Best Practices on Flood Protection, Prevention & Mitigation

Farzina Coladon
Underwriter – Fine Art & Specie Insurance
XL Catlin
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Definition of Flood:

- Overflow of inland or tidal waters;
- Unusual or rapid accumulation or runoff of surface waters from any source;
- Mudflow; or
- Collapse of subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels.
Underwriting Concerns:

- Items in storage
- Smaller facilities (museums, galleries)
- Basement storage
Hurricane Sandy - 2012

- For 7 days, Hurricane Sandy (always remembered as “Superstorm Sandy”)
pounded the Caribbean and US East coast with punishing rain, wind and waves
- Ranks as the second-costliest storm on record at US $68 billion
- Seawater surged over lower Manhattan’s seawalls and highways and into low-lying streets; water inundated tunnels, subway stations and the electrical system that powers Wall Street
- Flooding in the Chelsea district of Manhattan, where many New York art galleries are located
The Impact of Sandy
Sandy continued…
Alberta Floods - 2013

- The most destructive flood in the history of the province began on June 20th 2013
- Insurable damages with costs estimated at CAD $1.7 billion
- Mud-soaked galleries, water-filled studios and damaged interpretive displays
Alberta Flood Damage
Flood Hazard Interactive Maps
Impact on the Fine Art Industry

- Approximately USD $200 million to $300 million of art losses post-Sandy
- Some insurers will no longer insure art that is kept in basements in Chelsea
- Impact of Sandy was global as collectors from around the world had art in New York – on consignment to galleries or stored ahead of the fall auctions
- Galleries and their warehouses 20 miles apart sustained damage from the same flood
- Insurers are adjusting their underwriting
Take a Proactive Approach

- Be reasonable to storm warnings
- Artworks displayed on the wall should be at least 4-5 feet above the floor
- Pay special attention to outdoor art
- Don’t utilize the basement area as storage; place items on tables
- Routinely inspect your pipes
- Any equipment/technology should be kept at least 4-5 feet off the floor
- Prepare an emergency disaster plan
When Disaster Strikes:

- Call your broker and/or claims representative at the insurance company for guidance
- Have a conservator on stand-by
- Keep an inventory handy
Contact Information – XL Catlin

Farzina Coladon
Underwriter – Fine Art & Specie Insurance
Email: farzina.coladon@xlcatlin.com
Phone: (416) 342-8694
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