WRITTEN BY PATRICK CUNNINGHAM

THE GREAT GENERATIONAL WEALTH TRANSFER

For many high-net-worth families, the wealth being handed down to the next generation is not cash or a stock portfolio but real estate. And for many of these heirs, the initial romance of inheritance often quickly segues to the sobering realities of governance, taxes, upkeep—and insurance. Especially if that luxury estate includes valuable treasures like a work by an acclaimed artist, a wine cellar filled with prized bottles, and a vintage timepiece tucked into the sock drawer– often almost none of it properly insured, documented, or maintained. Suddenly the stewards of high-value collectibles – objects they may not understand or even want – **the next generation is left to grapple with the realization that their windfall will be a full-time job to preserve.**

When inherited collections are passed on, these transitions are rarely clean or organized. It's usually the opposite. **There is often an inherent confusion between sentimental value and market value.** Fine furniture, jewelry and decorative pieces that have "always been in the family" are assumed to be valuable because of intergenerational narrative but often lack any actual documentation to support that assumption. **Insurers, auction houses, and courts increasingly demand far more evidence to justify value.**

In most cases, **the issue is not that the assets lack value, it's that no one has been actively managing that value.** A painting sitting in storage may turn out to be more significant within the art market than anyone realized, but there is no clear provenance or recent appraisal to support the value. **Estate planners now encourage families to prepare the heirs long before assets transfer to them.** This may entail creating digital inventories, documenting collectibles' provenance, arranging specialized insurance walkthroughs and reviews, and educating beneficiaries about maintenance obligations. Surprises are inevitable and those surprises usually necessitate insurance coverage.

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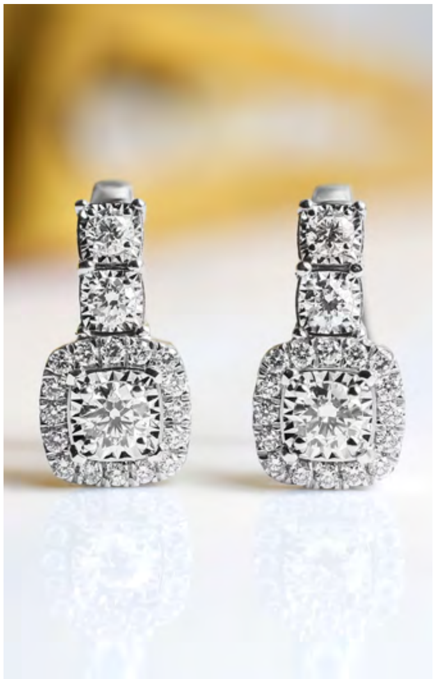

Valuation drift is one of the most significant and often hidden risks. Most standard home policies cap coverage for fine art, jewelry, wine, or collectibles—sometimes at a fraction of true value. It is common to encounter collections insured decades ago that have never been revalued or their condition checked. An item scheduled on a policy twenty years ago may now be worth millions yet may be underinsured because stewardship has lapsed. While financial assets and portfolios are actively monitored, rebalanced, and adjusted, physical assets like art, wine, jewelry, and collectibles often sit outside the traditional financial system and don't get the same level of attention. **That gap creates real exposure: values evolve, but the insurance coverage does not.** Until items are listed individually on a valuable articles policy with recent appraisals, they may be dangerously underinsured.

"The biggest risk in inherited collections isn't physical loss or damage. It's unintentional neglect. Values drift, documentation disappears, and coverage stays unchanged. Families are very disciplined when it comes to managing financial assets and there's a true opportunity to apply that same discipline to their collections."

– CHERYL KARIM, MANAGING DIRECTOR, FINE ARTS

Transporting collections for valuation, lending them to museums, or moving them between residences all require careful oversight and thoughtful transit coverage. One cracked canvas during a humid summer move or a slight temperature fluctuation due to improper wine storage can quietly erase millions in value, if those treasures are not properly insured. Also well worth noting is that **the highest risk period for these valuables is the immediate weeks following an owner's death.** When a home is left vacant during probate, **insurance companies often reduce coverage or deny claims if they discover the home is unoccupied, precisely when the risk of targeted burglary or unnoticed water damage peaks.**

"Lifestyle and specialty assets introduce a distinct layer of complexity for high-net-worth families. These categories carry elevated severity potential, rely heavily on accurate valuations and require specialized underwriting expertise."

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In the end, the greatest threat to inherited luxury assets may not be theft, fire, or market downturns but simple unfamiliarity. A masterpiece hanging in a damp room, or an improperly insured antique collection can discretely lose value well before heirs realize the true value of what was entrusted to them. **With proactive insurance planning, the next generation can turn a potentially overwhelming transition into stable, sustainable stewardship of their family legacy.**

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