



Chubb Insurance Wine Report reveals risks for home cellar stockpilers

Short term tipplers get the green light whilst 'red means danger' for case-by-case imbibers and cellar stockpilers who need to check their limits.

London, 7 September 2005: We are keeping up to 40% more wine in our homes than five years ago and stockpiling more expensive fine wines, according to the newly published *Chubb Insurance Wine Report*. At the same time, the use of custom-built cellars and temperature-controlled wine storage units has increased rapidly – becoming the latest 'must-have' household fashion items for the wealthy.

The *Report* identifies four different types of wine drinker based on the way they keep their wine at home and rates the financial risk each may face as a result of inadequate insurance against a 'traffic light' scale:

Short-term tipplers buy a few bottles of wine as they need it.
Green light – no extra cover needed on top of standard household insurance.

Party plonk planners travel to Europe to stock up for a party or a wedding.
Amber light – check contents policy terms as likely to over-step home contents insurance limits occasionally.

Case-by-case imbibers hold their wine stocks at wine merchants and take delivery of a couple of cases of fine wine at a time.
Amber/Red light – worth checking limits of contents insurance policy because of the high value of the wine regularly brought into the home.

Cellar stockpilers at the top end of the scale, the home cellar enthusiasts who like to have most of their wine ready to taste and view.
Red light – it is vital to speak to your insurance broker or company as significant wine collections require specific insurance cover.

The *Chubb Insurance Wine Report* has also shown that of the homes visited by their expert appraisers, 65% of those with a wine collection had completely overlooked this asset as an insurable item. And of those who do provide an estimate of value, around 85% are completely under-insured. Some home owners can under-value their wine by as much as 250%.

John Sims, European head of personal insurance at Chubb said, "Since 2000, sales of wine in the UK have grown by a substantial 30%, reaching £7.6 billion last year*. Our insurance appraisers are seeing more substantial wine collections being stored in homes, with more than half of our policyholders now using a cellar or purpose-built storage.





“Home storage can mean greater risks to the quality of the wine – notably when there is a lack of storage and environmental expertise. Some serious collectors will obviously have their own wine advisors, and this combined with the increase in professional cellars should help to avoid some of the storage issues. But both serious and social wine collectors alike are being exposed to further financial risk by not protecting themselves adequately through valuations and suitable insurance.”

“Unfortunately under-insurance is the norm rather than the exception. One client said he had ordered ‘just a few cases of wine’ before the insurance appraisal, and hadn’t added them to his policy. After we requested a valuation, the few cases turned out to be worth around £750,000. Getting the values right and ensuring you’re properly covered should mean you’re not out of pocket if the worst occurs,” warns Sims.

Amongst the most common risks affecting wine stored in the home are:

- Temperature fluctuation – particularly wines held in storage areas which are not appropriate (e.g. garage). Temperature-controlled conditions are required but specialist storage can still be vulnerable to technical faults and power failures
- Water damage – even a small cellar flood can wash off labels and render expensive wine valueless on the market. There is evidence that global warming is increasing the incidence of flooding in the UK and in some areas, notably the London basin, ground water levels have been rising rapidly and affecting cellars
- Humidity – if cellars are too damp mould can affect wine and labels. If too dry, corks will shrink and allow oxidation. ‘Corked’ wines affects 5% of all bottles drunk. The increase of screw tops should help alleviate some of these issues.

Other more unusual threats include:

- total destruction of wine collections by vengeful spouses
- thieves targeting fine wine collections
- out-of-control teenage parties
- wine lost in a sinking yacht

Chubb also warns that there is a general assumption that wine will be automatically covered under a standard home contents policy. But the UK’s growing number of party plonk planners, case-by-case imbibers and cellar stockpilers should check their policies very carefully or they might be substantially out-of-pocket should a loss occur.

The *Chubb Insurance Wine Report* is based on the observations of Chubb’s expert appraisers and claims department. As part of Chubb’s *Masterpiece* insurance policy for the high-net worth, expert appraisers visit policyholders to ensure homes and contents are not under-insured.

*Source: Mintel 16 February 2005