

Indemnity for Loans Subsidy Scheme 2005

Ministerial Regulation of the State Secretary for Education, Culture and Science, M.C. van der Laan, and the Minister of Finance of 12 October 2004, no. WJZ/2004/46206(8150), adopting a new indemnity scheme for exchanges under loan-for-use arrangements between museological institutions on the grounds of the Funding Decree regarding Cultural Expression [*Bekostigingsbesluit cultuuruitingen*] (Indemnity for Loans Subsidy Scheme 2005) [*Subsidieregeling indemniteit bruiklenen 2005*]

Medy C. van der Laan, State Secretary for Education, Culture and Science, and the Minister of Finance;

General explanation

For museums, both at home and abroad, the organisation of big temporary exhibitions and the arrangement of long-term loans of separate cultural objects are among the most important opportunities to discharge themselves of their duty to display art objects and, thus, to encourage cultural participation. It is the Minister's responsibility to facilitate this way of cultural participation. However, the organisation of temporary exhibitions and the arrangement of long-term loans involving objects other than those from the museum's own collection present challenging tasks. Where possible, the situation where Dutch museums encounter declining recognition in the international circuit, on the one hand due to restrictions of a budgetary nature and, on the other, due to the high costs involved in such projects, must be avoided. Insurance premiums constitute an important element of these costs. The cost of insurance has become very high, on account of the - very often spectacular - increase in the value of art works of the past decades. In view of these problems, the Indemnity for Loans Subsidy Scheme (hereafter "the Indemnity Scheme") was brought about. Up until now, the indemnity scheme merely applied to temporary exhibitions, subject to the condition that the objects are displayed in a context usually not seen in the Netherlands. Because of this condition, such exhibitions mostly contain objects from abroad. As stated above, comparable problems occur with the arrangement of long-term loans of separate cultural objects. Up until now, there was no possibility to limit insurance premiums for long-term exchanges under loan-for-use arrangements of separate cultural objects between Dutch and foreign museological institutions. It has now turned out to be possible to adjust the indemnity scheme to the needs of Dutch museological institutions in such a way that it will also apply to the long-term loan of objects of exceptional importance from abroad from now on.

In 2003, Ecorys-Nei, a consultancy and research firm, and the Insurance Institute of Erasmus University investigated how the indemnity scheme had functioned over the past years. In December 2003, this resulted in the report entitled "*Vrij verkeer van collecties*" [free movement of collections]. The Netherlands Court of Audit [*Algemene Rekenkamer*] also investigated the implementation of the indemnity scheme in more detail in 2003, reporting on its findings in the report entitled "*Rapport bij het Jaarverslag 2003 van het Ministerie van Onderwijs, Cultuur en Wetenschap (VIII)*" [Report with the Annual Report 2003 of the Ministry of Education, Culture en Science (VIII)] (Parl. Doc. II, 2003/04, 29 540, no. 17, section 4.3.4, p. 32). The investigations have revealed that the implementation of the indemnity scheme and the indemnity scheme itself are open to improvement. For example, many museums find the application procedure for an indemnity certificate too cumbersome. In implementing the indemnity scheme, their administrative capacity is burdened too much. Some museums have supposedly refrained from invoking the indemnity scheme because of this.

It has been considered whether the outcome of the two investigations provides a basis for the improvement and simplification of the indemnity scheme. This turned out to be possible. Eventually, it was decided to introduce a number of changes, which may be summarised as follows.

1. The subsidy maximum of EUR 227 million per year will be increased to EUR 230 million at any time.
2. In part thanks to this increase, it will be possible to let the Indemnity Scheme apply to long-term loans.
3. The percentage of the economic value of the objects to be insured, and to be guaranteed by the Government, will be doubled.
4. Simplification of the procedure, both as regards the subsidy application and the determination of the subsidy. From now on, a subsidy will be determined only if the risk to which the indemnity certificate applies has materialised.

The points referred to here will be addressed in more detail in the remainder of this explanation.

The purpose of the Scheme is to contribute to the organisation of exhibitions and to the exhibition of specific cultural items of exceptional importance by limiting insurance costs. This purpose is achieved by the Government taking over part of the risk in connection with the loss of or damage to any cultural items granted on loan, by means of granting a subsidy. In this connection, a guarantee is granted rather than that money is immediately paid. The guarantee means that a subsidy is granted subject to the condition precedent that a

contingency occurs, i.e. the loss of or damage to the cultural item granted on loan. It is not until such loss or damage occurs that a subsidy is actually granted and money is actually paid to compensate for the loss or damage. If no loss or damage occurs (which has been the case so far), the condition precedent has not been fulfilled and no subsidy is granted.

The statutory basis for the subsidies is the Dutch Act on the Specific Cultural Policy [*Wet op het specifiek cultuurbeleid*]. This Act is worked out in the Funding Decree regarding Cultural Expression [*Bekostigingsbesluit cultuuruitingen*] (hereafter "the Decree") and in ministerial regulations. The indemnity scheme is one of such regulations. The indemnity scheme pertains to project subsidies or, in other words, to one-off subsidies. Because of the numerous changes made to the indemnity scheme, it is presented as a new scheme. In this connection, the Scheme was given a new official title, i.e. the Indemnity for Loans Subsidy Scheme 2005 [*Subsidieregeling indemniteit bruiklenen 2005*]. This scheme will hereafter also be referred to as "the Indemnity Scheme".

The subsidy process commences with the submission of a subsidy application, referred to as an "application for an indemnity certificate" in the Indemnity Scheme. This means that, at least 13 weeks before the start of an exhibition or long-term loan, an application is filed which is substantiated by a project plan (Article 11 of the Decree). A liquidity forecast as referred to in Article 11 of the Decree does not need to be appended. Subject to Article 49 of the Decree, this rule will not be applicable. The application must be accompanied by at least one insurance proposal with respect to the risk of loss or damage (Article 4 of the Indemnity Scheme). In the event that two or more objects are involved, a list of objects is also to be appended. In other words, there can be no misunderstanding about the question as to what objects granted on loan are to be covered by the Scheme. In the event that the application pertains to an exhibition, an exhibition plan must be submitted.

The subsidy application is to be filed with the Netherlands Collection Institute [*Instituut Collectie Nederland*] (hereafter "the ICN"; address: Postbus 76709, 1070 KA Amsterdam, the Netherlands; tel. +31.(0)20 305 4545). The ICN handles the entire subsidy process. In other words, in some cases, the ICN will grant and, if necessary, determine the subsidy. The ICN, a department falling directly under the Minister of ECS, will be granted a mandate for this purpose. In granting a subsidy, the ICN will assess whether the subsidy application satisfies the requirements set in the Indemnity Scheme. This means that the ICN will check not only whether a number of factual requirements have been met (statement of the applicant's name and address, statement of a date, and statement of the requested decision), but also whether the more substantive requirements set by the Indemnity Scheme

have been satisfied. These requirements, in particular, pertain to the question as to whether the exhibition or the object to be granted on loan is of exceptional importance or whether savings are achieved on the cost of insurance, whether the applicant satisfies the security requirements set in connection with the objects to be exhibited and whether the risk to be assumed by the Government is acceptable. The ICN may grant a sub-mandate, for example to experts who assess whether the security requirements are or can be satisfied.

Should the ICN, on behalf of the Minister, decide to grant a subsidy, it shall lay down this decision in a subsidy-granting decision (Article 2, first paragraph, of the Indemnity Scheme). The analogous application of the conditions agreed upon for the - private - insurance for the objects to be exhibited (Article 3, third paragraph, of the Indemnity Scheme) will form part of the decision. For example, these conditions will pertain to the exclusion of specific risks, the computation of the cost of repair in the event of damage, the passage of rights in the event of the loss of objects after payment of damages and what to do when objects that were missing are recovered.

As stated above, the subsidy-granting decision does not result in the payment of money. Money will be paid only if the risk of loss or damage actually materialises. The subsidy-granting decision is a decision within the meaning of the Dutch General Public Administration Act [*Algemene wet bestuursrecht*]. This is why the decision is open to objection and appeal on the grounds of the Act.

Should no loss or damage occur, then neither the relevant institution nor the Minister will need to take any action and the indemnity certificate will lapse four months after the exhibition or long-term loan has ended (Article 6 of the Indemnity Scheme).

Should a loss or damage occur, then the institution must report this to the ICN in writing as soon as possible (Article 22 of the Decree), setting forth the cause of the loss or damage. In the event of damage, an exact description of the damage must also be provided. Furthermore, any relevant documents, if any have been prepared, such as an official report and a claim report, are to be appended. The duty to report is relevant, because - in the event of the loss of or damage to one or more of the insured objects - there *is* reason to determine the subsidy. In determining such subsidy, the loss suffered must be determined exactly. In view of a supple handling in such a case, it is of importance that the ICN is informed about the incident as soon as possible.

In the event of loss or damage, the institution may, during a period of four months after the exhibition or long-term loan has ended, request the ICN to determine the subsidy (Article 33 of the Decree). For this purpose, an application to determine the subsidy must be filed (Article 8 of the Indemnity Scheme). The data already submitted to the ICN at a previous stage are to be incorporated in the application. The 4-month period is rather long, but necessary. To start with, the cultural objects must be transported to their place of origin. Furthermore, during transit, there is also the possibility that the items are lost or damaged. Also, the careful preparation of the application to determine the subsidy takes time. Finally, it may be desirable to add reports of loss adjusters to the application. After receipt of the application to determine the subsidy, the Minister shall take a decision, which he or she will lay down in a subsidy-determination decision. The subsidy-determination decision is also open to objection and appeal on the grounds of the General Public Administration Act.

Compared to the scheme that used to apply, the Indemnity Scheme has been changed and simplified quite a bit, in particular where the following points are concerned. First, to date, three proposals had to be submitted of insurers willing to insure the cultural items against the risk of loss or damage. In practice, it has become evident that such a requirement is not effective, considering the small number of insurers specialising in the insurance of works of art. For this reason, it is now allowed to submit fewer than three insurance proposals.

Second, after the institution has been granted an indemnity certificate, the institution does not have to take any action if no loss or damage occurs, as the indemnity certificate will lapse in that case. Since no cases of loss or damage have arisen so far, this means a considerable simplification of the procedure.

Third, the entire subsidy process - both the granting of a subsidy and its determination (the latter obviously if applicable) - will be fully handled by the ICN. From the administrative perspective, this means that the procedure has been simplified and that subsidy decisions can be handled faster than they have been up till now.

Fourth, Schedule I of the withdrawn indemnity scheme will no longer be necessary. This Schedule contains conditions in connection with the entitlement to funds in the event of loss or damage. According to the Schedule, these conditions apply only to the extent that no supplementary insurance has been taken out for the objects granted on loan. Since, in the cases to which the indemnity scheme applies, a - supplementary - insurance is *always* taken out with a private insurer, the Schedule was never applied in practice. The conditions

applying to the private insurance policy to be taken out have now been declared applicable by analogy.

Fifth, Schedule II of the withdrawn indemnity scheme (currently the only Schedule) has been simplified. This Schedule, which deals with security, no longer consists of an extensive questionnaire, but of five obligations phrased in general terms in connection with the security of the objects to be received on loan. The simplest possible system applies to these obligations. To the extent that the obligations prescribe that documents be prepared (a valid risk evaluation and analysis, as well as a contingency plan) or that they require precautions (measures ensuing from the risk evaluation and analysis), the institution may use the documents or precautions that are often already available or take these as a basis.

The Indemnity Scheme will be evaluated in 2008.

Having regard to Articles 2, 5, 5b, 11, fifth paragraph, 12, second paragraph, 32, first paragraph, 33, first paragraph, subsection a., 48 and 49 of the Funding Decree regarding Cultural Expression [*Bekostigingsbesluit cultuuruitingen*];

DECREE:

Section 1. General provisions

Article 1

For purposes of this Scheme, the following terms will have the following meanings.

- a. "Minister": the Minister of Education, Culture and Science
- b. "Decree": the Funding Decree regarding Cultural Expression [*Bekostigingsbesluit cultuuruitingen*]
- c. "Institution": an institution which is structurally financed to an important degree by the State or another government body and which specialises in the management of museological collections, the organisation of exhibitions or the exhibition of long-term loans
- d. "Object": an object of cultural and historical significance, together with its associated packaging, frame, framework, pedestal and such
- e. "Exhibition": a temporary exhibition in the Netherlands, organised by an Institution, which is of exceptional importance, in the Minister's opinion, because:
 - 1°. it offers an important view of periods, issues, persons or products of cultural and historical significance;
 - 2°. it intends to generate the public's manifest appreciation for the things or persons referred to in subsection 1°; and
 - 3°. it offers a broad compilation of important Objects in a context usually not seen in the Netherlands
- f. "Long-Term Loan": the granting on loan to an Institution for at least one year but no more than five years of an Object from abroad which, in the Minister's opinion, is of exceptional importance due to its display at that Institution in a context usually not seen in the Netherlands
- g. "Indemnity Certificate": decision pursuant to which a conditional entitlement to funds as referred to in Article 2 is granted

Section 2. Indemnity Certificate

Article 2

1. In consultation with the Minister of Finance, the Minister may grant an Institution an

entitlement to funds for the benefit of an Exhibition or Long-Term Loan, subject to the condition precedent of the loss of or damage to the Objects provided on loan by third parties.

2. The entitlement will be granted:

a. in the event of an Exhibition: to the extent that the operating results of the Exhibition show a deficit; or

b. in the event of a Long-Term Loan: to the extent that amounts over and above a threshold owed by the Institution are involved.

3. The total of the entitlements to funds in any financial year on the grounds of Indemnity Certificates will not at any time exceed the amount of EUR 230,000,000.

4. No more than ten percent of the amount referred to in the third paragraph may be earmarked for Long-Term Loans in any financial year.

Article 3

1. An Indemnity Certificate may be granted only if, in the Minister's opinion, in consultation with the Minister of Finance, an Institution has demonstrated that an Indemnity Certificate will result in savings on the cost of insurance in respect of the relevant Exhibition or Long-Term Loan.

2. Furthermore, an Indemnity Certificate may be granted only if, in the Minister's opinion, there is a proportional relationship between the interest of the Exhibition or Long-Term Loan and the savings referred to in the first paragraph, on the one hand, and the risk to be assumed by the Government, on the other.

3. The conditions applying to the insurance policy in connection with which the Indemnity Certificate is granted will equally apply to the Indemnity Certificate.

Section 3. Application

Article 4

1. Without prejudice to Article 11 of the Decree, an application for an Indemnity Certificate must be accompanied by at least one insurance proposal.

2. Applications pertaining to various Objects must be accompanied by a list of the Objects to be granted on loan.

3. In the event of an application for the benefit of an Exhibition, an Exhibition plan must also be submitted.

4. In assessing an application and preparing for the granting of an Indemnity Certificate, the Minister may request that a valid risk evaluation and analysis be submitted, that information be provided about the safety, security and monitoring to be observed in respect of the loans to which the application pertains, or that the organisational, structural and electronic security

measures be shown to him or her on site, all this as referred to in sections 1, 4 and 5 of the Schedule hereto.

Section 4. Granting a Subsidy

Article 5

Decisions with respect to applications will be taken in the order in which they have been received by the Minister.

Article 6

An Indemnity Certificate will lapse in the event that the Institution to which the Certificate was granted fails to notify the Minister, within four months after the relevant Exhibition or Long-Term Loan has ended, that the Objects to which the Indemnity Certificate pertains are lost or have been damaged, in its opinion.

Section 5. Obligations

Article 7

Without prejudice to the obligations referred to in Chapter IV of the Decree, for the Institution to which an Indemnity Certificate is granted, the grant will be subject to the obligations included in the Schedule hereto, in view of the security of the Objects to be exhibited.

Section 6. Determination of the Subsidy

Article 8

In the event that any Objects to which the Indemnity Certificate pertains are lost or damaged during the period for which the Indemnity Certificate applies, the recipient of the subsidy shall send the Minister not only a report on the activities as referred to in Article 33, first paragraph, subsection a., of the Decree, but also an overview with a computation of the damage sustained.

Section 7. Final Provisions

Article 9

The Indemnity for Loans Subsidy Scheme has been withdrawn.

Article 10

This Scheme will enter into force with effect from 1 January 2005.

Article 11

This Scheme may be cited as "the Indemnity for Loans Subsidy Scheme 2005"
[*Subsidieregeling indemniteit bruiklenen 2005*].

This Scheme will be published in the Dutch Official Gazette [*Staatscourant*] together with its explanation.

The State Secretary for Education, Culture and Science,

(Medy C. van der Laan)

The Minister of Finance,

(G. Zalm)

Schedule as referred to in Article 7 of the Indemnity for Loans Subsidy Scheme 2005
[*Subsidieregeling indemniteit bruiklenen 2005*]

Obligations in connection with security

An Institution to which an Indemnity Certificate is granted must fulfil the following obligations during the period to which the Indemnity Certificate pertains, in view of the security of the loans to be exhibited.

1. The Institution shall have a valid risk evaluation and analysis for all Objects managed by the Institution.
2. The Institution has taken adequate measures for the loans to which the Indemnity Certificate pertains, on the basis of the risk analysis referred to in section 1.
3. The Institution shall have a valid contingency plan for persons, buildings and the loans to which the Indemnity Certificate pertains.
4. The Institution shall provide the Minister at his or her request with information about the safety, security and monitoring of the loans to which the Indemnity Certificate pertains.
5. The Institution shall show the Minister at his or her request the organisational, structural and electronic security measures on site.

Article-by-Article Explanation

Article 1, section c.

Not only museums with a permanent museological collection, but also institutions not managing such a collection, such as *Stichting Beurs van Berlage*, *Stichting Projecten De Nieuwe Kerk* in Amsterdam and the *Kunsthall Rotterdam*, organise exhibitions of exceptional importance. The latter institutions also fall directly under the scope of the Indemnity Scheme. The term "Institution" in section c. pertains to institutions managing a permanent museological collection and to institutions that do not do so, but that specialise in the organisation of exhibitions.

As the description of the term "Institution" shows, an institution must satisfy two criteria. It must be financed structurally by the Government and it must be publicly accessible. In other words, the Indemnity Scheme does not apply to private commercial institutions.

Article 1, section e.

Section e. defines the term "Exhibition". The definition shows that the indemnity certificates cannot be issued for any exhibition. The Scheme is intended for temporary exhibitions in the Netherlands, organised by an institution structurally financed by the Government, subject to the requirement that the exhibition should be of exceptional importance. The criteria on the basis of which the exceptional importance is established by the Minister are included in subsections 1°, 2° and 3° of section e. So the fact that precious objects are on display during an exhibition does not in itself mean that the exhibition is eligible for application of the Scheme. The three criteria must be applied cumulatively.

The Minister shall assess the interest of the exhibition. The question also to be answered in this respect is what would be lost for Dutch cultural life if a planned exhibition does not take place. Or, put in positive terms, what is the expected added value of the intended exhibition for Dutch cultural life. The special interest set as a criterion by the Scheme pertains to a level that is considerably higher than is the case for a regular exhibition in a museological institution. Comparable exhibitions at home and abroad are involved in the assessment. If the exhibition wants to be eligible for application of the Indemnity Scheme, it must "stand out", from the national perspective. It must also be able to pass the test of comparison with important exhibitions abroad. Expected visitor numbers are not of decisive importance in the assessment, although the fact that the exhibition must be able to draw the public's attention will obviously play a part.

Article 1, section f.

Section f. contains the definition of the term "Long-Term Loan". This term contains four elements. The first is the "loan" element. This is understood to mean the fact that an object is made available to an institution for no consideration, subject to it being returned. The second element pertains to the duration of the loan. The word "long-term" in the definition is understood to mean a period of at least one but no more than five years. The third element is that the loan may pertain to objects from abroad only. The last element is that the object must be of exceptional importance, because the institution which will be granted the object on loan will display it in a context usually not seen in the Netherlands.

Article 2, first paragraph

Under the first paragraph of Article 2, the highest amount for which indemnity will be granted will be set in the decision with respect to the application in which indemnity is granted.

Article 2, second paragraph

The second paragraph of Article 2 elaborates the scope of the entitlement to funds as referred to in the first paragraph. In this connection, a distinction must be made between an entitlement granted for an exhibition and that granted for a long-term loan.

As regards the entitlement granted in connection with an exhibition, a deficit will be subsidised (second paragraph, subsection a.). On the grounds of the second paragraph, subsection a., an operating deficit of the relevant institution will be eligible for a subsidy, in particular to the extent that the deficit is caused by a claim (for damages) filed against the institution by third parties on account of damage to or the loss of objects granted on loan by those third parties for the benefit of an exhibition. In the event that such has been stipulated in granting the indemnity certificate, the museological institution's own contribution may be taken into account in determining the deficit eligible for a subsidy on the grounds of the Scheme.

A basically comparable provision (second paragraph, subsection b.) applies to the entitlement granted in connection with a long-term loan. Here too, the institution will be eligible for a subsidy in the event of a claim being filed against the institution by third parties on account of damage to or the loss of objects granted on loan by those third parties. In this case, however, the museological institution's own contribution is always taken into account in the subsidy. This contribution will be determined when the subsidy is granted, i.e. when the indemnity certificate is granted.

Article 2, third paragraph

For budgetary reasons, a subsidy maximum applies to this guarantee subsidy scheme, which may not at any time exceed the amount of EUR 230 million. Up until now, a restriction applied to the effect that the subsidy maximum amounted to EUR 227 million per financial year. This meant that all guaranteed amounts granted in any financial year cumulated to the extent that they pertained to that year. As a consequence, the subsidy maximum could be exceeded relatively easily. A subsidy maximum of EUR 230 million at any time has now been opted for. As a result, more effective use is made of the nature of the Indemnity Scheme, as the amount of the non-cashed guarantee can obviously be used again for the benefit of new indemnity certificates if the indemnity certificate is not used. This is the structure that has been chosen. Should no loss or damage have occurred, then the guaranteed amount determined in the indemnity certificate will be released to be added to the amount available within the framework of the subsidy maximum when the subsidy relationship ends. In other words, the subsidy maximum is not "used up" in a cumulative fashion in the course of a year, but is kept level, so to speak.

In the subsidy practice, the subsidy maximum has worked well. It has become clear that having the guarantee subsidy, as well as taking out supplementary insurance on the private insurance market, is the most effective thing to do. In this connection, it is of importance that the granting of indemnity reduces the cost of such insurance, so that the purpose of the Scheme is achieved.

Article 3

In general, the Decree already sets the requirement that the need for a subsidy must be demonstrated. The Scheme sets further requirements in Article 3. The need for an indemnity certificate must be demonstrated in advance on the basis of financial data. In consultation with the Minister of Finance, the Minister shall assess whether an indemnity certificate will result in a reduction of insurance costs (Article 3, first paragraph). The Minister shall also assess whether there is a proportional relationship between the interest of the exhibition or long-term loan and the savings, on the one hand, and the risk to be assumed by the Government, on the other (Article 3, second paragraph). In this connection, the following questions may also be relevant.

- If the exhibition is also organised in countries other than the Netherlands, does a foreign Indemnity Scheme apply that covers part of the risk (e.g. incoming transport)?
- Is the exhibition sponsored?

In connection with the Minister's assessment, it is of importance that the financial data and, in so far as still necessary, the data on security are made available to their fullest extent upon application.

Under Article 11 of the Decree, the application must be filed at least 13 weeks before the start of - transport for - the exhibition. In granting indemnity certificates, the 8-week decision period as referred to in Section 4:14 of the Dutch General Public Administration Act [*Algemene wet bestuursrecht*] will apply, subject to the option of notifying the applicant that the decision will not be taken within the said period, but stating a reasonable period within which the decision can be expected. In connection with the long preparation time needed for major exhibitions, it is of importance for the museological institution to obtain certainty about the indemnity certificate at an early stage. So, considering the subsidy maximum stated in Article 2, third paragraph, and the handling of the applications according to their order of receipt (Article 5), it is equally important and possible to submit the application at an early stage, say one year in advance. Section 4:14 of the General Public Administration Act will then ensure that, in principle, a decision will be taken with respect to the application within eight weeks. During the relatively long period between the granting of the indemnity certificate and the actual start of the exhibition, however, circumstances may occur, for instance a decrease or increase in the number of loans, which may affect the decision already taken. Under the applicable subsidy provisions (Article 22 of the Decree), the applicant must promptly report any such circumstances. This may lead to a change or, in the last resort, withdrawal of the indemnity certificate.

Article 4

Applications for indemnity certificates may be compared to applications for project subsidies. Article 4 contains a number of special requirements which must be satisfied in the subsidy application or which may be set.

On the grounds of the provisions laid down in Section 8, fifth paragraph, of the Dutch Act on the Specific Cultural Policy [*Wet op het specifiek cultuurbeleid*], the Minister may set further conditions when granting an indemnity certificate. Such conditions may, for instance, pertain to the deductible to be borne by the applying institution.

Article 4, first paragraph

The basis for the subsidy application is Article 11 of the Decree. Under this Article, the application must contain adequate data on the basis of which the exhibition or long-term loan may be tested against the criteria laid down in the Scheme. Article 11 provides that the

application is to be substantiated by a project plan and a budget, and must furthermore be accompanied by a liquidity forecast. As stated in the general part of the explanation, a liquidity forecast need not be submitted.

The first paragraph of Article 4 stipulates that at least one insurance proposal must be appended. Such a proposal should provide an insight into the discount on the premium to be achieved with indemnity. Therefore, the discount percentages to be achieved for three to four possible indemnity amounts must be stated. The ultimate amount, which will in part be determined by the total insured value of the exhibition or the object granted on long-term loan, will be included in the indemnity certificate. The proposal must also state the gross premium, without indemnity. In the event of an exhibition also organised in other - foreign - museums not eligible for indemnity, the broker in question may see to insurance for the entire tour. In that case, the proposal must provide an insight into the insurance costs and the consequences of any indemnity in respect of the exhibition organised in the applying institution separately from the total insurance costs.

Article 4, second paragraph

It goes without saying that a list of objects to be granted on loan is drawn up in such a way that no misunderstanding can arise at a later stage about the objects themselves, or about their condition and value. A proper description will prevent any differences of opinion in the event that any loss is to be adjusted.

Article 4, fourth paragraph

It is possible that the ICN, which executes the Scheme on behalf of the Minister, requires even more specific information, apart from the data already stated in the application for an indemnity certificate *c.a.*, in order properly to assess the application. The fourth paragraph offers the ICN the possibility to obtain such information. The obligations referred to in subsections 1, 4 and 5 of the Schedule to the Scheme have been taken as a basis in this respect. The further information may consist of:

- a valid risk evaluation and analysis for all objects managed by the institution (point 1 of the Schedule);
- information about the safety, security and monitoring of the loans to which the indemnity certificate applies (point 4 of the Schedule); and/or
- the on-site demonstration of the organisational, structural and electronic security measures (point 5 of the Schedule).

A "valid risk evaluation and analysis" is understood to mean a risk evaluation and analysis not only for objects already held by the institution at the time of the evaluation and analysis, but also for the loans for which the application for an indemnity certificate was filed.

Should the applicant of an indemnity certificate fail to comply with a request for further information as stated above, the ICN shall allow this applicant to accommodate the request after all within a reasonable period (not exceeding eight weeks). Should the applicant not avail itself of this opportunity, the ICN may decide not to process the application (Section 4:5 of the General Public Administration Act).

Article 7

It is of importance that adequate security requirements are also satisfied during the period for which the indemnity certificate applies. Five general obligations have been included in the Schedule to the Indemnity Scheme for that purpose.

Reference is made to the explanation of Article 4, fourth paragraph, for the meaning of the word "valid" in the obligation set forth in point 1 of the Schedule. The word "valid" is also used in the description of the obligation laid down in point 3 of the Schedule. The meaning of that word also corresponds with that set forth in the explanation of Article 4, fourth paragraph.

The State Secretary for Education,
Culture and Science,

Medy C. van der Laan

The Minister of Finance,

G. Zalm