

Proteggere ad ARTE (Protecting ART-E-fully)

Italo Carli, Camilla Marangoni and Letizia Miranda

"By not insuring their works, collectors and institutions expose themselves to potential losses. The uninsured part of the art market is therefore a significant problem."

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1. A start-up within a global company

ARTE Generali was born as a start-up within a large international company with the aim of enriching and qualifying the offer of art insurance in the private and institutional customer segment.

The strategic choice was to create an innovative model that would go beyond the concept of simple indemnity and offer an integrated and professional service, also thanks to the support of digital tools

1.1 Art and cultural heritage: how to build risk awareness

Cultural goods and works of art have the characteristic of being shared with a large part of the population. We should therefore all consider ourselves temporary custodians of something that represents the culture of humanity. The art market in 2022 has been estimated at around \$67.8 billion, with the relative global stock ranging from several hundred billion to over \$1 trillion. However, only a limited part of this potential is covered by insurance policies. According to the Art Basel and UBS Annual Report (2024), only a limited portion of high value works of art are insured; some experts estimate that the uninsured market exceeds 50% of the total number of works worldwide. This also includes the so-called "State Indemnity", which, rather than being a real insurance, relies on the self-insurance of assets under the custody and ownership of individual States. By not insuring their works, collectors and institutions expose themselves to potential losses. The uninsured part of the art market is therefore a significant problem. The main factors hindering the development of this potential market include a lack of awareness of the potential risks, difficulties in obtaining a transparent valuation of insured values and the limited availability of expertise.

1.2 The main causes of damage to Cultural Heritage and Collections

Works of art are exposed to various types of damage, with the potential to compromise their aesthetic, historical and economic value. The primary factors contributing to deterioration can be categorised as follows:

- **Environmental conditions:**
Humidity, extreme temperatures and light (particularly UV) have been demonstrated to accelerate the deterioration of materials such as canvas, wood and pigments.
- **Physical damage:**
Incorrect handling, impacts, and scratches during transport or handling are frequent causes of deterioration.
- **Biological agents:**
Fungi, insects (e.g. woodworms in the case of wooden works) and bacteria have the capacity to infest organic materials such as paper and canvas, causing structural damage.
- **Natural disasters:**
Floods, fires and earthquakes pose considerable risks, especially if works are not adequately protected.
- **Vandalism and theft:**
Risks of intentional damage and theft are high in public exhibitions and require adequate security measures.
- **Perishable materials:**
Some materials utilised by contemporary artists, such as plastics and acrylic paints, are susceptible to chemical deterioration, necessitating specialised conservation precautions.

2. The Risk Management of Cultural Heritage

The term Risk Management is defined as the process that leads the customer to risk awareness and to the eventual and consequent transfer of the financial risk to the insurer through the support of the distributor.

The process consists of several steps. Initially, the value and specific characteristics of the assets are identified, with potential physical, environmental and security risks (theft, vandalism, etc.) being assessed. Subsequently, the risks are analysed in relation to their respective probability and impact, considering the vulnerability of the materials and the conditions of exposure and conservation. The design of preventive measures and response plans, including conservation interventions and emergency strategies, is informed by the risks identified. Finally, continuous monitoring is carried out to adapt protection measures according to changes in the context or condition of the assets.

2.1 Risk analysis: the skills needed

Works and collections represent high values, both economic and financial, and therefore those working in this market must possess a range of skills enabling them to assess risk, analyse it and determine the effect of potential consequences and possible mitigation actions. These include:

- **Value estimation:**
accurately valuing works of art and collectibles can be costly and complex and requires specialised skills.
- **Vulnerability of Cultural Heritage with respect to risk agents:**
a strong multidisciplinary (chemical-physical) expertise is required to have a proper sense of the potential effects of various risk causes on individual types or objects.
- **The necessity of understanding the structures and infrastructures that 'contain' Cultural Heritage:**
in the majority of instances, Cultural Heritage, when it is not itself a building (historical residences, historical palaces...), is contained within structures with their own characteristics that can mitigate, but also and accentuate the probability of occurrence of damaging events.
- **Probability of occurrence of damaging events:**
a solid experience of the causes of risk, their frequencies in specific circumstances, supported by databases and objective elements.

The interdependence of these disparate yet complementary skills makes it extremely challenging to train professionals with a level of preparation that can adequately support the distribution network.

3. Digital Strategy for Conscious Protection

Reaching different niches of stakeholders (collectors, institutions, professionals) with an effective message, using and developing digital solutions to provide and train rare skills is something that is possible today through a conscious digital strategy capable of turning the critical points of this market into opportunities.

3.1 Digital Marketing and Fine Art

The first obstacle to overcome is a lack of awareness of values and risks. This "preventive" strategy, aimed at reaching very specific target groups, can be summed up as "*sharing culture to harvest market*".

Today's digital technology allows us to first identify and select the most appropriate audiences and locations to intercept individuals with information that meets their needs. Once we have identified the specific audiences we want to reach, the next step is to create content aimed at enriching their knowledge and thus raising their awareness of what is ultimately nothing more than our meeting point: **risk management**.

Digital communication has a much higher potential for engagement than roadside advertising or television. Given this potential, we always define a goal and a call-to-action that we want the individual, or at least the target audience, to take after interacting with our content.

For example, the objective of a post on ARTE Generali's social channels is probably not to promote an insurance solution. The collector or insurance solutions provider will first have to become actively aware of why a work of art, perhaps stored in seemingly optimal conditions, is actually exposed to risks of which they were unaware. Similarly, very few potential customers will find the service they are looking for on Google by typing in our brand name.

Social media and search engines such as Google are simply external touch points where, thanks to the targeting discussed above, it is now possible to intercept interesting and interested audiences who need to be persuaded to take action. The website will certainly be a point of contact (our 24/7 representative) to compare information, but it must be remembered that only a small proportion of traffic will end up on a site with clear ideas. It is therefore essential to create specific landing pages, in-depth articles with downloadable material and supporting educational videos. On the ARTE Generali site, we have created a veritable library of informative articles, interviews and specific guidelines on risk management and collection tips, which act as a "port of call" for digital surfers in transit.

However, The website is not the only option today's technology offers us to continue the customer journey of audiences captured on social platforms, physical events with O2O call-to-action and search engines: an app with search functions and data analysis of the contemporary art market, powered by artificial intelligence, is an excellent example of what a brand offering insurance solutions for fine art can do to foster the engagement of potential customers in the sector, helping and stimulating them to seek a richer and more informed overview of the market.

In conclusion, while the "thirst for risk management" must be stimulated from the bottom up with the digital communication techniques mentioned above, the in-depth training of specialised intermediaries is a key link with the greatest potential for success in the business chain, as it combines high level expertise with direct access to an extended portfolio of end customers. However, it is only through technology that it is possible to train experts on a large scale with a minimum of economic effort, and therefore the creation of digital training for our distribution network is a crucial point in our strategy.

3.2 Estimation and evaluation: a “collaborative Digital Collection Management”

The first obstacle to be overcome in an artwork appraisal process is the collection of documentation. The necessary elements of an artwork appraisal and valuation process are lists of works, documentation proving their originality, value and possible loans in the case of movable works, and finally recent photographs showing their state of conservation. This information is very rarely part of a structured collections management process, and it is even rarer to find these elements managed in a digital, organic way.

In order to solve this problem, which has a strong impact on the risk management process, it was decided to adopt and develop for insurance purposes a system that not only allows the digital archiving of photographs and documentation of works, but also manages their life during the insurance contract. Lists updated in real time, insurance certificates, status and condition reports, i.e. the documents attesting to the state of preservation of the works, up to the digital footprint stored on the blockchain, are collected in a system that can be shared by the insurer/broker/client according to the principles of confidentiality and information needs.

The system also makes it possible to share individual virtual objects with external professionals (restorers, experts) in order to obtain opinions and advice with the necessary quality of information and security. The availability of this shared system to intermediaries and potential clients allows information to be collected in a simple and guided way by people with a minimum of training, while analysis and evaluation can be carried out remotely and securely, with the appropriate professionalism and expertise for each case and even for each object.

3.3 Vulnerability: Risk Assessment Tool

The collection of structured information is currently carried out, to a large extent, by means of questionnaires, i.e. paper documents collected with the client in order to describe the risk situation. This approach presents a number of complexities, not only related to the confidentiality of the data sent by e-mail (with the associated security problems), but also to the partial compilation of the data and, above all, to the almost total absence of feedback to the client.

"The paradox of technology also applies to the art ecosystem: it is not enough to use it, you must also have the knowledge and, above all, the understanding of how and why!"

In this case, ARTE Generali's idea was once again to use a digital platform that not only allows the collection of data and information structured according to individual risk situations, with a shared use model between insurer and intermediary, but that also links this platform to the company's databases by integrating geo-referenced information (hail, earthquakes, floods, landslides). The aim is to enable the insurer to give the intermediary and the client rapid feedback on the level of their risk, similar to medical analyses, leaving the intermediary the opportunity to comment in more detail with the client.

4. A new humanism: technology at the service of human capacities

The implementation of technological advances in the art world is greeted with both hope and concern, and both sentiments are understandable. Many actors along the value chain are struggling to navigate the innovations flooding the market and fear that their work will be replaced by artificial intelligence.

This is why it is crucial to understand and use technology with a purpose, which should be to provide actors with tools that support, not replace, human capabilities and ultimately improve quality of life. Our investment in technology is accompanied by an equally important commitment to a structured change management plan that, in a first phase, leads our employees to apply new models and tools and, in a second phase, involves our trusted intermediary partners in this collaborative mode. Although we knew from the outset that we would encounter resistance to change (the art world is certainly not process-oriented!), we know that we must continue to bring out the quality of human skills supported by technology. The paradox of technology also applies to the art ecosystem: it is not enough to use it, you must also have the knowledge and, above all, the understanding of how and why!

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THE AUTHORS

Italo Carli

Head of ARTE Generali Italy

Italo Carli, Head of ARTE Generali Italy, holds a degree in Electronic Engineering from the Politecnico of Milan. He started his career in the world of information technology before moving to the insurance industry and specialising in the field of art. He has held various management positions in the insurance industry, in both organisational and technical-sales roles.

He holds conferences and courses in the most distinguished Italian universities on the world of fine art and risk management for cultural heritage. He has extensive knowledge in the field of art technology, combining insurance expertise with his training as an engineer.



Camilla Marangoni

Head of Digital and Transformation Projects, ARTE Generali

Growth mindset thinker and ruthless adventurer with a keen interest in sustainable change. Academic background in Philosophy and Business administration with 7+ years of experience in Strategy, Innovation, and Communication.



Letizia Miranda

Head of Digital Marketing, ARTE Generali

Letizia has built her career over 10 years in Sales and Marketing in Japan and Europe, and thanks to her experience with big data in e-commerce marketing planning, she has developed a strong data-driven mindset. She currently manages ARTE Generali's O2O marketing planning and execution across all touchpoints.

