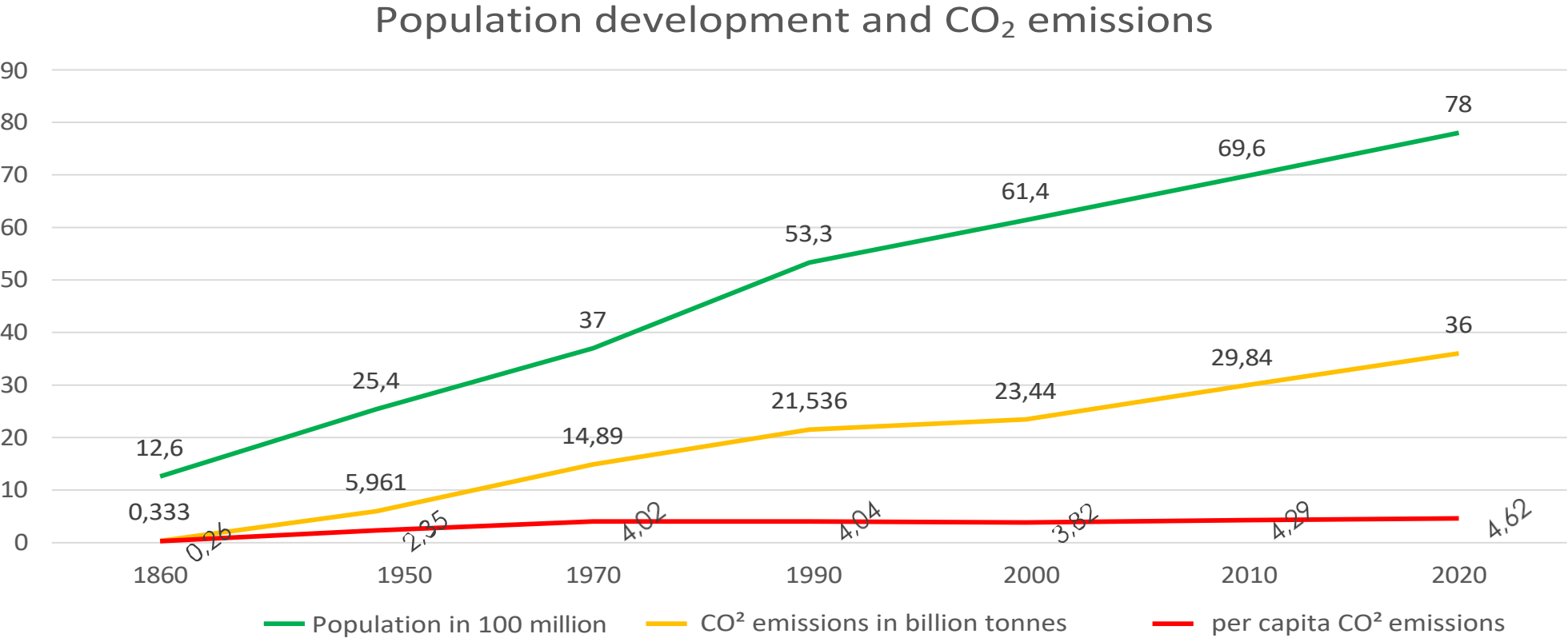
Disruptive elements

- Separation from
 - Work and value
 - Form and content
 - Meaning and medium
- Turning away from the monetary system
- Environmental policy considerations do not take place
 - Artists/traders are apolitical and interested in making a quick buck
- Quality does not matter
 - Failure of art criticism
 - Museums / exhibitions are not required

The climate: factors influencing climate development

- Population development
 - Since industrialisation from 1800 until today from 1.0 to 7.8 billion people or
 - from the birth of Christ to 1800 + 700 million and from 2010 to 2020 + 1 billion
- Greenhouse gases - CO₂ is only one factor - by share 2019
 - Electricity/heat 41,5%
 - Industry 18,9%
 - Households 5,9%
 - Other 9,4%
 - Road traffic 18,1%
 - Air transport 2,8%
 - Other transport 3,4%

Population development and CO₂ emissions



European green deal - and public cultural funding

- Reduce emissions by 55% by 2030 compared to 1990 - Europe climate-neutral by 2050 through, among other things
 - Reduction of lorry emissions by 50%
 - Energy saving targets of 39% for final energy and primary energy consumption
 - Renewable energies plus 40%
 - 310 million tonnes of natural CO₂ reduction by 2030
 - All sectors are included
- Figures for the cultural sector are missing for 1990
 - This applies to all forms
 - Savings must nevertheless be made or offset by CO₂ equivalents

Savings opportunities in the arts

- Air conditioning in the museums
- Transport
 - Collective transport
- Packaging
- Courier escort
- Exhibitions
- Opening hours
- Home Office
- Gallery Climate Coalition
- ...

NFT and the environment

- Energy consumption of Bitcoin
 - Depending on the studies, between 100 and 150 Twh - corresponds to the annual energy requirements of Austria or Holland
 - Proof of work - extremely energy-intensive but extremely safe
 - Proof of stake - up to 99% less costly
- Electricity does not come from the socket
 - A large proportion is generated in coal-fired power plants
- NFT eludes CO₂ pricing
- Trading in Bitcoin and NFTs is beyond the control of official institutions
 - Cyber criminals get paid in Bitcoin
 - NFT as a money laundering platform ?

What business is this of the (art) insurance industry?

- Worldwide premium volume 2020 Fine Art approx. EUR 1.2 billion
 - approx. 79% from private collections; 13% trade; 8% museums, exhibitions
 - Unchanged compared to 2019 due to corona
 - Stable art market and increase in private collections
 - Premium volume in Germany unchanged at EUR 140 million / Shifts between market participants
- Art insurance 2021
 - Premium volume expected to increase by 2 - 3
 - Nevertheless, a difficult start for new market participants
 - Lloyd's increases capacities

Existing risks are changing - examples

- Air conditioning
 - Painting ground and paint layers often react differently
 - Gradual damage is not covered by the insurance
- Transports
 - Sea transport takes longer and exposes art to different risks
 - Many insurers do not want to insure high values at sea
 - Collective transport can lead to incorrect deliveries
- Packaging
 - Lighter packaging reduces energy requirements
 - Insurers demand packaging that is suitable for the stresses involved
- The average loss increases with rising values disproportionately

NFT - which risks are insurable at all?

- Classic risks are ruled out
- Data theft and data manipulation can be insured with cyber cover
 - What value can be insured?
- Market risks - value risks - speculative risks not insurable
- Are NFTs of any interest to the insurance industry?
 - Will the critical mass for an insurance product be reached?

Thank you for your attention

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