

Small Business and Commerce: Baxter, Chair; Hanson and Lonergan.

Amend per 5332 & Do Pass 2/28 (p. 612)

FEB 13 1984

HOUSE FILE 2284

BY BAXTER and CHIODO

SMALL BUSINESS AND COMMERCE

Passed House, Date 3-9-84 (p. 860) Passed Senate, Date 3/26/84 (p. 1027)
Vote: Ayes 96 Nays 0 Vote: Ayes 47 Nays 0
Approved 4-12-84 (p. 1969)

A BILL FOR

1 An Act relating to agreements for indemnification by the
2 state in the event of loss of or damage to certain art
3 objects and artifacts borrowed by nonprofit organizations
4 or governmental entities for special exhibits.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HOUSE FILE 2284

H-5332

1 Amend House File 2284 as follows:

2 1. Page 2, by striking lines 33 and 34 and
3 inserting in lieu thereof the words "submitted to
4 the department of general services which, through
5 its division of risk management, shall review the
6 application".

7 2. Page 3, line 2, by striking the word "division"
8 and inserting in lieu thereof the word "department".

9 3. Page 3, by inserting after line 15 the
10 following:

11 "3. If the division of risk management of the
12 department of general services is not staffed, the
13 department shall utilize the services of a consultant
14 in carrying out the division's duties under this
15 chapter."

16 4. Page 3, line 18, by striking the word "division"
17 and inserting in lieu thereof the words "department
18 of general services".

19 5. Page 4, line 11, by inserting after the word
20 "time." the words "The agreements, together with the
21 claims paid to date, shall not exceed one million
22 dollars at any one time."

23 6. Page 4, line 15, by striking the word "division"
24 and inserting in lieu thereof the words "department
25 of general services which, through its division of
26 risk management, shall review the claims".

27 7. Page 4, line 19, by striking the word "division"
28 and inserting in lieu thereof the word "department".

29 8. Page 4, line 26, by inserting after the word
30 "fund" the words "out of any funds not otherwise
31 appropriated".

BY COMMITTEE ON SMALL
BUSINESS AND COMMERCE

H-5332 FILED FEB. 28, 1984

Adopted 2/9 (p. 860)

HF 2284

1 Section 1. Section 304A.5, Code 1983, is amended by add-
2 ing the following new subsection:

3 NEW SUBSECTION. Administer the program of agreements for
4 indemnification by the state in the event of loss of or damage
5 to special exhibit items established by sections 304A.15
6 through 304A.24.

7 Sec. 2. NEW SECTION. 304A.15 DEFINITIONS. When used
8 in sections 304A.15 through 304A.24, unless the context
9 otherwise requires:

- 10 1. "Council" means the Iowa state arts council.
- 11 2. "Director" means the director of the council.
- 12 3. "Division" means the division of risk management of
13 the department of general services.
- 14 4. "Indemnity agreement" means an agreement authorized
15 by section 304A.16.
- 16 5. "Nonprofit organization" means a corporation organized
17 under chapter 504 or 504A or which holds a permit or
18 certificate under chapter 504 or 504A to do business or conduct
19 affairs in this state.

20 Sec. 3. NEW SECTION. 304A.16 AGREEMENTS TO INDEMNIFY
21 AGAINST LOSS OF OR DAMAGE TO SPECIAL EXHIBIT ITEMS.

22 1. The director of the Iowa state arts council, after
23 receiving the advice and recommendations of the council, may
24 make agreements on behalf of the state to indemnify against
25 loss of or damage to eligible special exhibit items of public
26 educational, cultural, artistic, historical or scientific
27 significance borrowed from outside the state by nonprofit
28 organizations or governmental entities as provided in sections
29 304A.15 through 304A.24.

30 2. The director, after consultation with the council,
31 shall adopt rules for the administration of sections 304A.15
32 through 304A.24.

33 Sec. 4. NEW SECTION. 304A.17 ITEMS ELIGIBLE FOR INDEMNITY
34 AGREEMENTS.

35 1. Except as provided in subsection 2, the following items

1 are eligible for inclusion in an indemnity agreement if they
2 are of public educational, cultural, artistic, historical
3 or scientific significance and constitute a portion of a
4 special exhibition having an estimated aggregate fair market
5 value of at least two hundred fifty thousand dollars:

6 a. Works of art, including tapestries, paintings,
7 sculpture, folk art, graphics and craft arts.

8 b. Manuscripts, rare documents, books and other printed
9 or published material.

10 c. Photographs, motion pictures, video tapes and audio
11 tapes.

12 d. Other artifacts.

13 2. Items which are eligible for a federal indemnity
14 agreement under the Arts and Artifacts Indemnity Act, 20
15 U.S.C. sec. 971 to 977, and regulations under that Act, are
16 not eligible for inclusion in a state indemnity agreement.

17 Sec. 5. NEW SECTION. 304A.18 APPLICATIONS. A nonprofit
18 organization or governmental entity desiring to obtain an
19 indemnification agreement for special exhibit items it proposes
20 to borrow from outside this state may submit an application
21 to the director. The application shall:

22 1. Describe each item to be covered by the indemnity
23 agreement, including the estimated value of the item.

24 2. Show evidence that the items are eligible under sec-
25 tion 304A.17.

26 3. Set forth policies, procedures, techniques and methods
27 with respect to preparations for and the conduct of the exhi-
28 bition, including arrangements for transportation of the
29 items.

30 Sec. 6. NEW SECTION. 304A.19 REVIEW AND DETERMINATION
31 AS TO QUALIFICATION FOR INDEMNITY COVERAGE.

32 1. Every application received by the director shall be
33 submitted to the division of risk management of the department
34 of general services. The division shall review the application
35 and determine whether the applicant qualifies for indemnity

1 coverage under sections 304A.15 through 304A.24. The criteria
2 for qualification shall be prescribed by rule of the division
3 and shall include but not limited to:

4 a. Physical security of the applicant's exhibition
5 facilities and of the means of transportation of the items.

6 b. Experience and qualifications of the applicant's
7 director, curator, registrar or other staff.

8 c. Eligibility of the applicant's exhibition facilities
9 for commercial insurance coverage of art objects and artifacts
10 exhibited there.

11 d. Availability of proper equipment to protect art objects
12 and artifacts from damage from extremes of temperature or
13 humidity or exposure to glare, dust or corrosion.

14 2. The division may consult with experts as necessary
15 to carry out its duties under this section.

5332 16 Sec. 7. NEW SECTION. 304A.20 REVIEW AND DETERMINATION
17 AS TO ELIGIBILITY AND ESTIMATED VALUE OF ITEMS.

5332 18 1. If the division determines that the applicant qualifies
19 for indemnity coverage, the director shall review and determine
20 the validity of other portions of the application, including
21 the eligibility of items for which coverage by an indemnity
22 agreement is sought and the estimated value of those items.

23 2. The director may order an appraisal of the items by
24 an independent appraiser at the expense of the applicant.

25 3. The council shall designate a committee of experts
26 to advise the director in determining the eligibility and
27 estimated value of the items. The director shall not approve
28 an estimated value without the approval of the committee.

29 Sec. 8. NEW SECTION. 304A.21 APPROVAL--TERMS. If the
30 director determines that the application meets all requirements
31 for approval, the director shall approve the application and
32 on behalf of the state enter into an indemnity agreement with
33 the lender and the applicant whereby the state becomes liable
34 to indemnify against loss of or damage to the items specified
35 in the agreement. The agreement shall cover the specified

1 items from the time they leave the premises of the lender,
2 or other place designated in writing by the lender, until
3 the time the items are returned to the premises of the lender
4 or other designated place.

5 Sec. 9. NEW SECTION. 304A.22 LIMITATIONS.

6 1. Coverage under sections 304A.15 through 304A.24 shall
7 extend only to loss or damage in excess of the first twenty-
8 five thousand dollars in connection with a single exhibition.

9 2. Indemnity agreements entered into by the director shall
10 not exceed an aggregate value of one million dollars at any
11 one time.

12 Sec. 10. NEW SECTION. 304A.23 CLAIMS.

13 1. Claims for losses covered by indemnity agreements under
14 sections 304A.15 through 304A.24 shall be submitted to the
15 division. If the division determines that the loss is covered
16 by the agreement, the division shall certify the validity
17 of the claim and authorize payment of the amount of loss,
18 less any deductible portion, to the lender.

19 2. The division shall prescribe rules providing for prompt
20 adjustment of valid claims. The rules shall include provisions
21 for the employment of consultants and for the arbitration
22 of issues relating to the dollar value of damages involving
23 less than total loss or destruction of covered items.

24 3. The authorization for payment shall be forwarded to
25 the comptroller, who shall issue a warrant for payment of
26 the claim from the state general fund.

27 Sec. 11. NEW SECTION. 304A.24 ANNUAL REPORT. The
28 director shall report annually to the legislature concerning:

29 1. Claims, if any, actually paid pursuant to sections
30 304A.15 through 304A.24, during the preceding fiscal year.

31 2. Claims pending as of the close of the preceding fiscal
32 year.

33 3. The aggregate face value of indemnity agreements entered
34 into which are outstanding at the close of the preceding
35 fiscal year.

EXPLANATION

1
2 This bill provides that a nonprofit organization or
3 governmental entity proposing to borrow art objects or
4 artifacts from outside the state for a special exhibition
5 may apply for an indemnity agreement whereby the state agrees
6 to indemnify the lender in the event of loss of or damage
7 to the covered items. Items must be part of a special
8 exhibition having an estimated value of two hundred fifty
9 thousand dollars or more to be eligible for coverage. The
10 aggregate value of indemnity agreements must not exceed one
11 million dollars at any one time. There is a twenty-five
12 thousand dollar deductible for which the sponsor could obtain
13 commercial insurance.

14 The director of the Iowa state arts council, with the
15 advice of the council and a committee of experts, would execute
16 the indemnity agreement if the applicants qualifications are
17 approved by the division of risk management of the department
18 of general services and the application meets other
19 requirements for approval. Claims would be processed by the
20 division of risk management.

21 The bill will require an appropriation to cover the in-
22 demnity agreements. It takes effect July 1 following its
23 enactment.

24
25
26
27
28
29
30
31
32
33
34
35

Sen. State Gov. 3/13 Do Pass 3/30 (p. 939)

HOUSE FILE 2284

State Government
Bruner, Chair
Slater
Nystrom

HOUSE FILE 2284

BY BAXTER and CHIODO

(As Amended and Passed by the House)

Passed House, Date 3-9-84 (p. 860) Passed Senate, Date 3-26-84 (p. 1027)

Vote: Ayes 96 Nays 0 Vote: Ayes 47 Nays 0

Approved April 12, 1984 (p. 1969)

A BILL FOR

1 An Act relating to agreements for indemnification by the
2 state in the event of loss of or damage to certain art
3 objects and artifacts borrowed by nonprofit organizations
4 or governmental entities for special exhibits.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HOUSE FILE 2284 FISCAL NOTE

REQUESTED BY REPRESENTATIVE BAXTER

In compliance with a written request received February 2, 1984, there is hereby submitted a Fiscal Note for HOUSE FILE 2284 pursuant to Joint, Rule 17. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the General Assembly upon request.

House File 2284 provides that a non-profit organization or governmental entity proposing to borrow art objects, or artifacts from outside the state for a special exhibition may apply for an indemnity agreement whereby the state agrees to indemnify the lender in the event of loss of or damage to the covered items. Items must be a part of a special exhibition having an estimated value of \$250,000 or more to be eligible for coverage. The sponsor would be responsible for losses up to \$25,000. The state would agree to cover losses in excess of \$25,000, with a maximum of \$1,000,000 being indemnified at any one time.

The director of the Iowa state arts council, with the advice of the council and a committee of experts, would execute the indemnity agreement if the applicant's qualifications are approved by the division of risk management of the department of general services and the application meets other requirements for approval. Claims would be processed by the division of risk management.

FISCAL IMPACT: This bill would require an annual expenditure of \$500.00 to cover travel expenses for one or two advisory panel meetings. No other expenses would occur unless a claim is filed. Risks are assumed to be low. Since the state of Iowa is basically self insured, the state would be assuming a potential liability of \$1,000,000.

Source: Arts Council (3573H, 84-124C, HML)
DEPARTMENT OF GENERAL SERVICES
FILED FEBRUARY 21, 1984 BY DENNIS PROUTY, FISCAL DIRECTOR

1 Section 1. Section 304A.5, Code 1983, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. Administer the program of agreements for
4 indemnification by the state in the event of loss of or damage
5 to special exhibit items established by sections 304A.15
6 through 304A.24.

7 Sec. 2. NEW SECTION. 304A.15 DEFINITIONS. When used
8 in sections 304A.15 through 304A.24, unless the context
9 otherwise requires:

- 10 1. "Council" means the Iowa state arts council.
- 11 2. "Director" means the director of the council.
- 12 3. "Division" means the division of risk management of
13 the department of general services.
- 14 4. "Indemnity agreement" means an agreement authorized
15 by section 304A.16.
- 16 5. "Nonprofit organization" means a corporation organized
17 under chapter 504 or 504A or which holds a permit or
18 certificate under chapter 504 or 504A to do business or conduct
19 affairs in this state.

20 Sec. 3. NEW SECTION. 304A.16 AGREEMENTS TO INDEMNIFY
21 AGAINST LOSS OF OR DAMAGE TO SPECIAL EXHIBIT ITEMS.

22 1. The director of the Iowa state arts council, after
23 receiving the advice and recommendations of the council, may
24 make agreements on behalf of the state to indemnify against
25 loss of or damage to eligible special exhibit items of public
26 educational, cultural, artistic, historical or scientific
27 significance borrowed from outside the state by nonprofit
28 organizations or governmental entities as provided in sections
29 304A.15 through 304A.24.

30 2. The director, after consultation with the council,
31 shall adopt rules for the administration of sections 304A.15
32 through 304A.24.

33 Sec. 4. NEW SECTION. 304A.17 ITEMS ELIGIBLE FOR INDEMNITY
34 AGREEMENTS.

35 1. Except as provided in subsection 2, the following items

1 are eligible for inclusion in an indemnity agreement if they
2 are of public educational, cultural, artistic, historical
3 or scientific significance and constitute a portion of a
4 special exhibition having an estimated aggregate fair market
5 value of at least two hundred fifty thousand dollars:

6 a. Works of art, including tapestries, paintings,
7 sculpture, folk art, graphics and craft arts.

8 b. Manuscripts, rare documents, books and other printed
9 or published material.

10 c. Photographs, motion pictures, video tapes and audio
11 tapes.

12 d. Other artifacts.

13 2. Items which are eligible for a federal indemnity
14 agreement under the Arts and Artifacts Indemnity Act, 20
15 U.S.C. sec. 971 to 977, and regulations under that Act, are
16 not eligible for inclusion in a state indemnity agreement.

17 Sec. 5. NEW SECTION. 304A.18 APPLICATIONS. A nonprofit
18 organization or governmental entity desiring to obtain an
19 indemnification agreement for special exhibit items it proposes
20 to borrow from outside this state may submit an application
21 to the director. The application shall:

22 1. Describe each item to be covered by the indemnity
23 agreement, including the estimated value of the item.

24 2. Show evidence that the items are eligible under section
25 304A.17.

26 3. Set forth policies, procedures, techniques and methods
27 with respect to preparations for and the conduct of the
28 exhibition, including arrangements for transportation of the
29 items.

30 Sec. 6. NEW SECTION. 304A.19 REVIEW AND DETERMINATION
31 AS TO QUALIFICATION FOR INDEMNITY COVERAGE.

32 1. Every application received by the director shall be
33 submitted to the department of general services which, through
34 its division of risk management, shall review the application
35 and determine whether the applicant qualifies for indemnity

1 coverage under sections 304A.15 through 304A.24. The criteria
2 for qualification shall be prescribed by rule of the department
3 and shall include but not limited to:

4 a. Physical security of the applicant's exhibition
5 facilities and of the means of transportation of the items.

6 b. Experience and qualifications of the applicant's
7 director, curator, registrar or other staff.

8 c. Eligibility of the applicant's exhibition facilities
9 for commercial insurance coverage of art objects and artifacts
10 exhibited there.

11 d. Availability of proper equipment to protect art objects
12 and artifacts from damage from extremes of temperature or
13 humidity or exposure to glare, dust or corrosion.

14 2. The division may consult with experts as necessary
15 to carry out its duties under this section.

16 3. If the division of risk management of the department
17 of general services is not staffed, the department shall
18 utilize the services of a consultant in carrying out the
19 division's duties under this chapter.

20 Sec. 7. NEW SECTION. 304A.20 REVIEW AND DETERMINATION
21 AS TO ELIGIBILITY AND ESTIMATED VALUE OF ITEMS.

22 1. If the department of general services determines that
23 the applicant qualifies for indemnity coverage, the director
24 shall review and determine the validity of other portions
25 of the application, including the eligibility of items for
26 which coverage by an indemnity agreement is sought and the
27 estimated value of those items.

28 2. The director may order an appraisal of the items by
29 an independent appraiser at the expense of the applicant.

30 3. The council shall designate a committee of experts
31 to advise the director in determining the eligibility and
32 estimated value of the items. The director shall not approve
33 an estimated value without the approval of the committee.

34 Sec. 8. NEW SECTION. 304A.21 APPROVAL--TERMS. If the
35 director determines that the application meets all requirements

1 for approval, the director shall approve the application and
2 on behalf of the state enter into an indemnity agreement with
3 the lender and the applicant whereby the state becomes liable
4 to indemnify against loss of or damage to the items specified
5 in the agreement. The agreement shall cover the specified
6 items from the time they leave the premises of the lender,
7 or other place designated in writing by the lender, until
8 the time the items are returned to the premises of the lender
9 or other designated place.

10 Sec. 9. NEW SECTION. 304A.22 LIMITATIONS.

11 1. Coverage under sections 304A.15 through 304A.24 shall
12 extend only to loss or damage in excess of the first twenty-
13 five thousand dollars in connection with a single exhibition.

14 2. Indemnity agreements entered into by the director shall
15 not exceed an aggregate value of one million dollars at any
16 one time. The agreements, together with the claims paid to
17 date, shall not exceed one million dollars at any one time.

18 Sec. 10. NEW SECTION. 304A.23 CLAIMS.

19 1. Claims for losses covered by indemnity agreements under
20 sections 304A.15 through 304A.24 shall be submitted to the
21 department of general services which, through its division
22 of risk management, shall review the claims. If the division
23 determines that the loss is covered by the agreement, the
24 division shall certify the validity of the claim and authorize
25 payment of the amount of loss, less any deductible portion,
26 to the lender.

27 2. The department shall prescribe rules providing for
28 prompt adjustment of valid claims. The rules shall include
29 provisions for the employment of consultants and for the
30 arbitration of issues relating to the dollar value of damages
31 involving less than total loss or destruction of covered
32 items.

33 3. The authorization for payment shall be forwarded to
34 the comptroller, who shall issue a warrant for payment of
35 the claim from the state general fund out of any funds not

1 otherwise appropriated.

2 Sec. 11. NEW SECTION. 304A.24 ANNUAL REPORT. The
3 director shall report annually to the legislature concerning:

4 1. Claims, if any, actually paid pursuant to sections
5 304A.15 through 304A.24, during the preceding fiscal year.

6 2. Claims pending as of the close of the preceding fiscal
7 year.

8 3. The aggregate face value of indemnity agreements entered
9 into which are outstanding at the close of the preceding
10 fiscal year.

HOUSE FILE 2284
FISCAL NOTE

REQUESTED BY SENATOR BRUNER

In compliance with a written request there is hereby submitted a Fiscal Note for House File 2284 as amended by H-5332 and passed by the House pursuant to Joint Rule 17.

House File 2284, as amended by committee amendment H-5332, and passed by the House, provides that a non-profit organization or governmental entity proposing to borrow art objects, or artifacts from outside the state for a special exhibition may apply for an indemnity agreement whereby the state agrees to indemnify the lender in the event of loss or or damage to the covered items. Items must be a part of a special exhibition having an estimated value of \$250,000 or more to be eligible for coverage. The sponsor would be responsible for losses up to \$25,000. The state would agree to cover losses in excess of \$25,000, with a maximum of \$1,000,000 being indemnified at any one time. The indemnity agreements, together with the claims paid to date, shall also not exceed \$1,000,000 at any one time.

The director of the Iowa state arts council, with the advice of the council and a committee of experts, would execute the indemnity agreement if the applicant's qualifications are approved by the division of risk management of the department of general services and the application meets other requirements for approval. If the division of risk management of the department of general services is not staffed, the department shall utilize the services of a consultant in carrying out the division's duties. The consultant's fee would be paid by the sponsor applying for indemnification. Claims would be processed by the department of general services through its division of risk management.

FISCAL IMPACT: This bill would require an annual expenditure of \$500 to cover travel expenses for one or two advisory panel meetings. No other expenses would occur unless a claim is filed. Risks are assumed to be low. Since the state of Iowa is basically self insured, the state would be assuming a maximum potential liability of \$1,000,000.

(3573H, 84-258E, HML)

Source: Arts Council, Department of General Services

RECEIVED BY THE SECRETARY OF THE SENATE, MARCH 20, 1984
FILED: BY DENNIS C. PROUTY, DIRECTOR
MARCH 22, 1984 LEGISLATIVE FISCAL BUREAU

HOUSE FILE 2284

AN ACT

RELATING TO AGREEMENTS FOR INDEMNIFICATION BY THE STATE IN THE EVENT OF LOSS OF OR DAMAGE TO CERTAIN ART OBJECTS AND ARTIFACTS BORROWED BY NONPROFIT ORGANIZATIONS OR GOVERNMENTAL ENTITIES FOR SPECIAL EXHIBITS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 304A.5, Code 1983, is amended by adding the following new subsection:

NEW SUBSECTION. Administer the program of agreements for indemnification by the state in the event of loss of or damage to special exhibit items established by sections 304A.15 through 304A.24.

Sec. 2. NEW SECTION. 304A.15 DEFINITIONS. When used in sections 304A.15 through 304A.24, unless the context otherwise requires:

1. "Council" means the Iowa state arts council.
2. "Director" means the director of the council.
3. "Division" means the division of risk management of the department of general services.
4. "Indemnity agreement" means an agreement authorized by section 304A.16.
5. "Nonprofit organization" means a corporation organized under chapter 504 or 504A or which holds a permit or certificate under chapter 504 or 504A to do business or conduct affairs in this state.

Sec. 3. NEW SECTION. 304A.16 AGREEMENTS TO INDEMNIFY AGAINST LOSS OF OR DAMAGE TO SPECIAL EXHIBIT ITEMS.

1. The director of the Iowa state arts council, after receiving the advice and recommendations of the council, may make agreements on behalf of the state to indemnify against loss of or damage to eligible special exhibit items of public educational, cultural, artistic, historical or scientific significance borrowed from outside the state by nonprofit

organizations or governmental entities as provided in sections 304A.15 through 304A.24.

2. The director, after consultation with the council, shall adopt rules for the administration of sections 304A.15 through 304A.24.

Sec. 4. NEW SECTION. 304A.17 ITEMS ELIGIBLE FOR INDEMNITY AGREEMENTS.

1. Except as provided in subsection 2, the following items are eligible for inclusion in an indemnity agreement if they are of public educational, cultural, artistic, historical or scientific significance and constitute a portion of a special exhibition having an estimated aggregate fair market value of at least two hundred fifty thousand dollars:

- a. Works of art, including tapestries, paintings, sculpture, folk art, graphics and craft arts.
- b. Manuscripts, rare documents, books and other printed or published material.
- c. Photographs, motion pictures, video tapes and audio tapes.
- d. Other artifacts.

2. Items which are eligible for a federal indemnity agreement under the Arts and Artifacts Indemnity Act, 20 U.S.C. sec. 971 to 977, and regulations under that Act, are not eligible for inclusion in a state indemnity agreement.

Sec. 5. NEW SECTION. 304A.18 APPLICATIONS. A nonprofit organization or governmental entity desiring to obtain an indemnification agreement for special exhibit items it proposes to borrow from outside this state may submit an application to the director. The application shall:

1. Describe each item to be covered by the indemnity agreement, including the estimated value of the item.
2. Show evidence that the items are eligible under section 304A.17.
3. Set forth policies, procedures, techniques and methods with respect to preparations for and the conduct of the exhibition, including arrangements for transportation of the items.

Sec. 6. NEW SECTION. 304A.19 REVIEW AND DETERMINATION AS TO QUALIFICATION FOR INDEMNITY COVERAGE.

1. Every application received by the director shall be submitted to the department of general services which, through its division of risk management, shall review the application and determine whether the applicant qualifies for indemnity coverage under sections 304A.15 through 304A.24. The criteria for qualification shall be prescribed by rule of the department and shall include but not limited to:

- a. Physical security of the applicant's exhibition facilities and of the means of transportation of the items.
 - b. Experience and qualifications of the applicant's director, curator, registrar or other staff.
 - c. Eligibility of the applicant's exhibition facilities for commercial insurance coverage of art objects and artifacts exhibited there.
 - d. Availability of proper equipment to protect art objects and artifacts from damage from extremes of temperature or humidity or exposure to glare, dust or corrosion.
2. The division may consult with experts as necessary to carry out its duties under this section.
3. If the division of risk management of the department of general services is not staffed, the department shall utilize the services of a consultant in carrying out the division's duties under this chapter.

Sec. 7. NEW SECTION. 304A.20 REVIEW AND DETERMINATION AS TO ELIGIBILITY AND ESTIMATED VALUE OF ITEMS.

1. If the department of general services determines that the applicant qualifies for indemnity coverage, the director shall review and determine the validity of other portions of the application, including the eligibility of items for which coverage by an indemnity agreement is sought and the estimated value of those items.

2. The director may order an appraisal of the items by an independent appraiser at the expense of the applicant.

3. The council shall designate a committee of experts to advise the director in determining the eligibility and

estimated value of the items. The director shall not approve an estimated value without the approval of the committee.

Sec. 8. NEW SECTION. 304A.21 APPROVAL--TERMS. If the director determines that the application meets all requirements for approval, the director shall approve the application and on behalf of the state enter into an indemnity agreement with the lender and the applicant whereby the state becomes liable to indemnify against loss of or damage to the items specified in the agreement. The agreement shall cover the specified items from the time they leave the premises of the lender, or other place designated in writing by the lender, until the time the items are returned to the premises of the lender or other designated place.

Sec. 9. NEW SECTION. 304A.22 LIMITATIONS.

1. Coverage under sections 304A.15 through 304A.24 shall extend only to loss or damage in excess of the first twenty-five thousand dollars in connection with a single exhibition.
2. Indemnity agreements entered into by the director shall not exceed an aggregate value of one million dollars at any one time. The agreements, together with the claims paid to date, shall not exceed one million dollars at any one time.

Sec. 10. NEW SECTION. 304A.23 CLAIMS.

1. Claims for losses covered by indemnity agreements under sections 304A.15 through 304A.24 shall be submitted to the department of general services which, through its division of risk management, shall review the claims. If the division determines that the loss is covered by the agreement, the division shall certify the validity of the claim and authorize payment of the amount of loss, less any deductible portion, to the lender.

2. The department shall prescribe rules providing for prompt adjustment of valid claims. The rules shall include provisions for the employment of consultants and for the arbitration of issues relating to the dollar value of damages involving less than total loss or destruction of covered items.

3. The authorization for payment shall be forwarded to the comptroller, who shall issue a warrant for payment of the claim from the state general fund out of any funds not otherwise appropriated.

Sec. 11. NEW SECTION. 304A.24 ANNUAL REPORT. The director shall report annually to the legislature concerning:

1. Claims, if any, actually paid pursuant to sections 304A.15 through 304A.24, during the preceding fiscal year.

2. Claims pending as of the close of the preceding fiscal year.

3. The aggregate face value of indemnity agreements entered into which are outstanding at the close of the preceding fiscal year.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2284, Seventieth General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved 4/12, 1984

TERRY E. BRANSTAD
Governor

H.F. 2284