

*An Introduction to*  
HIGH NET WORTH  
PERSONAL INSURANCE

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Bill Baker



**PORTICUS**  
*personal professional protection*



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## **Introduction**

When you've worked hard to afford the home you desire and to enjoy the finer things in life, it's natural that you'll want to keep them secure for the future. And that means you'll need to have the correct insurance in place.

Many high net worth individuals find that standard insurance policies simply don't take their specific requirements into account. If they have larger houses, collections of fine art and jewellery, these will require specialist skills when it comes to establishing their value and ensuring they are comprehensively covered. Most insurance brokers and providers don't possess these skills and as a result, customers often have to deal with the frustrations and inconvenience of working with multiple standard providers, who won't necessarily have the expertise and experience to ensure high value homes and possessions are fully protected.

With so many factors to consider, it's far too easy for high net worth individuals to have inadequate or inappropriate insurance in place without even being aware of it, only to receive a nasty surprise when making a claim.

We've spent years helping high net worth clients find the right insurance, working closely with them to make sure they are correctly covered and that everything has been handled with minimal fuss, from the initial quotation and survey to renewals and claims. It's the kind of experience that few in the industry can match.

Many high net worth individuals require greater clarity of their insurance needs; that's why I decided to write this guide.

In the pages that follow, we'll explore the differences between high net worth insurance and the type of insurance you can obtain from most standard providers and look in detail at some of the things you'll need to consider, including how to establish values and take care of unusual collections like fine art, antiques and jewellery.

By the time you've finished reading, I guarantee you'll have a better idea of what you need from your insurance and how to put it into practice.

**Bill Baker BSc MRICS**

*Managing Director, Porticus Insurance Consultants*

## **What are the key differences between high net worth personal insurance and conventional insurance?**

High net worth individuals will typically have a broad range of requirements when it comes to their insurance and particular aspects of their lifestyle will need to be taken into account. High net worth insurance therefore needs to be tailored to individual requirements, with a degree of flexibility that conventional insurance simply can't provide.

For example, most household insurance provides cover for a range of named perils such as fire, theft, water damage, lightning and accidental damage. If a loss doesn't fall under these perils it's not insured. Cover under high net worth policies is for all risks and applies anywhere in the world, meaning that everything is covered unless specific exclusions apply.

You may have a collection of valuable jewellery that you wear regularly while travelling. Conventional insurance would be unlikely to cover all the jewellery if it was lost or damaged away from home and would probably require a detailed list of the personal possessions that you regularly take outside the house. This can be incredibly restrictive, especially if you travel regularly. A high net worth policy won't require you to do this – the jewellery, in fact all your home contents and valuables, will be covered worldwide, with few restrictions. There will be no need to provide a list of every item in the collection, except for pieces insured for over a high amount, typically £15,000 (although I would advise you to do this anyway, or better yet, hire a professional valuer to do it for you, as we'll discuss later).

This flexibility extends to other areas of the policy. Take security, for example. Conventional insurance policies will typically have terms in place (referred to as 'warranties' in the industry) that state you will not be covered if you leave your home and forget to set the alarm or lock all the doors and windows. This is not the case with high net worth insurance. Although you will be expected to fulfil the standard insurance requirements when it comes to security and have the appropriate locks and

alarms in place, you will not be penalised if, say, your home is burgled on the one day you left the house in a rush and forgot to lock the back door and set the burglar alarm.

Furthermore, you will receive a lot more advice and guidance from a specialist broker. They will be able to advise you on requirements for locks and alarms, as well as other aspects of your security, such as safes, and even recommend suppliers if necessary. They will also be able to negotiate with insurers on your behalf, minimising the chance of any confusion and ensuring channels of communication stay open.

Your broker and insurer should be able to conduct a free survey – referred to as an ‘appraisal’ – of your property at the commencement of the policy in order to provide a recommendation of what the buildings should be insured for. This provides you with an extra safety net as many high net worth insurers grant unlimited buildings cover following their valuation. If, for instance, your house burns down after being insured for the recommended amount of £1 million, only for you to discover that it will cost £1.2 million to rebuild, your insurer will cover the extra amount as they will have conducted the survey.

Other areas of cover are exceptionally broad. If part of a pair or set is lost or damaged high net worth insurers will offer to replace all the items or give you the option to have a replacement made to match. Limits are high and sometimes unlimited for many categories of cover such as ‘Trace and Access’. This covers the costs of locating, excavation and making good after a leak of which can be very expensive.

Premiums for high net worth policies are often very competitive, but if they are a little higher the extra flexibility they provide more than justifies the cost. Conventional insurance companies aren’t able to offer this level of cover and service as they take a more generalist approach to insurance in order to keep costs down for their clients. This may be perfectly fine for straightforward lower value property, but it doesn’t take the needs and lifestyles of high net worth individuals into account. Rather than paying for an ‘off the shelf’ policy, your specialist broker will work closely with you to establish your personal requirements and negotiate with multiple insurers on your behalf to make sure they have been fulfilled to the letter, both at the outset, throughout the policy term and at each annual renewal.

This level of personal service makes all the difference when insuring your higher value home and possessions. You're placing a lot of trust in your broker and insurer and a strong working relationship is essential to give you peace of mind.

## **Building insurance**

It is a common misconception that buildings are insured for market price, when the figure should be the reinstatement value: the amount it would cost to completely rebuild after a total loss. This is an extremely important point as the market price including the site value has very little to do with how much your home would actually cost to replace after a total loss.

That figure should include architects' and other professionals' fees, the cost of reinstating the structural shell as well as interior fixtures and fittings such as hardwood or marble floors, designer kitchens or high quality plumbing – all the high value features typically found in high-end properties. In simple terms, anything that is part of the building's structure falls under the category of building insurance, whereas anything that is inside the property but not actually part of it falls under contents, which we'll discuss in depth later in this guide.

Your broker should offer to visit you, be experienced at identifying which elements of the building will need to be considered in the final quote and also be able to clear up any confusion about what is and isn't covered by your building insurance. Furthermore, upmarket homes will often feature air conditioning, indoor swimming pools or media rooms that will need to be considered, so the surveying process will be a lot more involved than usual. Therefore, a personal, bespoke service from your broker and insurer isn't a luxury – it's a necessity.

I would strongly recommend a broker with a background in surveying, as they will be properly equipped to appraise your property themselves. I am a chartered surveyor and conducted insurance surveys in my previous job, which affords me a great depth of knowledge of the surveying process. High-end properties come in all shapes and sizes – from converted farm houses to Kensington town houses – so it's vital that your



broker or insurer is able to produce an accurate figure at the end of the survey. Some insurers are content simply to accept the amount presented to them by their client and don't insist that a survey take place, but for high-end properties, it's far too easy to offer an inaccurate figure if you don't have an expert's input.

To make your broker's job easier, try and locate the floor plans for your home prior to the survey, as this can dramatically reduce the amount of time they'll have to spend taking measurements. These will usually be readily available if your home is a newer build of 2-3 years old, but they may be a little harder to obtain if you live in an older property.

If your building is of historical value and is listed by English Heritage, this will generally mean that the rebuild costs will be higher. Historic buildings frequently possess unusual features, such as ceiling mouldings or wooden panelling that will need to be preserved and can prove challenging to replace, so an estimate for potential costs of this nature will be necessary.

From an underwriting point of view, your building should be in good condition, as insurers will naturally want to avoid future problems caused by old electrics or plumbing, escape of water being among the most common claims for building insurance. They will also be interested in the risk of subsidence affecting the building (the movement of the soil below the foundations due to changes of weather and other factors), something that will depend on your location and is a slightly more specialist aspect of surveying. In the case of newer buildings, the foundations will already have been designed to take into account the potential for subsidence, so it won't be a major concern. However, older homes were not designed in this way and can be vulnerable to structural damage in areas with certain types of soil and where other influences such as trees and vegetation are present. In particular, Victorian houses were often built with brick foundations that could be as shallow as one foot, leading to an increased risk from what is known in the industry as 'subsidence, landslip and heave'.

The more information you can provide your broker with, the better equipped they will be to help you.

## Contents insurance

Contents insurance covers all the furnishings and possessions within your home – anything that isn't actually part of the building itself that you'd take with you if you were to move house. This includes fitted carpets and curtains, but doesn't include valuables like jewellery, watches and antiques (which we'll get to later). Certain things are a little ambiguous and will be classified based at the discretion of the person conducting your appraisal. For example, light fittings are generally classed as falling under building insurance, but washing machines generally fall under contents, even though they're actually plumbed in.

As with your building insurance, the sum insured is based on the cost of replacing like for like in the event of a total loss. This figure can quickly mount up in homes that have been furnished to a high standard and can vary widely depending on your tastes and lifestyle. For example, the cost of replacing clothes will depend on individual buying habits.

The sheer volume of possessions in most upmarket homes means that it requires an expert's professional eye to assess the approximate level of contents insurance. At Porticus, we always begin this part of the process with a conversation with the client on what their possessions are worth (which will often be an approximation at this stage). After that we'll look round the house to get a sense of the overall value of the contents.

If you want to take this further, you could engage the services of a professional valuer, who will produce a detailed document, including photographs, of your home contents. A document like this can prove incredibly useful if you need to make a claim later on. We have a number of valuers we recommend to our clients.

One of the valuable benefits of high net worth insurance is that claims settlements aren't discounted for underinsurance. For example, if you claimed £10,000 after a burglary and your total contents sum insured was £50,000, standard insurance would usually send a loss adjuster out who'd look at the overall contents and may say, "You've been under insured; you should have been insured for £100,000, so we haven't been collecting the right premium. We're therefore not going to pay you your £10,000 claim."

Instead, we're going to factor our settlement down by 50% and only pay you £5000." In other words, they will scale back the claim because of underinsurance. High net worth insurers don't take this approach as they spend more time at the outset establishing realistic sums insured.

If you work closely with an experienced broker and surveyor, it's unlikely you'll find yourself underinsured. Once again, it's all about providing expert advice and peace of mind for you.

## **Jewellery insurance**

Jewellery attracts the highest premium rates out of all the different insurance categories as it is small and valuable and therefore susceptible to loss. Not only that, it is often worn all over the world, as we discussed at the start of this guide, so it is essential that it is properly covered against both loss and damage.

Insurers differentiate between specified and unspecified jewellery; in other words, they will classify less expensive jewellery under one unspecified figure for numerous lower value pieces while higher value items (typically over £15,000) will need to be specified with an individual description and value.

I would strongly advise you to have your jewellery professionally valued. Precious metals and stones have significantly increased in value over the past few years, so it's easy to underinsure your jewellery. Valuation is a highly specialised area and your broker should be able to recommend a professional jewellery valuer who they know and trust. They will be able to visit you at home so you won't need to take items out of the house. Following their visit you'll receive a bound document with digital images that can prove invaluable in the event of a claim. You can simply pass the valuation to your broker and let them take care of it.

When it comes to very high value items, the insurer might attach special terms to the policy. For example, a £150,000 diamond ring might require the settings to be checked every three years to reduce the risk of lost stones. Nonetheless, the cover is generally very flexible and broad under high net worth insurance policies.

## **Fine art insurance**

The term 'fine art' in high net worth insurance covers a wide variety of items, from paintings, sculptures, porcelain, clocks and collectables to antique furniture. As with jewellery, a professional valuation dated within the last 5 years is always advisable, containing photographs, a detailed description, the artist, and the current condition of each item. This will make the claims process so much easier and may even increase the likelihood of recovery in the unfortunate event of loss, as organisations such as The Art Loss Register will have the specific details they need to trace the items rather than vague descriptions.

Surprisingly, fine art is generally the cheapest of the different categories to insure as it tends to remain in the home, hung on the wall or in day to day use. Furthermore, in the event of a break-in, burglars will tend to target smaller items like jewellery, laptops and other portable valuables, not paintings and furniture. From that point of view, fine art and antiques are seen by insurers as a lower risk, although it's important they're properly protected from perils such as theft, accidental damage, fire and water damage.

If you are a collector you may change the pieces in your home fairly regularly. This needn't be a problem with a high net worth insurance policy as terms are extremely flexible, usually including a dedicated section for newly acquired items. This provides automatic cover for 60 days from purchase before you have to declare it, so you'll still be covered, even if the item is damaged or stolen during that period. You will however need to keep your broker updated about new purchases and changes so permanent cover can be arranged.

High net worth insurance also takes into account the market value of the fine art. For example, if a painting is damaged and needs to be restored, the insurance will pay for the cost of the restoration but also the loss in market value as a result of the restoration. This is vitally important in the art world, as it's not always possible for a restoration to be executed flawlessly, so this sort of flexible cover can help protect your investment.

Not only that, some insurers will extend this and take into account the fact that prices in the art market are constantly changing. For example, if you've had a valuation within

the past three years and a valuer can confirm that the item has increased in value at the time of loss or damage, some insurers will pay up to 150% of the total value.

If you are a professional dealer as well as a private owner, your insurance will differentiate between your personal collection and professional stock, so it's important that you make this clear to your broker. As with jewellery, you will need to differentiate between specified and unspecified items. Generally items of fine art worth more than £25,000 will need to be specified and professional valuations are required at this level.

If you are unsure about which items of furniture in your home can be classified as antiques, don't worry – there aren't actually many hard and fast rules in this regard, although generally pieces more than 100 years old are classed as antiques. It may turn out during your appraisal that certain items could easily fall under contents as well as fine art. It's best to show your broker your collection and allow them to use their judgement. It may be possible to switch antiques and works of art from the contents section to fine art and benefit from a lower premium rate. In cases where there are only one or two antiques or works of art, it may be decided to incorporate them into your contents insurance to make the whole process more efficient.

## **Motor insurance**

Many providers of high net worth household insurance also offer insurance of your cars so you only have to make one premium payment each year on a single renewal date. Premiums for household and motor when combined can attract an overall discount.

Conventional motor insurance is often competitive when it comes to price, but it's not always the ideal solution for high-end vehicles, such as Mercedes, BMWs, Ferraris and Bentleys or family fleets of three or more cars.

High net worth insurance provides much higher levels of cover and service than conventional motor insurance. For example, if your Ferrari is in the garage for a claim, you'll be provided with a very high grade of courtesy car until you get it back.

Your insurer will usually agree the vehicle's value rather than take the standard approach, which alters the final settlement figure based on factors like the wear on the tyres and the car's mileage – in short if your car has been insured for £100,000 and is written off, £100,000 is what you will receive.

As always, flexibility is the top priority. Many high net worth insurers will give fully comprehensive cover to anyone with their client's permission to drive their cars, while the client will also have the benefit of full cover when they drive anyone else's car with the owner's permission. UK and European breakdown and home assistance covers are usually included.

## **Travel insurance**

We've already touched on the fact that many high net worth individuals are regular travellers, so high net worth insurance can also ensure you are properly insured for your next holiday. With some high net worth policies, travel insurance is included as a matter of course, while with others it is an optional extra. In either case, it is far more comprehensive than conventional travel policies.

All your possessions are covered worldwide under the high net worth household policy, but high-end travel insurance extends this further to cover you in case you have to pay medical expenses abroad or are forced to rearrange or cancel your trip. All members of your family who live with you are usually covered and policies typically provide up to £5,000 per person for cancellation and up to £10 million per person for medical expenses. Trips of up to 90 days are covered with an unlimited number of trips per year.

Although annual travel cover is broad, bear in mind that some hazardous sports are not usually covered. For example, in the case of scuba diving, you will only be covered for dives up to a depth of 30m. Many popular sports, like skiing are insured as a matter of course or at your option.

There will also be age limits of 70 or 75 for most policies. However, some high net worth insurers are a little more flexible and might agree to insure someone above the age limit if they receive a medical declaration confirming that they are in good health. As

with most policies, certain existing medical conditions may be excluded with a clause stating that the insurer won't cover any claims specifically related to that condition but will still provide cover for any other claims.

## **Making a claim**

You're investing a lot of trust in your insurance broker and insurer, so you need complete confidence that they will pay as promised should you need to make a claim. High net worth insurance provides you with a higher than normal level of service in the event of a claim. For example, if you lose something, a standard insurer will often force you to replace the item from one of their preferred suppliers, with whom they will have negotiated a discount. High net worth insurance simply provides you with a cash settlement, so you can purchase a replacement wherever you like with no obligation to replace.

There is also significantly less paperwork involved with no claims forms to fill out. Instead, the client will contact their broker to let them know they need to make a claim, after which the broker will gather as much information as they can, then liaise with the appropriate insurers to get the process started, which usually culminates in a bank transfer to the client. This can make all the difference if you have been through the trauma of being burgled or the loss of a treasured possession. The last thing you'll want when you are upset is lots of paperwork to fill out. When you pick up the phone to contact your broker, you'll be speaking to someone you already know and trust as opposed to an anonymous voice at a call centre.

At Porticus, we take great pride in our efficiency when it comes to handling claims and some of our insurers have won industry awards for their claims performance. As with everything we do, we aim to offer a more flexible, personal service that minimises any unnecessary stress for our clients.

## **Conclusion**

If you've been unsure about any aspect of your personal insurance, I hope this guide has been helpful and that you now have a clearer idea of the steps to take to ensure your home and possessions are protected.

In closing, let me remind you to choose an experienced, professional broker who specialises in high net worth insurance and to take the time to establish a great working relationship with them. If you do, you'll be able to forget about your insurance and concentrate on enjoying life.



## **About Porticus Insurance Consultants**

At Porticus, we are veterans of the insurance industry, with decades of experience between us, and are committed to providing a bespoke, personal service to high net worth individuals, allowing them to enjoy their lifestyles with minimal stress and worry.

Not only are we experts in the field of high net worth insurance, I am a chartered surveyor with a background in the field of art and antiques. This unique wide-ranging experience allows us to provide a level of service to our clients that few brokers can match.

In everything we do, we offer a highly personal service and have worked with many of our clients and insurers for years. We are also totally independent, with no ties to particular insurers. Having worked with such a wide variety of clients over the years, we appreciate that no two individuals' needs will be the same, so our service is based on detailed consultations with our clients and tailored to their requirements.

Please visit our website to find out more about how we can make insuring your home and its contents pleasant and straightforward.

**[www.porticusinsurance.com](http://www.porticusinsurance.com)**

## What our existing clients say about us

*“Bill Baker visited us at home to advise us – something no other broker has done. This means we are now properly covered with a high net worth policy at a reasonable premium. I would certainly highly recommend Porticus for their service and professionalism.”*

**Ms W, Putney**

*“Bill visited me and advised on the level of cover and security at my home. This superb service is unmatched, in my experience, by any other broker or insurer. He also arranged better cover at a lower premium. I strongly recommend Porticus to anyone who wants to improve their insurance and receive a great personal service.”*

**Mr S, Chelsea**

*“Bill got us improved terms at a reduced premium and when we were burgled, he handled all the discussions with the loss adjuster and the insurers paid out 100%. I therefore cannot recommend Bill highly enough – he is extremely thorough and efficient, provides an excellent service and is a pleasure to deal with.”*

**Mr J, West London**

*“We were delighted to reduce our premium from £4,000 to £2,600 and increase our cover. Porticus’s personal service made the whole process very simple.”*

**Mrs C, Fulham, London, SW6**

*“Bill Baker visited us at home to see what was to be insured. As a result, he advised us on the right cover and the best insurer. We were extremely impressed by his personal approach and we are now properly insured.”*

**Dr R, Hale, Cheshire**



## *An Introduction to*

# HIGH NET WORTH PERSONAL INSURANCE

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**H**igh net worth individuals have very specific needs when it comes to protecting their homes and possessions, many of which conventional insurance is unable to meet. Even worse, they're often provided with little guidance on the subject, and so find themselves without adequate coverage when the unexpected occurs.

This guide from Bill Baker of Porticus Insurance Consultants will change that. Inside, Bill shares his expert advice, drawn from years of experience in both insurance and surveying, on such topics as:

- The key differences between high net worth insurance and conventional insurance
- The different categories of insurance available
- Protecting your art, antiques and jewellery
- What to expect if you need to make a claim

Whatever the nature of your home and lifestyle, Bill's knowledge and experience will ensure you are able to enjoy them for many years to come, safe in the knowledge that you will be protected by exceptional insurance.



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