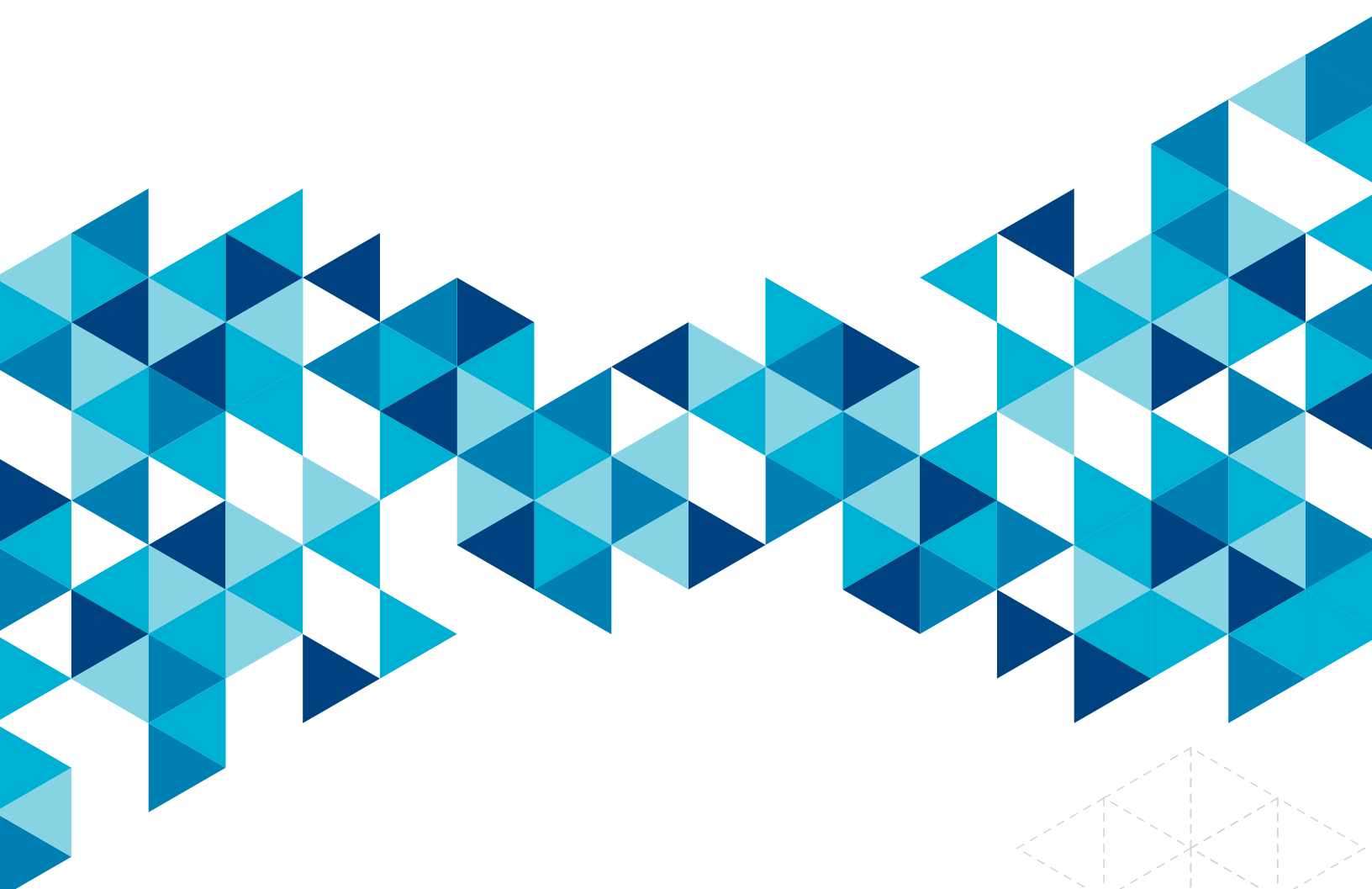




PRIVATE CLIENT SERVICES

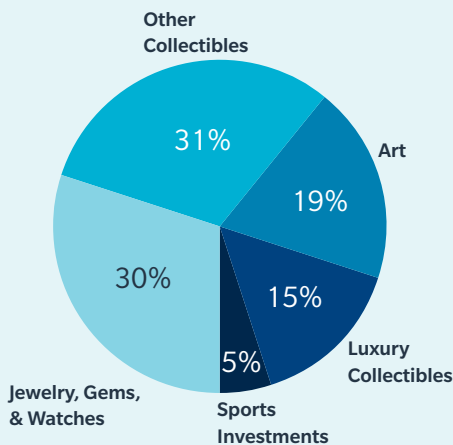
PROTECTING YOUR LIFESTYLE, SAFEGUARDING YOUR LEGACY.

PROTECTING PASSION INVESTMENTS: TRENDS, INSURANCE IMPLICATIONS, & RISK MANAGEMENT BEST PRACTICES



RISK MANAGEMENT EDUCATIONAL SERIES

HOW PASSION INVESTORS SPEND



- “Other Collectibles” represents antiques, coins, wine, etc.
- “Sports Investments” represents sports teams, sailing, race horses, etc.
- “Luxury Collectibles” represents automobiles, boats, jets, etc.

Numbers reflect North American passion investments and were rounded to equal 100%.²

INTRODUCTION

Over the years, you may have acquired an impressive collection of valuable possessions — from jewelry, watches, and art to heirlooms or antiques, and fine wine collections. In addition to the traditional types of collections, many individuals have added collector vehicles, aircraft, or a yacht to their inventory lists.

Perhaps you have taken an intentional approach to what you passionately collect that goes beyond aesthetics or sentiment and instead focuses on financial return. The term “passion investments” has gained currency within the wealth management arena to describe high-end collectibles and other luxury possessions that hold emotional as well as financial value for their owners.

According to the Coutts Index, passion investments generated a 77% increase in returns between 2005 – 2013, outperforming traditional portfolio shares.¹ When considering statistics like these, it’s no surprise that valuable collections are seen by many as a viable investment vehicle.

PASSION INVESTMENTS: THE NEW ASSET CLASS

Many passion investors, and sometimes even their wealth advisors, underestimate the importance of their passion investments within their overall financial portfolio.

As a result, some passion investors minimize the importance of protecting their collections adequately with appropriate safeguards, including specialized insurance policies. And, since passion investments, unlike traditional financial investments, are vulnerable to physical damage or loss, owners leave themselves open to significant financial harm on top of the understandable emotional distress should an item be damaged or stolen.

In the past, wealth advisors often simply ignored a client’s passion investments when providing guidance on an overall wealth management strategy. They may have viewed their client’s collection of vintage cars, rare wines or first-edition Victorian novels as little more than a personal hobby — just one of the perks of financial success.

But this misconception underestimates the fact that the overall value of your “passion portfolio” may represent a significant portion of your net worth. This is true today more than ever, according to Ron Fiamma, vice president and global head of Private Collections for AIG’s Private Client Group, which specializes in insurance solutions for high net worth individuals and families. “That’s because we’ve seen dramatic valuation increases in these asset classes over the past 10 years — in many cases outperforming an index like the S&P 500 by more than 2 to 1,” Fiamma says.

The bottom line is: Passion investments represent an asset class that deserves to be treated as part of your overall investment portfolio; they require appropriate insurance solutions that take into account their special nuances, including rarity and challenges in valuation.

Did You Know?

- More than **\$1 billion** worth of jewelry “disappears” in the US each year.
- According to the U.S. Department of Justice, jewelry accounts for as much as **70%** of stolen property.
- On average, **3 million** home burglaries are reported in the US each year.
- Approximately **\$6 billion** of art is stolen annually, of which only **5%** is recovered.

Source: US Department of Justice, the US Census Bureau, and Aris Title Insurance Corp.

INSURANCE CONSIDERATIONS

Insurance considerations vary widely depending on the asset. Most high-value assets will not be afforded adequate protection through a basic homeowners policy, which generally provides only limited coverage for valuables such as art, jewelry, and other collectibles. These items are best protected through separate policies specifically for valuables. Luxury assets such as yachts, aircraft, and collector vehicles are so nuanced that they require customized policies regardless of value. Below are some important insurance considerations that you may want to discuss in further detail with a trusted personal risk advisor.

NEWLY ACQUIRED ITEMS

As you continue to acquire new items, whether as gifts or purchases, informing your insurer may not be the first thing on your mind. Appropriate valuables coverage provides an automatic window of protection, within stated policy limits, for up to 90 days after acquisition — even if you haven’t informed your insurer of the new item. When purchasing a big-ticket item such as a yacht, aircraft, or collector vehicle, it’s also important to involve your personal risk advisor during your research phase as there may be insurance considerations to address.

ACTUAL CASH VALUE VERSUS REPLACEMENT VALUE

Standard policies may limit any claims settlement on a valuable article to its so-called “actual cash value,” based on the original purchase price less depreciation. The actual cash value may bear little relation to the real cost to restore or replace the item since it does not take into account rarity or the cost of expert restoration services.

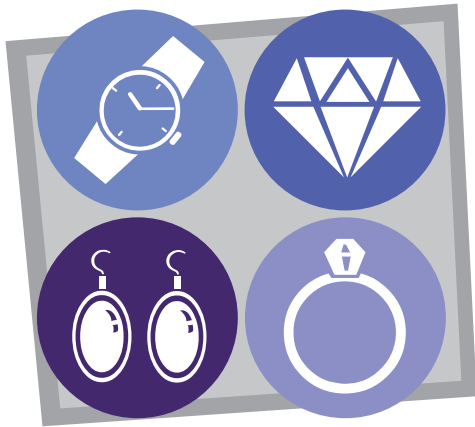
BROADER LOSS COVERAGE

Standard coverage addresses only losses caused by a defined list of perils, such as theft or fire. But if your antique vase breaks, a diamond is lost from your grandmother’s brooch, or your grandfather’s gold pocket watch disappears, your loss is unlikely to be covered. Specialized valuables insurance typically covers these all-too-common scenarios.

For any passion investment, it’s important to work with a personal risk advisor with expertise in the complexities of protecting assets in a high-net-worth client portfolio. Here, we’ll discuss some insurance issues to consider as you’re deciding how best to protect your uncommon investments.

JEWELRY AND WATCHES

Jewelry has long been an investment worth making. With proper care, a Cartier bracelet or vintage Patek Philippe watch will generally hold its value well and can be passed down for generations. Consumers are recognizing this value, spending nearly \$80 billion on jewelry and watches each year in the US. Watches are becoming an increasingly larger portion of that spend. For those with a love of those complex and nuanced timepieces, reaching for a smartphone to tell the time is unsuitable. In 2014, more than \$9 billion was spent on watches, an increase of 7.7% over the previous year.³



Although you can't recover the emotional value of a lost piece that's been in the family for generations, with the right insurance, you can replace the item and retain the investment.

Unfortunately, more than \$1 billion worth of valuables disappear each year; whether due to petty theft that goes unnoticed until much later or because it was left in a box that was accidentally donated to a charity, no one can be sure. After all, jewelry and watches are relatively small and easily misplaced. Although you can't recover the emotional value of a lost piece that's been in the family for generations, with the right insurance, you can replace the item and retain the investment.

VALUABLE ARTICLES INSURANCE

It's a costly misconception to assume you have adequate coverage through your homeowners policy. Most provide only limited coverage for jewelry, watches, and other valuables, such as furs, antiques, and collectibles, and if you lost your \$30,000 diamond ring, you'd likely be disappointed to learn that your policy only provides a limited amount of coverage or none at all.

For more valuable pieces, you may choose to itemize or "schedule" them on a valuable articles policy. Insurers that specialize in protection for high net worth individuals often provide an agreed value feature allowing you to establish the value for the specific item. You could also choose blanket coverage that includes many pieces with a per-item limit. There are benefits to either type of coverage depending on your collection and needs.

As with any valuable, creating and maintaining a detailed inventory including appraisals and photos will help you determine how best to protect your collection. If there are some pieces you wear more than others, perhaps it makes sense to schedule them as the risk of loss is greater. How you store your pieces may make a difference as well. If you're planning to keep the item for a child or grandchild, consider storing it in a bank vault, which would provide security and offer greatly reduced premiums.

Depending on the insurer, appraisals may not be necessary on items worth under \$50,000 though they are always recommended. Because the value of precious metals and gemstones changes with market fluctuations, it's helpful to have items appraised every three to five years and update the values with your insurance carrier to ensure you aren't overpaying for coverage or are underinsured if the value increases significantly.

OTHER COLLECTIBLES

Serious collectors may find interest in a wide variety of pieces to pursue — from wine, early American silver, musical instruments, or rare books and coins, to name a few. Like anything of value, these collections are vulnerable to fire, theft, loss, breakage and other disasters. These precious pieces are often rare, potentially one-of-a-kind, and require specialized protection as homeowners insurance policies rarely provide enough coverage for the loss or damage of unique items.

With countless potential types of collections, it's best to talk to a professional to determine the value of your collection and your needs. Here we'll touch on some insurance considerations for a few types of collectibles. While your specific needs will vary, some of the issues at hand may translate to your collection.

FINE WINE COLLECTIONS

The Grand Crus of Bordeaux and Burgandy topped investor lists for decades, but there are many vineyards and vintages worthy of collection. Oenophiles pay thousands for a case with the most expensive bottles topping \$15,000. In fact, fine wine is now thought to be a \$5 billion-\$10 billion market.

If you have a cellar with cases of wine laid aside that are too young to drink, if you've bought wine at auction or paid more than \$1,000 for a single bottle, or if the total value of the wines in your cellar exceeds \$10,000, your investment needs to be protected.

Protecting Your Wine Investment

Special coverage for wine is a must to avoid the fate of some uninsured collectors in Napa whose cellars were destroyed in the 2014 earthquake. Even if you keep your bottles safely stored in a temperature and humidity-controlled environment, disasters can happen. All the perils that you insure against — fire, tornadoes, theft, etc. — can threaten your wines.

Sometimes the threat is not obvious. For example, flooding should not hurt a well-corked wine, but water can damage the labels. For a collector who is planning to sell, missing labels can greatly decrease the value of the wine. And unless thieves are very knowledgeable, they are unlikely to steal your wine for resale. But that needn't prevent them from guzzling your 1985 Romanée Conti for fun.

Insuring your collection can be done in several ways. For bottles valued at less than \$10,000 each, "blanket" coverage can be provided. Under this arrangement, you might pay 45 cents per \$100 of coverage — or about \$450 for a collection worth \$100,000.

Under blanket coverage, claims on individual bottles worth less than \$2,000 in value do not generally require documentation. However, collectors would be wise to maintain an up-to-date inventory of their wines — when and where purchased, for how much, and the condition of the wine when purchased.

For bottles worth over \$10,000, you can schedule separate coverage for each bottle. With scheduled coverage, if a claim is made, there is no deductible. By scheduling coverage, collectors are protected against the majority of perils, including theft, damage to the home, and breakage. Some policies provide additional coverage against spoilage — for example, if the air conditioning goes off and your wines are subjected to too much heat.



Collectors would be wise to maintain an up-to-date inventory of their wines — when and where purchased, for how much, and the condition of the wine when purchased.

As with any valuable collectible, insuring fine wines requires the advice of a specialist. If you have expanded your passion to the purchase of a vineyard, you'll clearly need more than collectibles insurance. Talk with an expert personal risk advisor to help ensure your property and your investments are protected.

RARE COINS

Unlike most collectibles, coins have both an inherent and a collectible value. Take, for example, the Birch Cent, which was produced as an experimental coin in 1792 after the founding of the U.S. Mint and, centuries later, purchased at auction in early 2015 for more than \$2.5 million. If you're going to pay millions for a rare penny, it would be wise to have adequate insurance coverage on that investment.

Preserving and Protecting Your Coins

Since the condition of a coin is central to its value, preservation is highly important. Collections that have been lying around in a shoe box in the attic or kept in an old-fashioned coin album may have been damaged by their storage. The first rule of coin preservation is do not clean coins! Cleaning a coin may reduce its value by half or more. Collectors value tarnish — which they call “tone” as a sign of natural aging. Tone is what is often damaged by poor storage. Hard plastic holders (not flexible plastic like PVC, which can destroy coins) are the preferred storage medium for valuable coins. “Slabs” are sonically sealed hard plastic holders. Whatever they are stored in, a relatively constant temperature and low humidity is the best atmosphere for long-term storage.

Because they are portable and easy to conceal, coins make a prime target for thieves. Fires can destroy coins as well as currency. Standard homeowners policies limit the amount of coverage for numismatic property to \$250. An endorsement on your insurance policy will cover coins, whether as individual items or as a collection.

The coin market has been booming over the last few years, as some investors have shifted money from stocks into rare coins. If you have not had a recent appraisal, your insurance may no longer be sufficient.

MUSICAL INSTRUMENTS

Whether you're a musician or simply love the beauty of these finely made objects, musical instruments offer collectors the unique aesthetic pleasure of both sight and sound. Some musical instruments have enormous value — not only the classic Stradivarius violins or Louis Lot flutes — but also vintage collectibles like guitars, banjos, and mandolins. These have all greatly appreciated in value over the past several decades, as seen with a recent 2015 auction sale of \$2.4 million for the 1962 J-160E Gibson acoustic guitar used by John Lennon to record The Beatles hits “Love Me Do” and “PS I Love You” among others.

Like other collectibles, rarity, condition, and historical importance determine much of an instrument's value, as do maker, model, structural workmanship, sound, and



Since the condition of a coin is central to its value, preservation is highly important.



Insuring your musical instruments can be more complex than insuring other valuables due to some distinctive factors.

As with any valuable collectible, your personal risk advisor will help find insurers who specialize in coverage for musical instruments and can help ensure your coverage is in line with how your instruments are used.

playability. Age is a factor, but the most sought-after instruments come from different periods, depending on the instrument.

Insuring Your Instruments

Insuring your musical instruments can be more complex than insuring other valuables due to some distinctive factors.

Professional Use

If an instrument is played professionally, then professional coverage is needed. Homeowners policies almost always exclude coverage for instruments performed for pay. But there are gray areas. What if you have a garage band that occasionally gets a paying gig and you play an expensive, vintage guitar? What if you don't play professionally but you organize chamber concerts in your music room that are supported by subscriptions and a professional pianist plays on your valuable piano? Your personal risk advisor can help you determine the appropriate coverage in such situations.

Devaluation

Should your instrument(s) be covered for loss of value? With scheduled coverage, you and your insurer agree in advance on the value of the item to be scheduled. If the item is lost, that value is paid. If damaged, it is repaired. But what if an item is broken and the repairs make it less valuable? For example, one collector had a violin insured for \$200,000. He fell down a flight of stairs and smashed the violin. The cost of the restoration, \$30,000, was paid. But the repaired violin is now worth much less, estimated at approximately \$110,000. Without devaluation coverage, he will not receive payment for that \$90,000 of lost value.

Of course, depending on the quality of your instrument(s), you may not even want to have them repaired. There is a great debate in the museum world as to whether museum-quality musical instruments should be repaired at all, or merely conserved to arrest further deterioration. The argument against restoring these instruments is that restoration exposes the instrument to more damage, loss of original material used in its construction, and evidence of how it was made and used.

Some insurers refuse to cover high-valued musical instruments or, in some cases, any musical instruments at all. As with any valuable collectible, your personal risk advisor will help find insurers who specialize in coverage for musical instruments and can help ensure your coverage is in line with how your instruments are used.

SILVER

Many families have passed down silver flatware and hollowware from generation to generation. Although silver values have decreased in recent years, antique pieces remain highly collectible. Collectors pay high prices for complete sets of flatware and tea services, both increasingly rare. Because your silver has been passed down from one generation to the next, you can be reasonably certain that it has not been altered or replaced with a lesser-quality piece.

Just because silver is not sterling, is plated, or has a monogram, does not mean it is not valuable. It is true that English and American sterling are the most prized because they have the most detailed hallmark and the highest silver content (92.5 percent or more). But good pieces of German silver (80 percent silver) and Victorian or earlier silver-plate can also be valuable. As for monograms, the workmanship of old engraving techniques is often much-admired, and many collectors are happy to buy silver pieces with antique monograms or family crests. Silver does not even have to be very old to be collectible. Art Deco designs, including many by Reed & Barton, are still popular today.

Insuring Your Heirloom Sets

Your grandmother's tea set or great aunt's table setting may be worth far more than standard homeowners insurance will cover. Many homeowners policies have a limit as low as \$2,500 for loss by theft of silverware; silver-plated ware; gold; and pewterware, such as flatware, tea sets, and similar items.

It is essential for these items to be properly appraised and valued. If one's collection of silver exceeds the policy limit, it may be prudent to consider scheduling the items as part of your overall insurance program. Talk to your personal risk advisor to see if scheduling is appropriate for your situation.

FINE ART

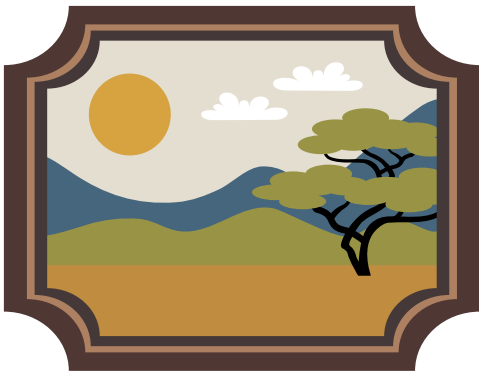
It's no surprise that art is seen by many as a viable investment vehicle. Today, wealth strategies are being employed around sizeable collections, requiring estate planning and savvy advice. Collectors are seeking advice about the buying, holding, and selling of art. Art collections are becoming a larger share of some collectors' asset base. Many of these collectors are leveraging growing collections by using them as collaterals for loans and then deploying the monies toward other business ventures. Protecting art as an investment is possible with the right kind of insurance coverage.

Contemporary Modern Art Insurance Considerations

Modern living artists and emerging artists are enjoying success as well, commanding record prices for their works. The mediums used are varied and distinct when compared to classic paintings and sculptures. Many works now are being created employing materials that may not withstand the test of time.

Take for example the work of Damien Hirst. Created in 1991, "The Physical Impossibility of Death in the Mind of Someone Living" is one of his best-known works and is composed of a tiger shark suspended in formaldehyde. The material deteriorated over time, and the shark was later replaced with another specimen.

As collectors purchase new and cutting-edge works, it's important to understand that the purchase of an insurance policy does not protect against all incidents. There may be potential coverage issues related to the deterioration of works. These works



Protecting art as an investment is possible with the right kind of insurance coverage.



An advisor who specializes in art insurance can assist collectors by suggesting vetted service providers and recommending insurance coverage that will provide the appropriate protection and offer lasting peace of mind.

may need to be conserved and restored more often than usual to maintain the work in its optimal condition. The same would apply to vintage photographs that are vulnerable to deterioration or even multi-media installations that require certain electronic equipment in order to be viewed.

There are also works that are designed with the intent that they will disintegrate over time and not be the same work created. These ephemeral works can be insured for perils such as fire and theft, but as these works disintegrate, this aspect is not covered. Damage such as fading of color due to a piece being placed in direct sunlight or an item warping due to heat/cold extremes is also excluded. Given the finite nature of such works, you may choose not to insure them at all.

An advisor who specializes in art insurance can assist collectors by suggesting vetted service providers and recommending insurance coverage that will provide the appropriate protection and offer lasting peace of mind.

LUXURY COLLECTIBLES

Owning a yacht, aircraft, or collectible vehicle represents a unique investment. Enjoying these luxury collectibles and the lifestyle that comes along with them is the ultimate reward. Protecting them, however, can be more complex than any other asset you own. Each provides transportation and is subject to regulations associated with that travel and your destinations. These assets also require the most maintenance and management, some involving full-time staff and crew, which can create many insurance exposures that should be considered.

YACHTS

With dependable power, superb communication equipment, and state-of-the-art navigation systems, yachts traverse waters worldwide, and protecting the vessel and its contents is only the beginning. Yacht owners also face numerous insurance considerations that can include crew, chartering, navigation limits, warranties, and contractual liability.

Starting with the design and build process, many factors are involved in protecting a yacht and its owner. It's important to have some protection in place throughout the build and align it with what is provided by the shipyard. As the vessel nears completion and the captain and crew come aboard, your insurance will need to be adjusted to protect the contents and passengers, even before launch.

Once she is seaworthy, your biggest decision is where to travel. You'll need to define your navigation plans ahead of time to obtain proper coverage — will you stay on East Coast of the US, or expand your travel into the Caribbean or even the Mediterranean? If traveling to Cuba, obtaining insurance for your yacht — or aircraft, for that matter — to transport authorized travelers requires additional considerations. It's also important to outline your plans so that your personal risk advisor can ensure your coverage is compliant with US regulations and international travel requirements, such as those outlined in the Nairobi Convention.



Yacht owners also face numerous insurance considerations that can include crew, chartering, navigation limits, warranties, and contractual liability.

Because some yachts function as second, third, or even fourth residences, protecting the yacht's contents is another key consideration. How will you equip your yacht and what possessions and valuables will you keep on board? In addition to furniture, appliances, electronics, and housewares, having fine art on display, or a helicopter, submersible, or other tender on-board would require coverage alignment with specialized policies for those assets as well.

Working with a personal risk advisor with a specialization in yachts and maritime issues will help ensure you are asking the right questions. Where will you keep your yacht? Will you live aboard your yacht for part of the year? What crew will stay aboard? Will you charter your yacht or use it for social gatherings? These are just some of the areas to address with your personal risk advisor and factor into your decision making. Be sure to disclose the ownership structure of the yacht.

AIRCRAFT

Owning an airplane may be the only way to capture the freedom of flight. Insurance must be contemplated, and it pays to talk to an insurance advisor long before you make any purchase decision. Geographic factors, intended use, price, brand preference, seating, range, annual operating costs, and possible destinations all figure into the type of plane you might purchase. Is the plane kept, and flown, primarily in a populated or rural area? Are passengers likely to be family and friends? Do you want a dedicated flight crew or someone to manage it for you? Is a hangar owned or leased? Is the plane an exotic or popular model? Is the plane owned in a trust or corporation?



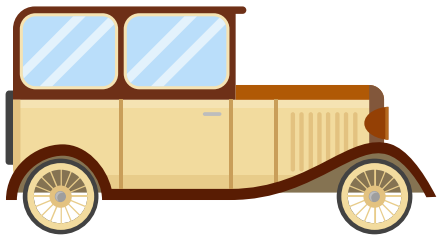
Owners of private aircraft may have exposures from investments in airports, hangars, aircraft, and charters.

Owners of private aircraft may have exposures from investments in airports, hangars, aircraft, and charters. Certain planes are more expensive to insure — exotic, vintage and experimental, home-made, kit-built, many civilian-use military aircraft, and others that don't qualify as standard by the FAA. And some standard aircraft also have higher insurance rates attached to them because of their loss experience.

In situations where a plane is owned by a group, whether it is a partnership or a fractional share, insurance issues relate to the complexity of the relationship between the owners. Contractual agreements between the parties become a focus. The situation becomes even more difficult for owner-pilots because these individuals are not "employed" as pilots. Risks of war and confiscation may also need to be addressed.

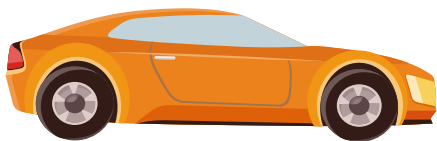


There are insurance products for each exposure as well as products for related risks involving employees, product liability, personal property, contents, and more — the list is lengthy and the risk of financial loss is high for this exceptional asset. Working with a personal insurance advisor with aviation expertise can help ensure you're considering all the issues.



Unlike new cars, which depreciate, vintage vehicle insurers understand that collector vehicles often appreciate, and it's important to establish the value of the vehicle.

As with most collectibles, rarity and condition are the major determinants of value.



COLLECTOR VEHICLES

Collector vehicles, which are increasing in popularity and value — can be defined as vintage and antique cars, show cars, classic motorcycles, muscle cars, exotics, street rods and custom-built cars. While owners of the most valuable vehicles often do not drive them — they are transported by truck to exhibitions — most collectors are delighted to have any opportunity to take their prizes out on the road.

Collector Vehicle Insurance

If they are driven, collector vehicles must be covered by auto insurance. Surprisingly, the majority of owners do not take advantage of special insurance available for these vehicles. The cost of insuring a vintage car is often lower than a comparably valued new car since most specialty insurers limit the mileage that these cars can be driven or require that the insured have another vehicle for everyday transportation.

Unlike new cars, which depreciate, vintage vehicle insurers understand that collector vehicles often appreciate, and it's important to establish the value of the vehicle. The value of the vehicle should be determined at the time that the insurance is written. Because collector vehicles are not driven a great deal, accidents are less a concern than damage, such as vandalism. Theft is also a problem — professional thieves seek out old collector vehicles for their parts, which are valuable for resale.

Valuing Your Collectible Vehicles

As with most collectibles, rarity and condition are the major determinants of value. For a car that has not been restored, comparable values can be found in auction results or through several online resources such as the National Automobile Dealers Association (NADA) Guides.

For insurance purposes, you may need a professional appraiser to determine the condition or value of a restored vehicle. In addition to comparable value, other important factors the appraiser will look for are the history of accidents, repairs or restoration. Because many collector vehicles are more expensive to repair than their resale value, owners should realize that damage claims can only be paid up to the agreed value.

PROTECTING YOUR PASSION INVESTMENTS — APPRAISALS, DOCUMENTATION, AND STORAGE

APPRAISALS

Items should be regularly appraised to ascertain that your values are current with the market. A general guideline is that high-value items should be reviewed every three to five years. This may vary based on the specific category of items. For example, contemporary art works may need to be appraised more frequently to keep up with auction results and pricing trends for a particular artist. In addition, prior to purchasing a work, a collector should verify the authenticity of the piece and its provenance. We recommend that you work with certified appraisers who can benchmark and periodically review your past appraisals.



Documentation using a robust database can serve many key roles such as storage of pictures, appraisals, insurance information, locations, and sales prices.

DOCUMENTATION

Documentation is a key risk management tool for the serious collector. There are many resources on the market today to assist you in managing your collection. Documentation using a robust database can serve many key roles such as storage of pictures, appraisals, insurance information, locations, and sales prices. It will also allow key individuals to access the data, run reports, and provide strong risk management and protection processes.

STORAGE AND TRANSIT

Some high-value items may reside in storage facilities for long periods of time. It's crucial to protecting your assets that the storage facilities used are vetted by an expert who is well-versed in dealing with high-valued items and storage requirements.

Storage facilities should have very specific protocols around areas dealing with security, temperature control, and safeguarding against catastrophe events. Marsh Private Client Services recommends that you consult with your personal risk advisor before placing your items in storage to verify that the vendors being used for packing, transit, and storage are approved by your insurance carrier in advance.

In addition, before lending your artwork to a museum or gallery, consider where and when the art will be exhibited, if the exhibition will travel and to how many institutions, and what safeguards will be established while the works are in transit.

PROTECTING YOUR ART

There's something very personal about art that makes its treatment different from any other asset. To prevent loss and damage to your art, keep these curatorial tips in mind:

- Rapid and extreme fluctuations of humidity and temperature are extremely damaging. The optimal level of relative humidity (RH) for most items is a constant of 50-55% and a temperature near 68-72 degrees Fahrenheit. RH above 65% leads to mold growth on some materials, bronze disease attacking various metals, and warped ivory. RH below 40% leads to embrittlement.
- All light, particularly ultraviolet (UV) and infrared (IR), induces chemical change which ages materials by degrading them. Avoid spotlight illumination and direct exposure to sunlight.
- Cracking and excessive dryness may occur if organic materials are left near sources of heat such as windows, radiators, heating vents, or working fireplaces.
- Even the best security doesn't deter professional thieves. The use of electronic alarms in conjunction with physical security is necessary for the purpose of giving police enough time to respond. Seek the advice of a reputable security expert with at least 10 years of experience and solid references from customers, the local police, and the Better Business Bureau.



There's something very personal about art that makes its treatment different from any other asset.

- Document your collection in accordance with the international Object ID Checklist standard created by the J. Paul Getty Trust and keep it off-site in a safety deposit box.
- It is important that current valuations of your collectibles are documented. Particular works should be appraised more frequently and updated as values change. Work with a qualified appraiser who has expertise in the particular field and a firm knowledge of the various methodologies, research, and market trends.
- When shipping works of art from your collection, utilize professionals who are dedicated to transporting and packaging fine art, antiques, and collectibles. Any restorer will tell you that most damage comes from improper packaging and poor climate conditions during transit.
- If you lend art to a museum or art gallery, staff members should be educated about the special requirements for upkeep and cleaning. Hanging pieces should have their bracing mechanisms checked periodically to ensure the work continues to be safely displayed. Outdoor sculptures require specific maintenance due to their exposure, which should be adhered to for the long-term protection of the art.
- Depending on where you live, you may also consider disaster planning for risks such as hurricanes, earthquakes, and wildfires and ways to further protect your valuables from damage related to those events.

CONCLUSION

While your homeowners insurance provides basic coverage for what insurers call "home contents," even the most comprehensive policies are limited in their protection; they typically place restrictive sublimits on common types of valuable articles and on causes of loss.

Individuals and families who own any high-value assets should have valuable articles coverage from an insurer who understands the associated risks. A valuable articles policy will provide you much more choice and control in how you insure your items and how any potential claim is settled.

If you already have a specialized valuable articles policy, be sure to keep it current and up to date. Periodic valuation updates are important; it's also a good practice to reappraise your most valuable items every few years to ensure that fair market valuation is recorded in your policy.

An expert Marsh Private Client Services Personal Risk Advisor will understand the risks associated with passion investments, refer you to reputable appraisers, and help you secure appropriate coverage for your treasured belongings.

To learn more, contact Marsh Private Client Services or visit marshpcs.com.

ABOUT MARSH PRIVATE CLIENT SERVICES

At Marsh Private Client Services (PCS), a division of Marsh USA Inc., we design personal insurance solutions to protect our clients' unique lifestyles and offer lasting peace of mind.

As part of Marsh, a global leader in insurance solutions and risk management services, we provide clients with worldwide resources and unparalleled claims advocacy. Marsh PCS strives to build long-lasting relationships with clients through attention to detail and commitment to superior service.




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²Capgemini, RBC Wealth Management, and Scorpio Partnership Global HNW Insights Survey 2013

³Edahn Golan Diamond Research & Data 2014 State of the Market Report

A decorative graphic on the right side of the page, consisting of a complex, overlapping pattern of triangles in various shades of blue (light blue, medium blue, and dark blue). The pattern is abstract and geometric, resembling a stylized architectural or crystalline structure.

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