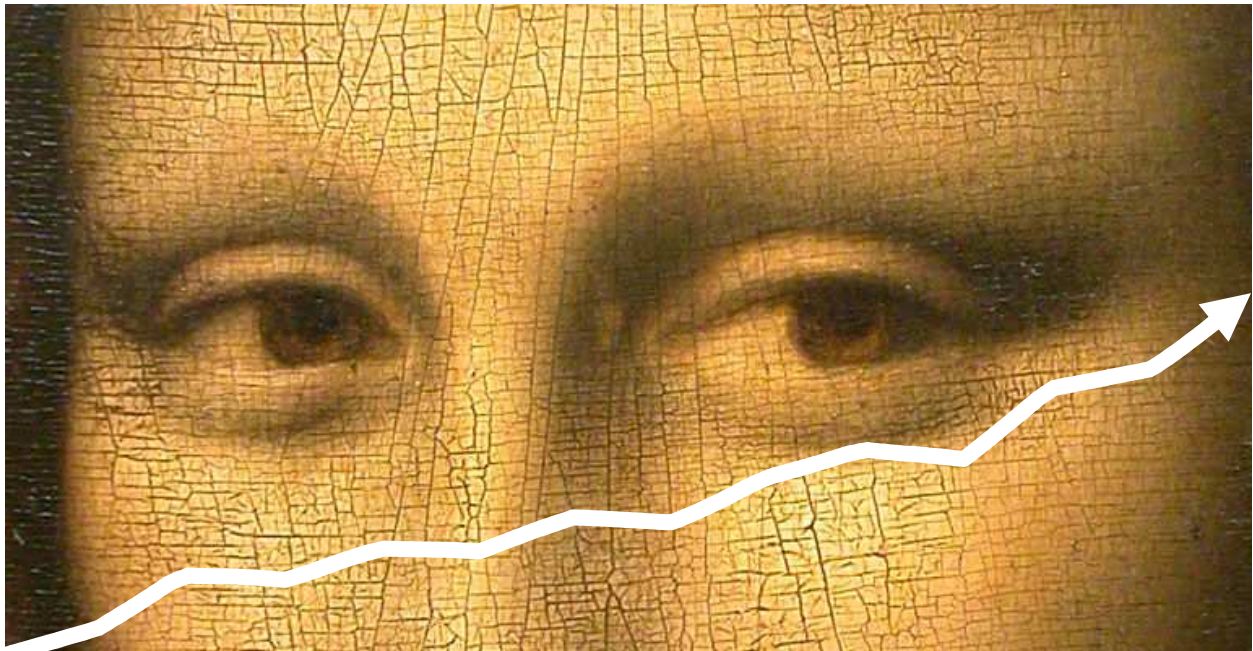




ACE Private Risk Services®

Passionate Investing on the Rise: Spotlight on Asset Protection for Collectors



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Insurance Intelligence
White Paper

Executive Summary



Demand among high net worth individuals to acquire works of fine art, valuable jewelry, fine wine and other collections increased in 2010 and continues to grow in 2011, resulting in sales on par with pre-recession levels. This demand has been growing in part because of a greater appreciation of the investment diversification value of collections following the Great Recession of 2008-2009, according to a recent survey of wealthy households conducted by ACE Private Risk Services¹. Indeed, many of the respondents expressed plans to increase spending on their collections over the next 12 months. With financial markets growing increasingly volatile in the latter half of 2011, investment diversification may factor even more strongly in future purchase behavior.

As collections play a greater role in the asset base of wealthy households, it becomes increasingly important for families and their wealth advisors to understand the risks involved with this unique type of investment. Beyond market risk, collections are subject to title risk and an array of physical risks that cannot only greatly diminish their value, but break the owner's heart. Yet many collectors remain unprepared. ACE's research found that a significant portion of collectors have not insured all of their collections with a valuables policy. Additionally, to protect their homes and collections, many reported using policies from mass-market carriers, which often do not include coverage that allows for some fluctuation in the market value of precious items. Moreover, compared to companies that specialize in insuring the wealthy, these carriers are less geared to suggest steps and service providers that help prevent damage, theft or improper title.

To most effectively manage the risks involved with owning valuable collections, wealth advisors and their clients should employ a variety of experts that can often be arranged by an insurance broker or carrier that specializes in serving families with substantial assets. Depending on the type of collection, expert services could involve assuring proper title, documentation, tracking, display, storage, restoration, and shipping. These services can greatly reduce the potential for loss, while quality insurance coverage protects the owner in case of loss.

I: Back on Track



Venice, a View of the Rialto Bridge by Francesco Guardi sold for \$42.9 million, Sotheby's

Sixty-seven percent of high net worth collectors said the potential for appreciation in value was important in their purchase decision, according to an ACE Private Risk Services study.

During the height of the recession in 2008, the value of fine art on average declined, as did the value of many other investments. Nevertheless, the demand for great works of art never wavered during the downturn, according to Geraldine Nager, senior vice president, private client group, at Sotheby's in New York. "Rather, it was the supply of such works coming on to the market that was restricted—not the demand," Ms. Nager explains.

This demand continues through the present day, while the supply of great works of art has returned to pre-recession norms. According to Ms. Nager, sales of Impressionist, Modern and Contemporary Art, and high-value jewelry, were all up significantly over the previous year's results.

Sotheby's summer sales series in London supports this contention, totaling more than \$589 million. Two works brought record prices—Francesco Guardi's *Venice, a View of the Rialto Bridge* (\$42.9 million) and Egon Schiele's *Häuser mit bunter Wäsche* (\$40 million). Through the first half of 2011, Sotheby's auction sales reached \$2.9 billion, up 38 percent from the same period in 2010. Sales at auction house Christie's over the same period reached \$3.2 billion, up 15 percent from last year's first-half figures.

Fine art is not the only category of "passionate investing," a term describing the emotional attachment people have for their collections, to have rebounded. In July, a bottle of 1811 Chateau d'Yquem white wine was sold in London for 75,000 pounds sterling or about \$123,000—a record price. "We estimate the fine wine trade globally at around \$3 billion to \$4 billion, with prices in the last ten years rising from between 500 and 2,000 pounds sterling per case of Bordeaux to between 4,000 and 20,000 pounds sterling," says Jack Hibberd, research manager at London-based Liv-ex, a leading fine wine marketplace.

Diamonds also are achieving record values. Sales of rough diamonds by the Diamond Trading Company in the first half of 2011 reached \$3.5 billion, up 33 percent over the same period in 2010, representing the highest six-month sales figure ever recorded. The market for polished stones, meanwhile, has been upbeat for more than a decade. A premium, ideal cut, one-carat diamond of exceptional color and clarity sells for more than \$25,000 today, up from \$15,100 in 2000, according to wholesale diamond dealer Ajediam.

The market for rare English furniture and decorations also has revived since the recession. "We've seen a dramatic reversal of fortunes," says Ronald Varney, owner and president of Ronald Varney Fine Art Agents, a New York-based art advisory firm. "Values had come down dramatically in the fall of 2008. People stopped buying, and dealers, many in London, left the market. All that has stopped. The market began rebounding in the second half of 2009, and we have seen some fantastic sales across the board so far in 2011."

Supply, Demand and Diversification

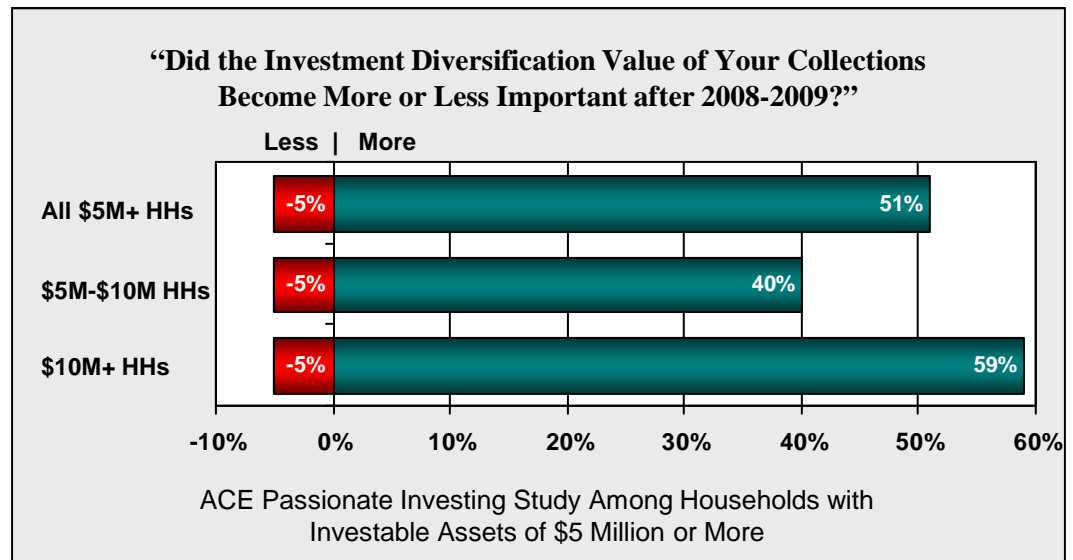
“With Treasury securities being downgraded, gold at an all-time high, and commodities and farmland values surging, people are increasingly eyeing fine art, snapping up bargains where they can find them, given expectations of continuing price increases.”

–Tom Livergood, CEO, The Family Wealth Alliance

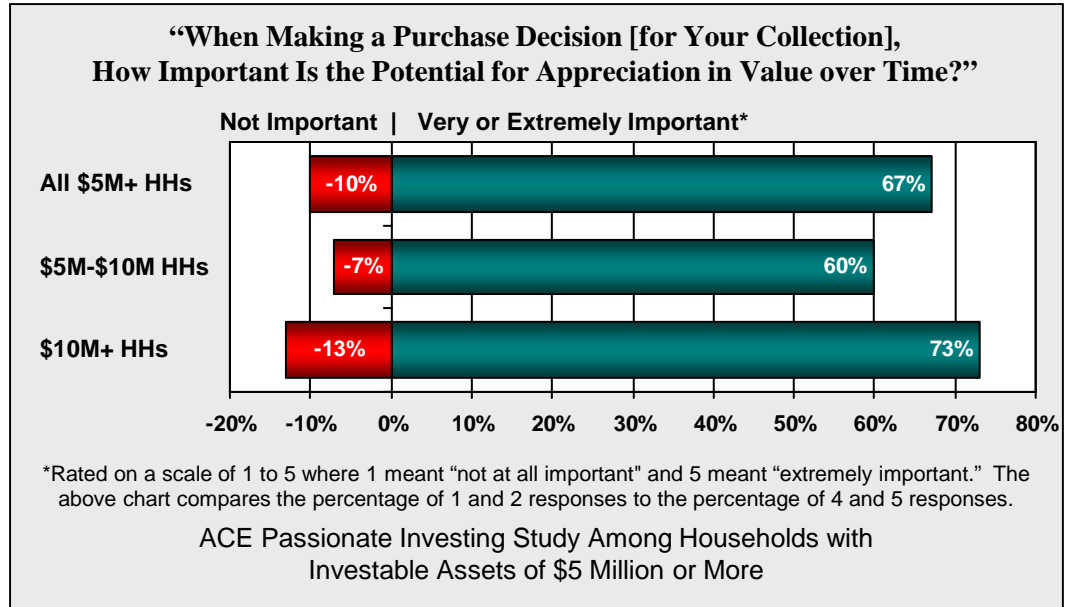
What is driving the market for fine art and other classes of passionate investments to reach new heights? Ms. Nager from Sotheby’s cites a combination of factors for the art market’s revival, including the limited supply of exceptional quality Western fine art works, and rising demand, especially from wealthy individuals in emerging economies. “Our sales in Hong Kong, in particular, have been steadily increasing, culminating in a 135 percent increase from 2009 to 2010,” she adds. “And the development of wealth in China has resulted in the emergence of an entirely new generation of dedicated collectors.”

With regard to fine wine, Mr. Hibberd also cites supply and demand. “Stocks of fine wine do not increase in production, and we are seeing a spike in demand from China,” he explains. “The long-term compound growth rate for fine wine is 12 percent, depending on the sector. The correlation with other assets is very low, making this a very worthwhile alternative investment for portfolio diversification purposes.”

Investment diversification has taken on even greater importance in driving demand since the Great Recession of 2008-2009, according to a survey of high net worth households in the U.S. conducted by ACE Private Risk Services. Half of the respondents said that the investment diversification value of their collections became more important to them as a result of the downturn, compared to five percent saying it became less important. The shift was even greater among the wealthiest households in the study.



Indeed, investment diversification and the expectation of market value appreciation factor strongly in the decision to collect. Seventy-four percent of respondents in the ACE study cited investment value as a reason to collect, second only to enjoyment of the intrinsic value or beauty of the items. Additionally, 67 said the potential for appreciation in value was important in their purchase decision, and 53 percent said investment diversification was important. Again, these attitudes were even more pronounced among the wealthiest households.



“The long-term compound growth rate for fine wine is 12 percent, depending on the sector. The correlation with other assets is very low, making this a very worthwhile alternative investment for portfolio diversification purposes.”

–Jack Hibberd, Research Manager, Liv-ex

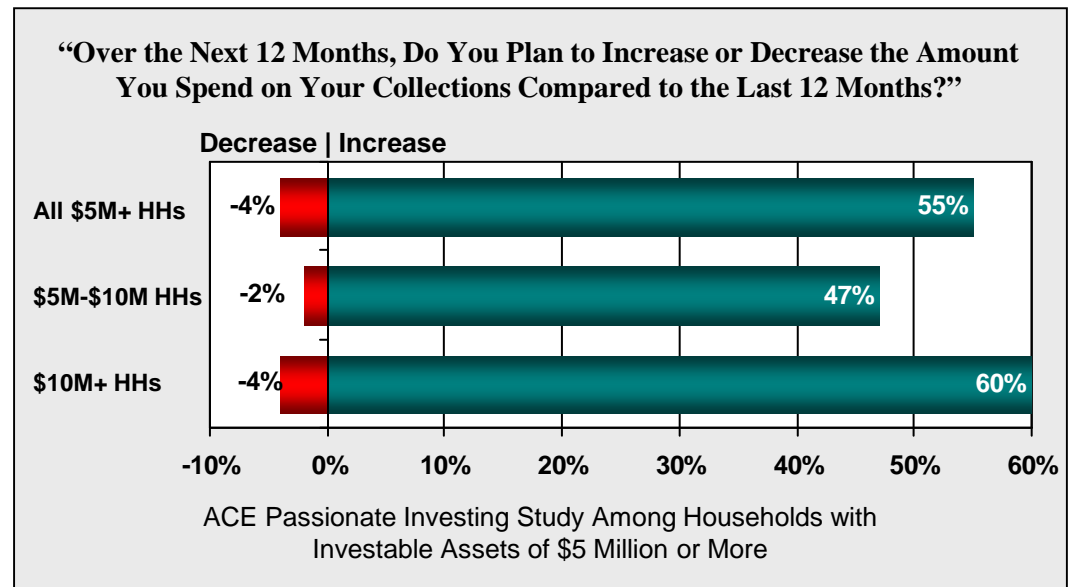
Tom Livergood, CEO of The Family Wealth Alliance, a Chicago-based research and consulting firm in the family wealth arena, says in his dealings with family offices, “We’ve seen renewed interest in acquiring art works across all classes, due to the resurgence of prices.” Fine art as an investment “has generally outperformed marketable securities because of concerns over risk,” he adds. “With Treasury securities being downgraded, gold at an all-time high, and commodities and farmland values surging, people are increasingly eyeing fine art, snapping up bargains where they can find them, given expectations of continuing price increases.”

Mr. Varney says English furniture and decorations values have improved “because of an infusion of new money in virtually every collecting category. Many people see English furniture as undervalued. We’ve even witnessed collectibles like Tiffany and Faberge walking sticks come on the market from private collectors and achieve record prices from multiple bidders.”

Despite the robust market for passionate investments, collectors must still choose wisely to reap diversification benefits over the long-term. As Gerald Escobar, president of Asset Archives, Inc., an Atlanta-based global collections management firm, puts it, “Quality trumps quantity.” Indeed, it is the rarity and critical regard of fine art and other collections that determine their value, in addition to the condition of the works.

With regard to the latter, Heather Becker, CEO of The Conservation Center, says more collectors are coming to the Chicago-based art restoration firm to improve the condition of their artworks prior to sale. “They want to attain the highest value,” she adds. “Others are conserving to appreciate the value of works they own. We’re also experiencing growth in our consulting business, assisting buyers prior to a purchase to evaluate the condition of the work for sale.”

The survey of high net-worth households by ACE Private Risk Services supports these trends. The amount invested in collections by many of the respondents was already significant; 44 percent estimated the market value of their collections was \$1 million or higher. Most intend to accelerate their spending through mid-2012. Over the next twelve months, 55 percent of the respondents said they expect to increase the amount they spend on their collections compared to the previous year, with 60 percent of wealthier households citing this intention. Only 4 percent reported plans to decrease spending.



II: Risk and Rewards

“Many high net worth collectors of fine art fail to appreciate the ownership risks of the art they buy. Often, they do not have access to details about the seller’s legal title to the work, and they do not know whether the dealer owns the art or is acting as an agent for the actual owner.”

–Lawrence M. Shindell
Chairman, ARIS Title
Insurance Corp.

The growing supply of great artworks and other types of precious items on the market, the benefit of investment diversification, and prospect of continued price appreciation give collectors and their wealth advisors much to celebrate. But to reap both the aesthetic and financial rewards of collecting, passionate investors must consider and address a wide and complex variety of risks. Unfortunately, many do not.

Problems can start at the time of purchase with title risk. “The risk of defective legal title permeates the art industry, versus the low levels in the real estate industry,” says Lawrence M. Shindell, Chairman of ARIS Title Insurance Corporation, headquartered in New York and with additional offices in Denver. A case in point entails the legal issues surrounding the Norman Rockwell painting, *Russian Schoolroom*, which hung in the office of movie director Steven Spielberg. The FBI came calling to reclaim the painting, which had been stolen in 1973 from a St. Louis-based art gallery.

“Many high net worth collectors of fine art fail to appreciate the ownership risks of the art they buy,” Mr. Shindell says. “Often, they do not have access to details about the seller’s legal title to the work, and they do not know whether the dealer owns the art or is acting as an agent for the actual owner. Thus, it is often unclear who has the authority to sell the work and the ability to transfer the title free of any concerns.”



In 2007, vandals who broke into the Musee d'Orsay in Paris left a four-inch rip in Monet's painting *Le Pont d'Argenteuil*.

"Time and again we see people who've bought these beautiful artifacts that were damaged because they were improperly packaged or shipped,"

—Heather Becker, CEO of The Conservation Center

ARIS attributes these challenges to the non-transparent, non-regulated nature of the art industry. "There is no single repository of public or private industry records to enable a buyer to thoroughly ascertain the legal title to a work of art or other important collectible," says Judith L. Pearson, President of ARIS. "The art world has grown at lightning speed and become exponentially more complex in the last 15 years, in part because of financial worries in the global capital markets," she says. "We have seen situations where one spouse in a divorce receives a painting as part of the settlement, goes to sell the work and then learns there is a tax lien against the art due to the other former spouse not paying his or her taxes. These are high severity financial risks that impact everything from asset accumulation to tax strategies, philanthropy and estate planning, as well as both the immediate collector and their families."

She adds, "In the old days, the art market was not as complex or litigious. Those days are over. A high net worth individual on the board of a museum is now at risk of being sued for a title-related issue loss of the museum. Often, the directors & officers liability insurance policy protecting board directors excludes title-related liabilities. Unfortunately, many people are blithely unaware of these dynamics and exclusions."

Once buyers have taken possession, they must contend with a host of other risks. Fine art, rare jewelry, fine wine and other objects of great desire are subject to physical damage and loss in value. Last year, for instance, a woman visiting the Metropolitan Museum in New York lost her balance and fell into a 1905 Picasso painting, *The Actor*, valued at \$130 million, causing a six-inch tear in the canvas that required restoration.

Other losses in recent years include a four-inch rip in Monet's painting, *Le Pont d'Argenteuil*, caused by vandals who broke into the Musee d'Orsay in Paris. Several priceless paintings housed at the Basilica Santa Maria della Salute in Venice, including one by Renaissance master Titian, suffered water damage following a fire next door to the building. And a 400-year old portrait of Robert Cecil by the Dutch artist John de Critz valued at roughly \$100,000 and in the care of an auction house was discovered to be warping, its pigment bubbling, resulting in litigation by the owner of the work. The auction house denies responsibility for the damage.

These are not atypical losses. Ms. Becker at The Conservation Center cites other examples of damage. "A very common risk is general deterioration," she says. "Many works of art on paper are framed in old materials that are non-archival or acidic. Others are exposed to ultraviolet rays or low humidity levels, causing the pigment to fade or crack. Meanwhile, new technology in the field offers archival and UV-protective materials to minimize long term deterioration. Owners also often store art in a place they think is safe and fail to check on the condition over time. They do not see that mold has developed or a painting has rippled from high humidity damage. The converse—an environment that is too dry and hot—causes cracking, chipping and the lifting of the pigment or veneer. Smoke is a major contributor to damage, from both fireplaces and tobacco smokers—a layer of nicotine discolors the surface."

Similar problems affect valuable furniture and unique objects. "Artifacts and furniture also need temperature and humidity to be within a reasonable range with low fluctuations, otherwise the high's and low's will cause warping and faster deterioration," Ms. Becker notes. With regard to sculptures, The Conservation Center has been commissioned to restore pieces that had been stored incorrectly. "Sculptures need to be stored in a vertical position, otherwise it can result in warping and, in some cases, permanent damage," she adds.



In 1992 Windsor Castle caught fire, forcing the rapid evacuation of many priceless tapestries and works of art. Photo by Reuters.

“The value of objects individually and collectively is constantly in flux, driven by market changes and other factors, yet works often are not recorded for documentation purposes.”

—Gerald Escobar, Co-founder, Asset Archives

Natural disasters like hurricanes, major floods, fires, tornadoes and earthquakes are other perils. “I tell people to stand in their homes and look at their art collection and imagine the worst,” Ms. Becker says. “If a flood were to occur, what measures can be taken now to limit the extent and scope of damage? If there was a fire, are there procedures in place to remove works? Whom do you call in such cases, such as first responders, conservators, and art handlers, and do you have this contact information at hand?”

Mr. Varney cites similar threats. “We’ve seen major collectors of fine porcelain who have these works in an earthquake zone or in an area at risk of flooding,” he says. “You would be surprised at how many people put up works on paper in rooms that are flooded with sunshine. Over a few years, the works fade and lose their value.”

Fine wines decline in value when bottles are exposed to too much humidity or heat. “Another major risk is movement,” says Mr. Hibberd from Liv-ex. “Wine is quite fragile, so the less movement the better.”

Since works of privately held art often are displayed at museums and galleries, their transport creates additional risks. “Time and again we see people who have bought these beautiful artifacts that were damaged because they were improperly packaged or shipped,” Ms. Becker says. She advises owners to secure the services of professional fine art shippers: “You want a company with air-ride, temperature-controlled trucks that are fully secured and alarmed, and drivers who have been put through background checks. You don’t want to take chances shipping something of high value with a fly-by-night trucking company.”

Ms. Becker recommends that professional art handlers package works in custom designed crates or a “shadow box,” essentially a type of crating in which the packaging materials never come in contact with the artwork being shipped. “We’ve seen instances where paintings were wrapped in bubble-wrap and transported in a truck without humidity and temperature controls,” she says. “The work arrived with the bubble-wrap stuck to the varnish.”

Other major risks include theft and improper tracking and valuation. Approximately \$6 billion a year in art is stolen annually, of which only 5 percent is recovered, according to ARIS Title Insurance Corporation. The survey of high net worth households by ACE Private Risk Services also indicates that 15 percent of respondents had no formalized documentation of the items in their collections.

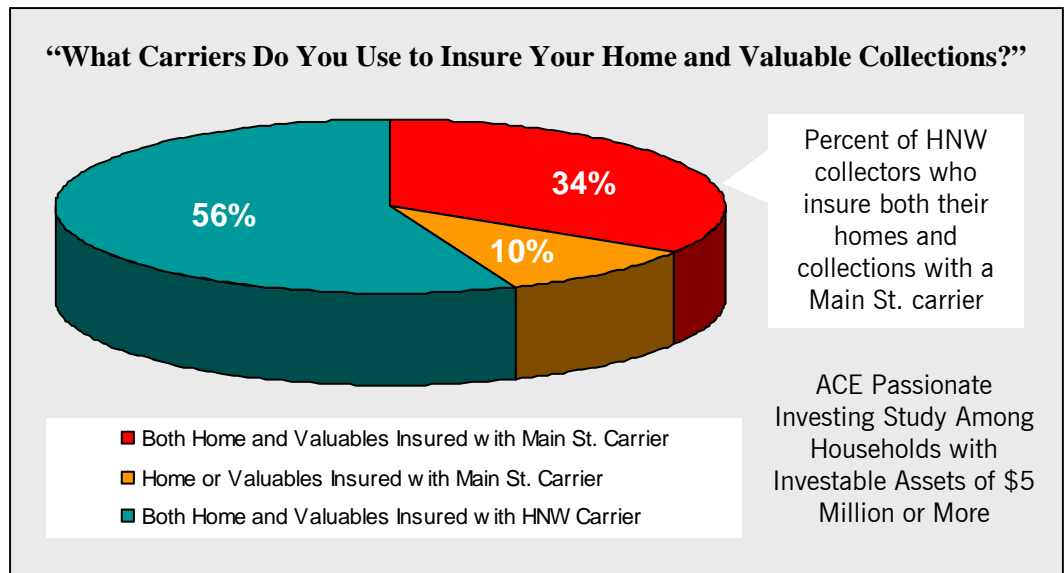
Asset Archives has seen its share of crude appraisals, questionable provenance and faulty documentation. “The value of objects individually and collectively is constantly in flux, driven by market changes and other factors, yet works often are not recorded for documentation purposes,” Mr. Escobar says. “When they are, in some cases, it’s on an antiquated legacy spreadsheet system that fails to account for rising values. Someone with multiple residences—each containing valuable collections on display or on loan—may be unaware of or accidentally under-representing the financial value of their art holdings.”

III: Choosing the Right Advice and Assistance

Valuable collections policies from companies that specialize in serving families with substantial assets usually provide a buffer against temporary fluctuations in the replacement cost of valuables articles by paying a market value up to 50 percent higher than the scheduled amount of coverage in case of loss. Standard policies do not.

Given the increasing value of fine art and other collectibles, and the breadth of physical perils and other financial exposures confronting these works, owners and their wealth advisors face a difficult task in managing the risks to their passionate investments. Often the best place to start is an insurance broker or independent agent who specializes in serving families with substantial assets to protect. These insurance advisors, who can be recognized by their access to similarly focused insurance carriers, can usually suggest and even help coordinate services from a variety of experts appropriate for each type of collection.

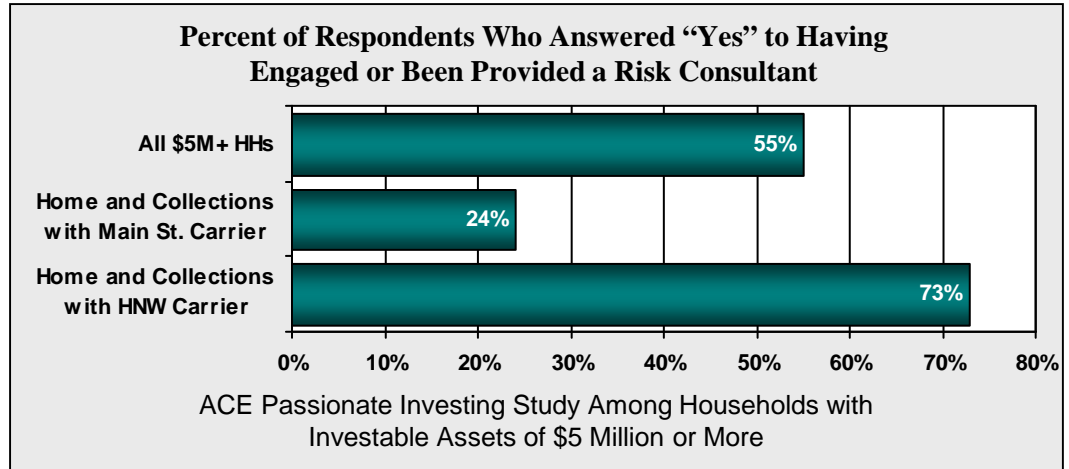
This approach sounds simple, but a large number of wealthy collectors have chosen a more dangerous path. In ACE Private Risk Services' survey, one in three high net worth (HNW) households reported insuring both their homes and valuable collections with a standard, Main Street-type carrier instead of one structured specifically to meet their needs.



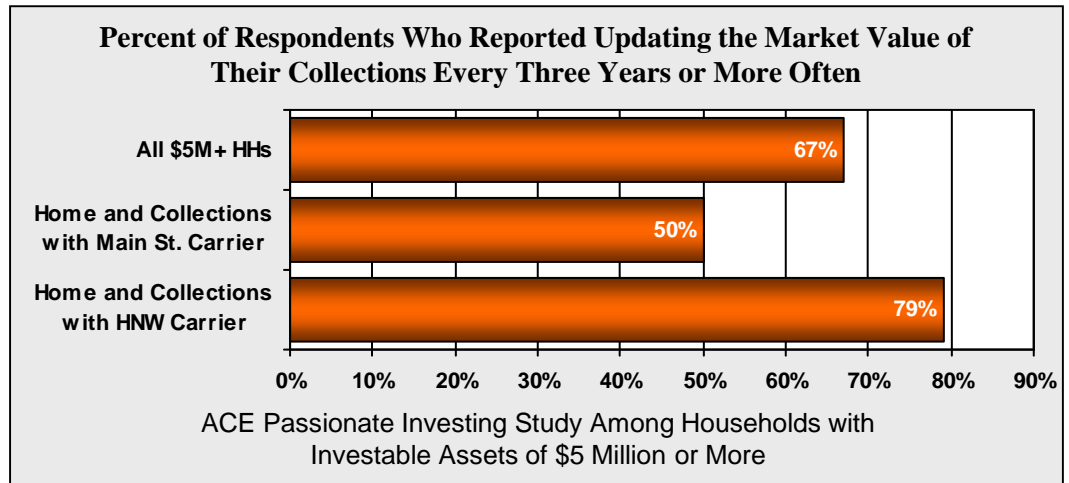
The differences in insurance coverage are stark. For instance, valuable collections policies from companies that specialize in serving families with substantial assets usually provide a buffer against temporary fluctuations in the replacement cost of valuables articles by paying a market value up to 50 percent higher than the scheduled amount of coverage in case of loss. Standard policies do not. Also, standard policies will often not pay for losses due to breaks or fractures of fragile items if, for instance, a precious statue or vase is accidentally knocked over. Such losses are often covered by policies from specialty carriers.

Differences not only exist in coverage. Behavior patterns of collectors who insure with standard carriers versus those who insure with specialty carriers suggest differences in the quality of advice and support provided, according to ACE's survey. As an example, 73 percent of collectors who use a specialty carrier have had a risk consultant help make sure the items in their collection are stored or displayed in a location and manner where they are least likely to be damaged or stolen. By contrast, only 24 percent with a standard carrier have done so. The primary reason for not using a risk consultant is that the collector never thought about it or wasn't aware a risk consultant could help them protect their precious items.

Nearly 40 percent of collectors in ACE's survey did not have all of their collections insured against property loss.



Owners of fine art and other rare items are advised to review the inventory of their valuable collections on an annual basis, adjusting coverage levels as needed. The ACE survey indicates that owners whose collections are insured by Main Street-type insurance companies are three times as likely not to keep an inventory of their valuables as collectors with carriers specializing in the high net worth marketplace. Furthermore, they are less likely to keep the value of their collection up-to-date. Only 50 percent reported updating the market value every three years or more often versus nearly 80 percent of collectors using specialty carriers.



Regardless of the carrier type, many collectors could be more diligent about insuring their collections. Nearly 40 percent of collectors in ACE's survey did not have all of their collections insured against property loss.

With regard to art title risks, Mr. Shindell from ARIS suggests that high net worth collectors of art and other important collectibles should employ the same risk management tools in that asset class as are applied in other environments. A key aspect of that is to purchase title insurance, just as one does when buying real estate. “Title insurance for fine art and other important collectibles is the only way to ensure that a high net worth collector and his or her family will not inherit future problems,” he explains. “Only title insurance can guarantee clear legal title and protection against title claims, which also enhances the valuation of a work. Lack of guaranteed clear legal title decreases the valuation of a work and its marketability; conversely, guaranteed clear legal title enhances the valuation of a work and its salability and manages risk.”

Eleven Steps for Protecting Passionate Investments

There are myriad, complex risks that confront the owners of valuable collections. These financial exposures require expertise in their assessment, management and mitigation.

Here are steps that collectors and their wealth managers can take to manage the risks:



1. Assemble the correct team of experts.

- The team would include an insurance advisor like an independent agent or broker, an insurance company specializing in serving clients with substantial assets, appraisers, an art conservation laboratory to provide pre- and post-loss advice and services, and loss prevention advisors.



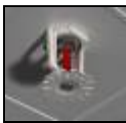
2. Establish a system for tracking and valuing the collection on a regular basis.

- For large collections, consider purchasing specialized collection management software. It should allow the user to detail the name of the object, its size, current condition, date of purchase, the period of the piece, and its appraisal record.
- Store the records off-site in a safe location, such as a bank safe deposit box or a secure and private data web hosting solution.



3. Protect the collection from theft.

- Consider an investment in both perimeter and external security systems. The goal is to catch thieves 30 feet from the house—before they have entered the residence. Surveillance systems inhibit thieves, as do guard dogs and human guards.
- Register all collections with applicable registries that keep this information confidential so as not to alert thieves about their ownership.



4. Protect the collection from fire and smoke.

- Ensure that all homes have fire and smoke detection systems installed. Consider installing a waterless fire protection system such as the FM-200, which restricts oxygen in a physical space to extinguish a fire within 10 seconds or less.
- If the home has a water sprinkler system for fires, make sure it is adjusted to ensure that valuable art is protected from water spray.



5. Choose the display location and method to guard against damage from water, sunlight, and other hazards.

- Never locate valuable paintings, antiques, rugs, and other collection pieces under bathrooms, laundry rooms or other rooms where a plumbing leak is possible. Also, never hang artwork near the floor where it can be destroyed by flooding.
- Avoid locating valuable paintings, antiques, rugs, and other collection pieces near windows to reduce sunlight and external water exposure risks. In cases where sunlight cannot be avoided, install windows that reduce ultraviolet penetration.
- Large canvases that are close to the floor can be damaged by children and pets—hence it is advisable to hang these works in rooms permitting a more elevated display. If this is not possible, consider restricting children and pets from the area.
- Never display art above a fireplace, unless the fixture is never used.
- Use museum-quality hanging mechanisms and hire professional framers to hang individual works.



6. Make sure art in storage is well protected from the elements.

- Do not store collections in the attic or basement, where heat and humidity levels can reach extremes.
- Consider purchasing a racking system and then crate and vertically place each painting separately in its own rack. Make sure the rack is elevated from the floor, and that the storage site is temperature and humidity controlled. Stabilize all racks to ensure they don't tip over in the event of a natural disaster like an earthquake or are so top-heavy that anyone might accidentally topple them.
- Alternatively, consider the services of a company that specializes in the storage of collectibles that are currently not being displayed. Review all references and visit the facilities to ensure the location is climate controlled.



7. Store fine wine in a properly constructed wine cellar.

- Bottles should be placed on their sides to keep the cork wet and reduce the risk of oxygen entering the bottle.
- Temperature should be maintained between 55 to 60 degrees F. Fluctuations in temperature can speed the aging process. If the temperature is maintained with a heating and cooling system, make sure the system has a back-up power supply.
- Keep wine away from a constant light source, which may give off heat and damage the wine.
- Choose wine racks that are made of unfinished wood and avoid certain kinds of woods like cedar, which can impart an odor that affects quality.
- Ensure that wine racks can withstand natural disasters like an earthquake or hurricane, if the region is prone to such risks.



8. Use professional art shippers when putting collections in transit.

- Valuable collections are most at risk when they are being shipped. Hire only reputable companies that specialize in transporting valuable works. Trucks or vans should be temperature and humidity controlled, and fitted with air ride systems that reduce the risk of damage from shocks, vibrations and sudden stops. Specialized crating and packing materials are another necessity. References, too, are a must.
- When shipping by air, take advantage of the Transportation Safety Administration's new Certified Cargo Screening Program. Certain professional art shippers are certified to inspect and officially seal art during the packaging process. This program eliminates the risk that your art shipment could be opened and potentially damaged by inspectors while clearing airport security.



9. When loaning a valuable art piece or collection to a museum, make sure the museum has adequate safety measures and insurance in place.

- Ask where the collection will be displayed. The same precautions outlined in steps 4 and 5 should be followed by the museum.
- Have your insurance agent or broker review the museum's insurance policy to make sure your collection will have adequate coverage against all potential threats.



10. Develop an evacuation plan in case of disaster.

- Plan ahead. Don't start thinking about saving the collection when the hurricane, wildfire or flood warning first sounds. List and prioritize items to be evacuated. Determine emergency packing and transportation methods.
- Set clear timeframes for when the collection should be abandoned in favor of life and limb.
- Apprise local fire companies of where art, antiques and other collections are stored in the home, and how best to extinguish a fire without damaging these works.



11. Maintain proper insurance in case of loss, because even the best risk mitigation strategies are not perfect.

- Choose an insurance company that caters specifically to the needs of high net worth clients.
- Ask how coverage handles temporary fluctuations in the replacement cost of valuables articles. The best valuables insurance policies will pay market value up to 50 percent higher than the scheduled amount of coverage in case of loss.
- Annually review the inventory of valuable collections, adjusting coverage levels as needed.
- Make sure items added to the collection are also added to the insurance policy. The best insurance companies automatically provide coverage for newly acquired items, but they all require notice within a certain period of time, usually 30 to 90 days depending on the item, so that they can adequately charge for the additional risk.

Conclusion



As collectors in high net worth households increase their passionate investing in fine art, jewelry, wine and other precious items—both for enjoyment and for investment diversification—they must learn to manage a broader array of risks than they may be considering. Gradual deterioration, accidental damage, theft, disputed title, and other perils can drastically diminish the value of a specific work or item, even while the market trends in each type of collection may be strong and indicate good prospects for price appreciation. The prudent collector and wealth advisor can take the first step in mitigating such risks by working with an experienced independent insurance advisor with access to carriers that specialize in serving families with substantial assets. These advisors and carriers can then coordinate the proper insurance coverage and loss prevention services to help preserve the value and integrity of the collections for generations to come.

References

1. The ACE Private Risk Services Survey on Passionate Investing by Wealthy Households was commissioned by ACE Private Risk Services and conducted by the market research group of FTI Consulting using its proprietary Affluent Dynamics® online marketing research panel of wealthy individuals. The online survey was sent to 936 members of the Affluent-Dynamics panel and 168 completed responses were received, which represents an 18 percent response rate. Survey participants were limited to those panel members who held a minimum of \$5 million in investable assets (total assets excluding value of a primary residence). The survey was conducted from May 16 to May 25, 2011. There is a margin of error of +/- 6.3 percentage points at the 90 percent confidence level.

For the questionnaire and detailed results, contact Carla Ferrara, 215-640-4744, carla.ferrara@acegroup.com

About ACE Private Risk Services

ACE Private Risk Services is the ACE Group's high net worth personal insurance business, which provides specialty coverage for homeowners, automobile, recreational marine, umbrella liability and valuable collections insurance for affluent individuals and families. Additional information can be found at: www.aceprs.com.

The ACE Group is a global leader in insurance and reinsurance serving a diverse group of clients. Headed by ACE Limited (NYSE: ACE), the ACE Group conducts its business on a worldwide basis with operating subsidiaries in more than 50 countries. Additional information can be found at: www.acegroup.com.

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About the Quoted Experts

Gerald Escobar, President, Asset Archives, Inc.

Asset Archives, Inc. serves as the next generation for contents and collections management. Headquartered in Atlanta, GA with service nationwide, Asset Archives serves over 400 clients and delivers solutions ranging in complexity, size and subject matter both in the United States and abroad. Contact: gerald@assetarchives.com

Lawrence M. Shindell, Chairman, ARIS Title Insurance Corporation (New York). Judith L. Pearson, President, ARIS Title Insurance Corporation (Denver).

ARIS Title Insurance Corporation (ARIS) is the recognized global authority on the subject of legal title risks impacting the fine art and collectibles market worldwide. It is the only insurer to underwrite true title insurance for fine art and other important collectibles, and it serves the art market generally and the fiduciary banking, legal, museum and broader non-profit communities. ARIS developed the field of art title insurance and currently offers the world's first and only title insurance for art and similar tangible personal property, the ATPI® title policy. ARIS is a wholly-owned subsidiary of Argo Group (Argo Group International Holdings, Ltd. (Nasdaq: AGII)). For more information, visit www.aristitle.com.

Tom Livergood, CEO, The Family Wealth Alliance

The Alliance is a research, publishing, and consulting firm known for its innovation and adherence to its core value of Placing Families First. In 2010 it launched the Alliance Security Council, whose mission is to safeguard the lives and livelihoods of private families. In 2011 the firm inaugurates two online publications, The Alliance Report and the Security Council Briefing. The Alliance is based in Wheaton, Illinois, USA. Contact: Tom@FWAlliance.com; www.FWAlliance.com and www.AllianceSecurityCouncil.com

Geraldine Nager, Senior Vice President, Private Client Group, Sotheby's

Sotheby's is a global company that engages in art auction, private sales and art-related financing activities. The Company operates in 40 countries, with principal salesrooms located in New York, London, Hong Kong and Paris. The Company also regularly conducts auctions in seven other salesrooms around the world. Sotheby's is listed on the New York Stock Exchange under the symbol BID. Contact: geraldine.nager@sothebys.com

Heather Becker, CEO, The Conservation Center

As one of the nation's leading private art restoration and conservation laboratories, The Chicago Conservation Center has cared for fine art from some of the country's most prestigious museums, galleries, corporate and private collections. The Center is the largest facility of its kind in the nation, www.theconservationcenter.com. Contact: Heather.b@theconservationcenter.com

Jack Hibberd, Research Manager, Liv-ex

Established in 1999, Liv-ex is the global marketplace for fine wine. The Liv-ex Fine Wine Exchange provides an integrated trading and settlement platform, bringing new standards of efficiency and transparency to a traditionally opaque market. Liv-ex is a global business with members in 33 countries spread across six continents. In its ten years of operation, Liv-ex has built the world's largest database of standardized fine wine prices and is now also the leading source of independent and impartial market data. Contact: jack@liv-ex.co.uk

Ronald Varney, Owner and President, Ronald Varney Fine Art Agents

Ronald Varney Fine Art Agents specializes in providing impartial, confidential advice on buying and selling art in virtually any collecting field. Our extensive professional experience in the auction world makes us uniquely qualified to handle the sale of artwork at the major auction houses on behalf of our clients. We are not art dealers and do not act in any capacity except directly on behalf of a client according to their specific art-related needs. Contact: ronald@ronaldvarney.com

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