

## 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

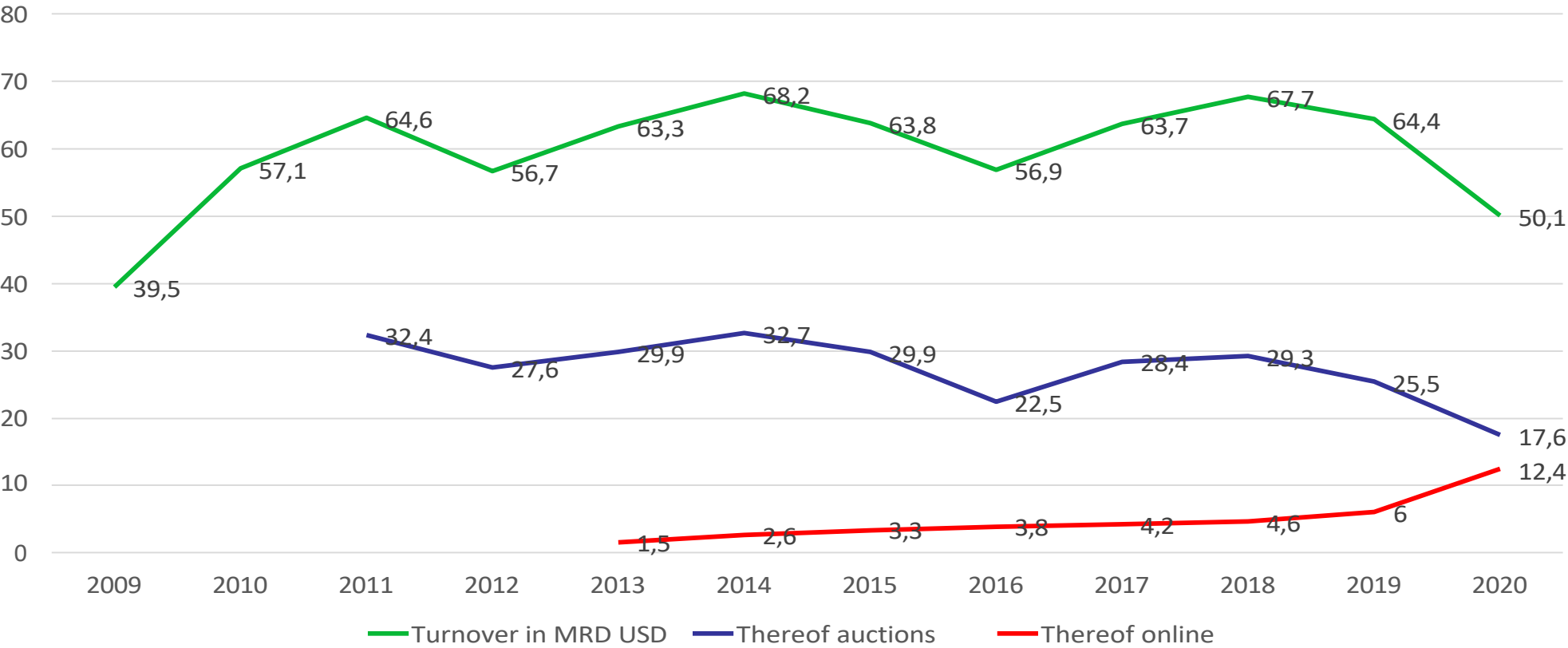
## Themes

- 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



## 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



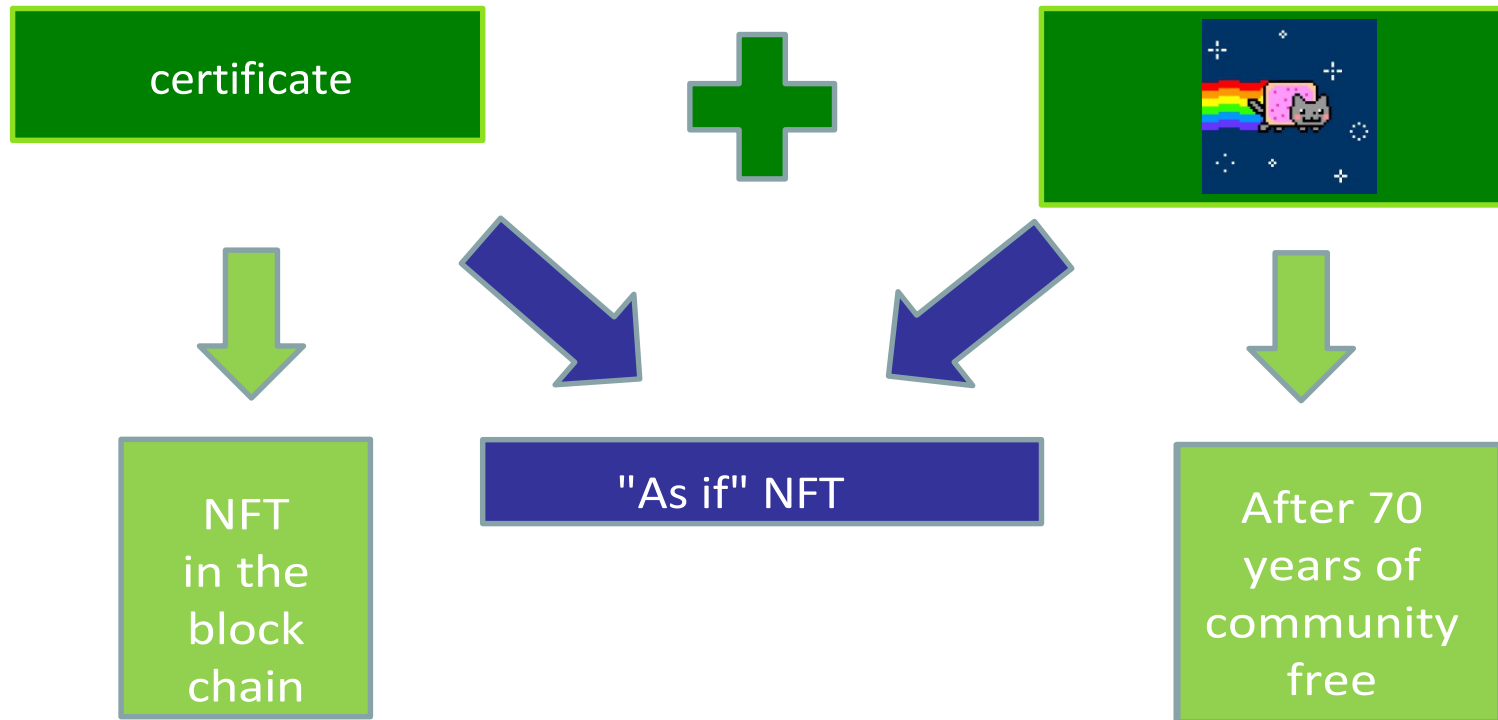
Beeple - USD 69 million 2021,  
Christie's March 21



Chris Torres - USD 561 thousand  
Result February 21



Disruptive  
The value separates from the work



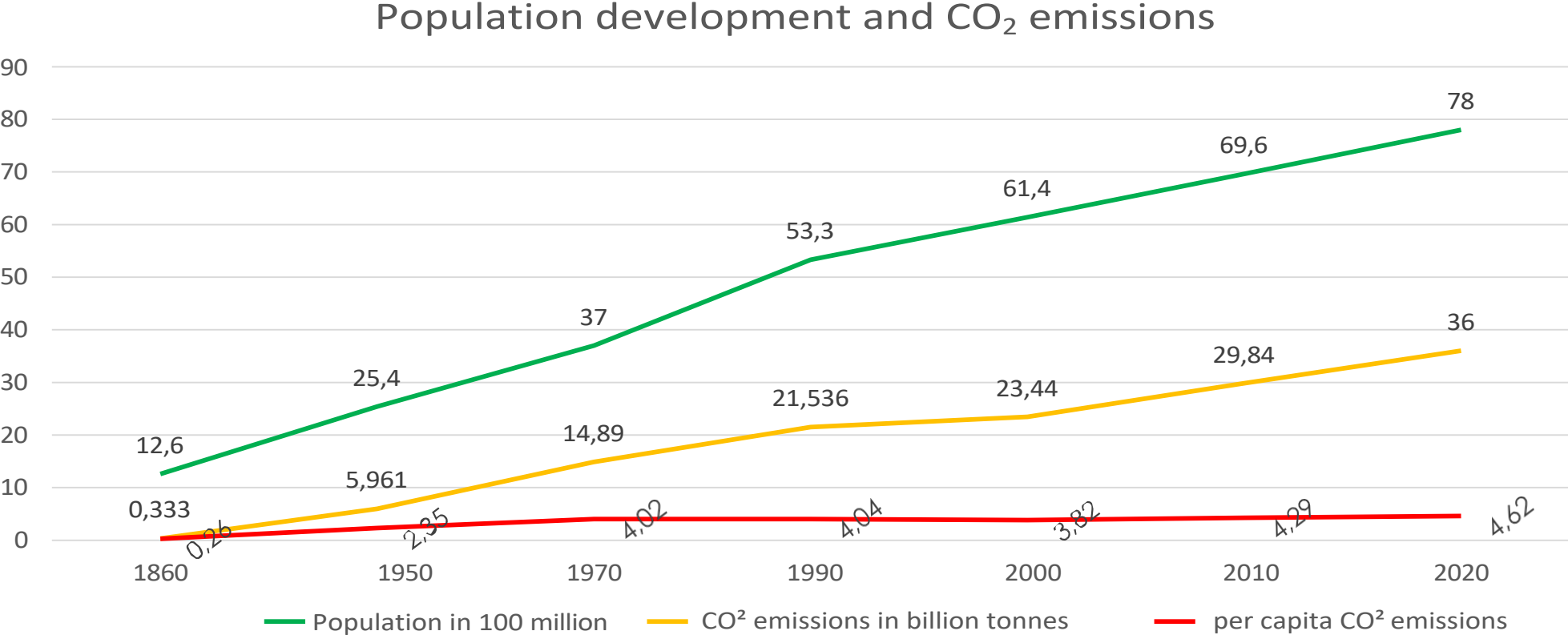
## Disruptive elements

- 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 - CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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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