

July 29, 2011 5:31 pm

Does your home insurance cover the wine cellar?

By Natasha Culzac

Vintage wine is coming to the fore, with the most prudent investors eyeing it up as a new money-making opportunity. It is increasingly considered lucrative due to an appetite for luxury among Asia's new millionaires.

But as a collector's wine cellar begins to swell, what protection is offered if their 1982 Lafite Rothschild comes to a terrible end?

Direct Line's valuable possessions insurance, Select, has advised connoisseurs to look closely at their home or contents insurance to make sure that they have suitable cover.

Wine collections are often forgotten when a household's contents are being calculated for insurance, Nick Brabham, head of underwriting at Select believes. Even if wine is mentioned on an insurance policy, if your stock has continued to grow and is now worth over £10,000 in value, you should double-check that the level of cover matches its worth.

Brabham adds that wine should be stored in an atmosphere that is not too humid or dry, as external forces can destroy a perfectly good bottle.

Companies do offer competing packages, but you should make sure that besides theft, your cover includes the damage of labels should a flood occur, as well as acute temperature changes.

"Where temperature or humidity is controlled by a climate control system, households should check that there is cover on their policy if wine spoils due to mechanical breakdown," Brabham said.

Like other insurers, private brokers La Playa insure wines which are in warehouse storage or in transit. Matthew Mullee, private client director says: "Wine is pretty cheap to insure: the rates for it are typically very low. A client just renewed his £250,000 worth of wine for £250."

Although rates vary from client to client and between insurers, seeking professional opinion about protecting your wine is imperative.

"The wine just sits as another item under the portfolio of coverage that [a client has] already got. As your collection starts to expand, it certainly merits more broker-led advice," Mullee said.

Select's warning comes days after the sale of the most expensive bottle of white wine, a £75,000 bottle of Chateau d'Yquem, to private buyer Christian Vanneque on July 26 at an auction at the Ritz in London.

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