

CHUBB®

The Wealth Report: Australia

Closing the protection gap
in a time of increasing risk



Introduction

Financial success is tougher than ever to achieve - and more challenging to protect.

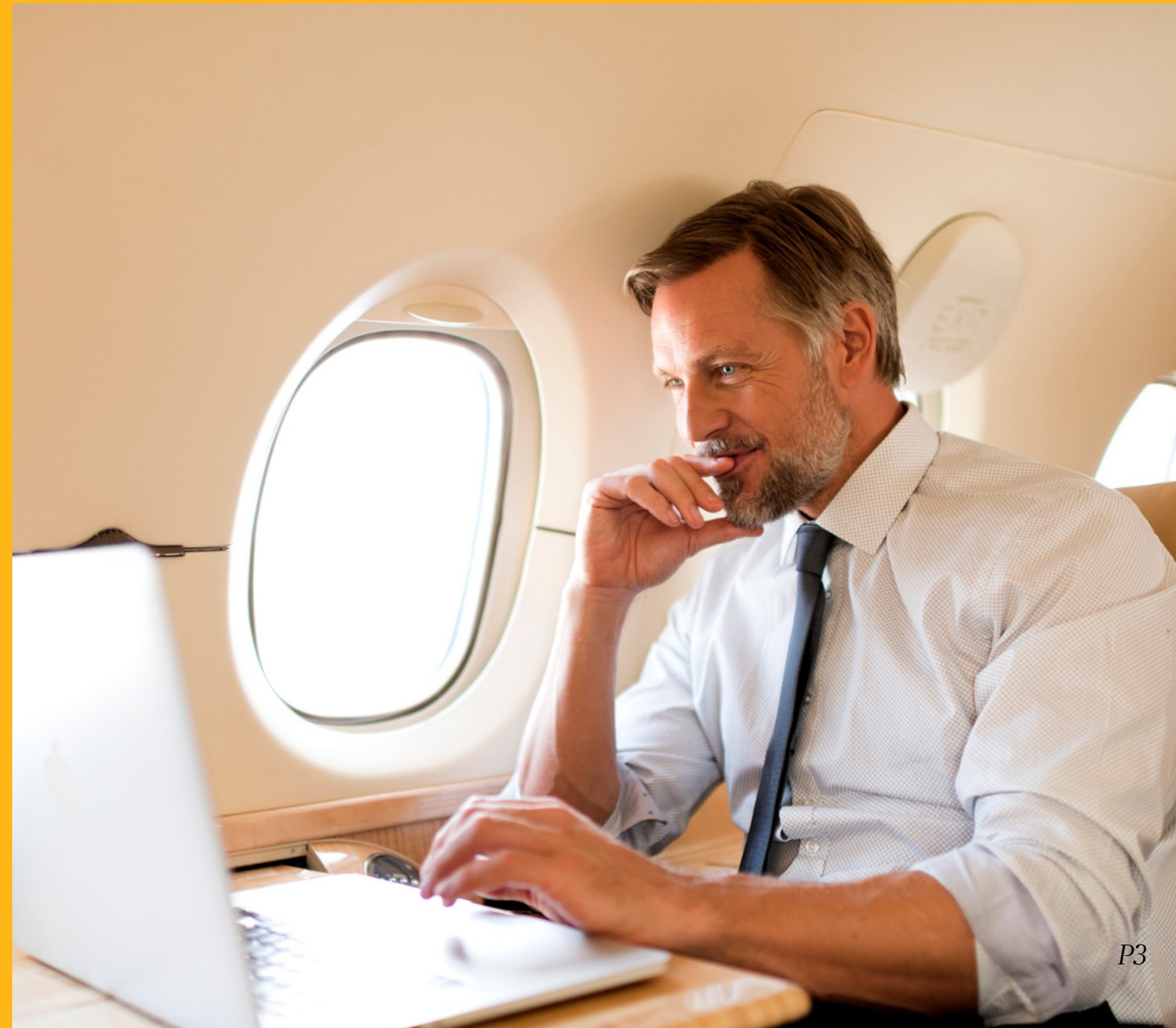
In its 2023 wealth survey, world leading insurer Chubb asked 150 affluent Australians how they view their wealth, what they value most, who they turn to for financial advice and what keeps them up at night.

We learned their passions and lifestyles drive many of their decisions when it comes to investing in homes and collections. These assets represent more than their dollar value, they signify the places and experiences that bring friends and family together and the pursuit of a dream or a legacy for the future.

This report examines the growing gap between what people value and how they choose to protect it. Survey respondents have primary homes valued on average \$10.5 million and 48% own more than one home. They see many vulnerabilities to their future financial success: economic instability and the potential loss of wealth on the one hand, and weather-related damage on the other. Yet many have not taken steps to understand how they can best protect their homes, their collections and their lifestyles.

Successful individuals and families have worked hard to build their wealth. Now is a pivotal moment for them to act and ensure adequate protection of what they value most.

Angela Capponi
Head of International
Personal Lines
Chubb, Australia and
New Zealand



Key insights

Mindsets of the wealthy

Financial success is tougher than ever to achieve - and more challenging to protect.

65%

are concerned about how the current economic climate will impact their wealth.

64%

say that building wealth is more challenging and less equitable than ever before.

62%

believe that a recession is likely in the next 12 months.

59%

say that the Australian dream of home ownership is more than ever tied to wealth.

Investing in passions

Affluent Australians invest in assets that carry emotional as well as financial value: their homes, their collections and their lifestyles. They continue to invest in real estate and forecast additional discretionary spending on entertainment and travel in the coming year.

76%

are collectors, with the most significant categories being designer accessories, jewellery and gems, watches, collector cars and fine wines.

68%

plan to spend more on entertainment in the next 12 months and 53% plan to spend more on domestic travel.

57%

see their home as an investment first and foremost; while 34% say 'home' signifies being a family or a place of memories.

Understanding risks

People with wealth identify varied risks to their wealth and lifestyle.

82%

believe that damage to their collections from fire and during travel/transportation are their biggest risks, 80% are concerned about natural deterioration and 77% are worried about art fraud.

73%

say loss of value of investments is their key concern, closely followed by damage to their property or business from weather-related events or climate change (70%).

64%

fear they could fall victim to cyber attacks, while 46% are concerned about neighbourhood crime such as burglaries.

“Cyber fraud, identity theft, home invasion and related incidents are increasing in Australia, and while survey respondents acknowledge these as risks, many are not insured from the financial losses and impact that can result.

Chubb Masterpiece is specialist homeowners' insurance that not only protects the things people treasure most, but also their families through family protection coverage that is unique in the market.”

Angela Capponi
Head of International Personal Lines
Chubb, Australia and New Zealand



 Find out more about Chubb Masterpiece Family Protection Coverage

Mindset

Changing times create a wealth conundrum: More affluence and more worry

The Australian Bureau of Statistics states the average net worth for all Australian households is just over a million dollars*. That's a lot of millionaires. This is reflected in the fact that affluent Australians are much more likely to consider themselves wealthy than their North American and UK counterparts.

Of the Australian respondents, 63% consider themselves wealthy, compared to only 32% in North America (despite many having investable assets of more than \$10 million) and only 50% in the UK - according to similar Chubb surveys conducted in those markets.

On the other hand, inflation, government debt, energy insecurity, economic instability, climate change, the competitiveness of the Australian economy and increasing concerns over financial fraud and lawsuits all seem to leave most wealthy Australians feeling less secure in their wealth and their future. Two-thirds say that building wealth today is more challenging than ever and 65% say they are concerned that the current economic climate will impact their wealth, with concerns about the impact of inflation and a possible recession in the next 12 months.



Whether respondents' wealth was mostly inherited (24%), mostly self-made (39%) or an equal mix (37%), there are some interesting complexities about their attitudes towards wealth.

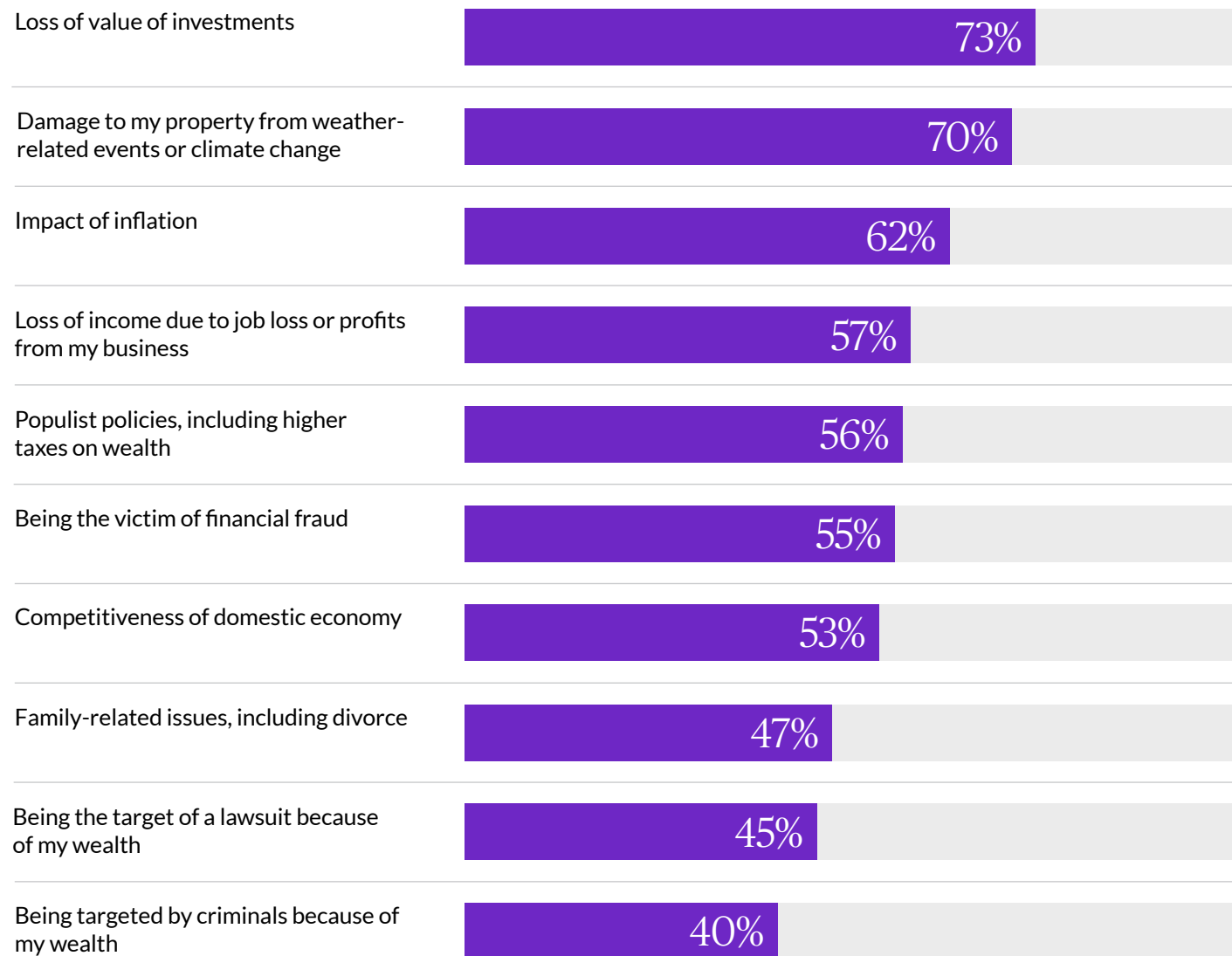
- They describe themselves as 'proactive in dealing with financial issues' (76%) and being 'more of an organised person' (63%), but say they 'avoid administration and paperwork' (66%).
- They say 'luxury brands are important to me' (67%) but also that 'I'm happy with simple pleasures' (57%).
- They are very successful but don't appear to live to work, the majority saying 'my dream is to retire as early as possible' (63%).



Mindset

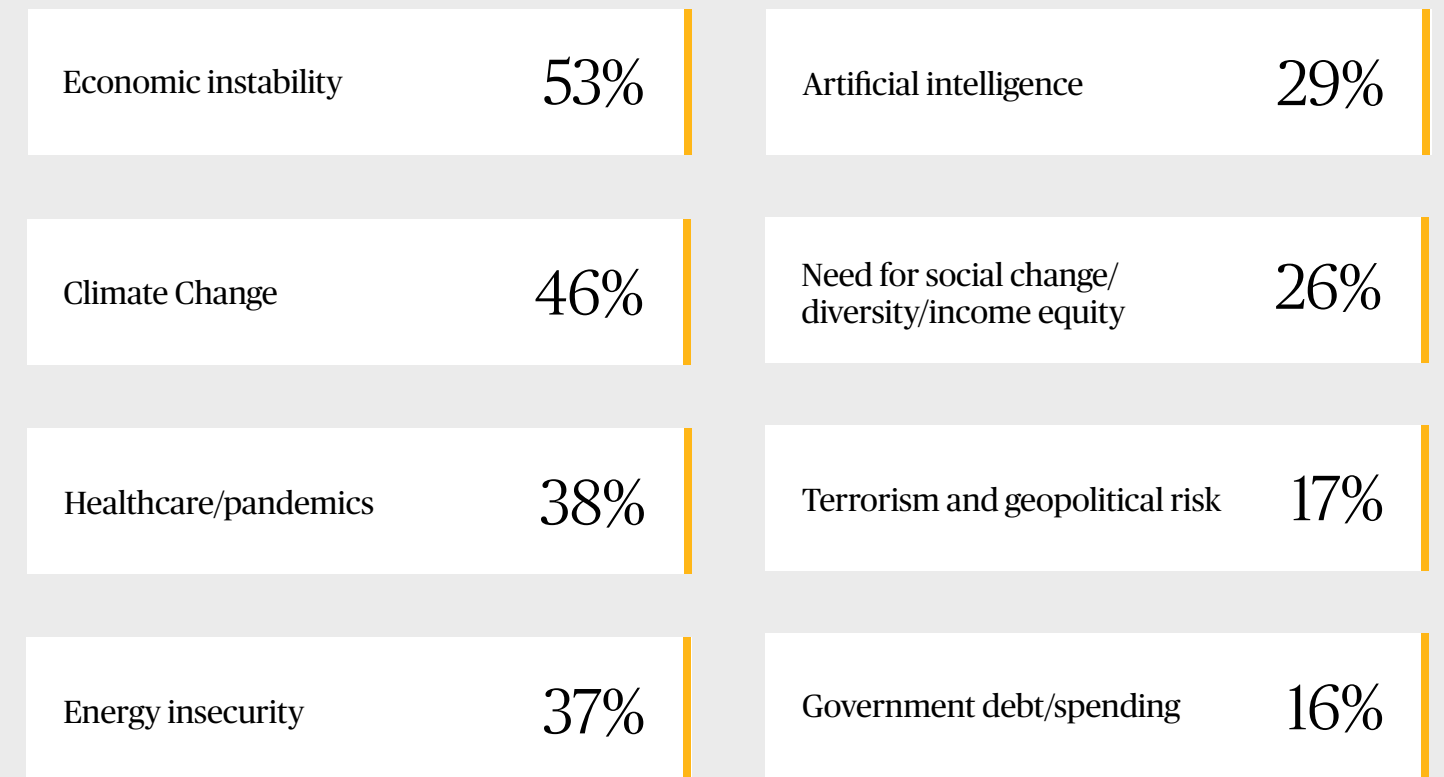
The markets and the weather pose the greatest risks to future wealth

Which of the following do you see as a risk to your wealth and lifestyle?



What keeps respondents up at night

Which of these following global issues keeps you up at night?



| Passions

Beyond owning things: Building sanctuaries and creating experiences

For successful people, wealth is more than the financial assets on their balance sheet. It is also the memories and stories behind the things they collect, the way they style their homes and the experiences they choose to create. The pandemic accelerated a shift away from simply owning things and toward entertainment and travel-related activities – areas where respondents plan to increase spending over the next 12 months.

Their home is seen first and foremost as an investment for 57% of respondents, but it also represents ‘being a family/memories’ for 34%. The average value of respondents’ primary homes is \$10.5 million, and 48% already own more than one home – a number that is likely to rise.

But wealth today seems to be about more than accumulating assets. There is a trend towards experiences over assets. Over the next 12 months, a notable percentage of wealthy Australians plan to spend more on domestic travel, international travel and entertainment, compared to the previous year. On the other hand, they are more likely to say they plan to spend the same or less on collectables, art and antiques in the next 12 months. The big exception in terms of spending on assets is real estate, where 57% intend to spend more over the next 12 months.

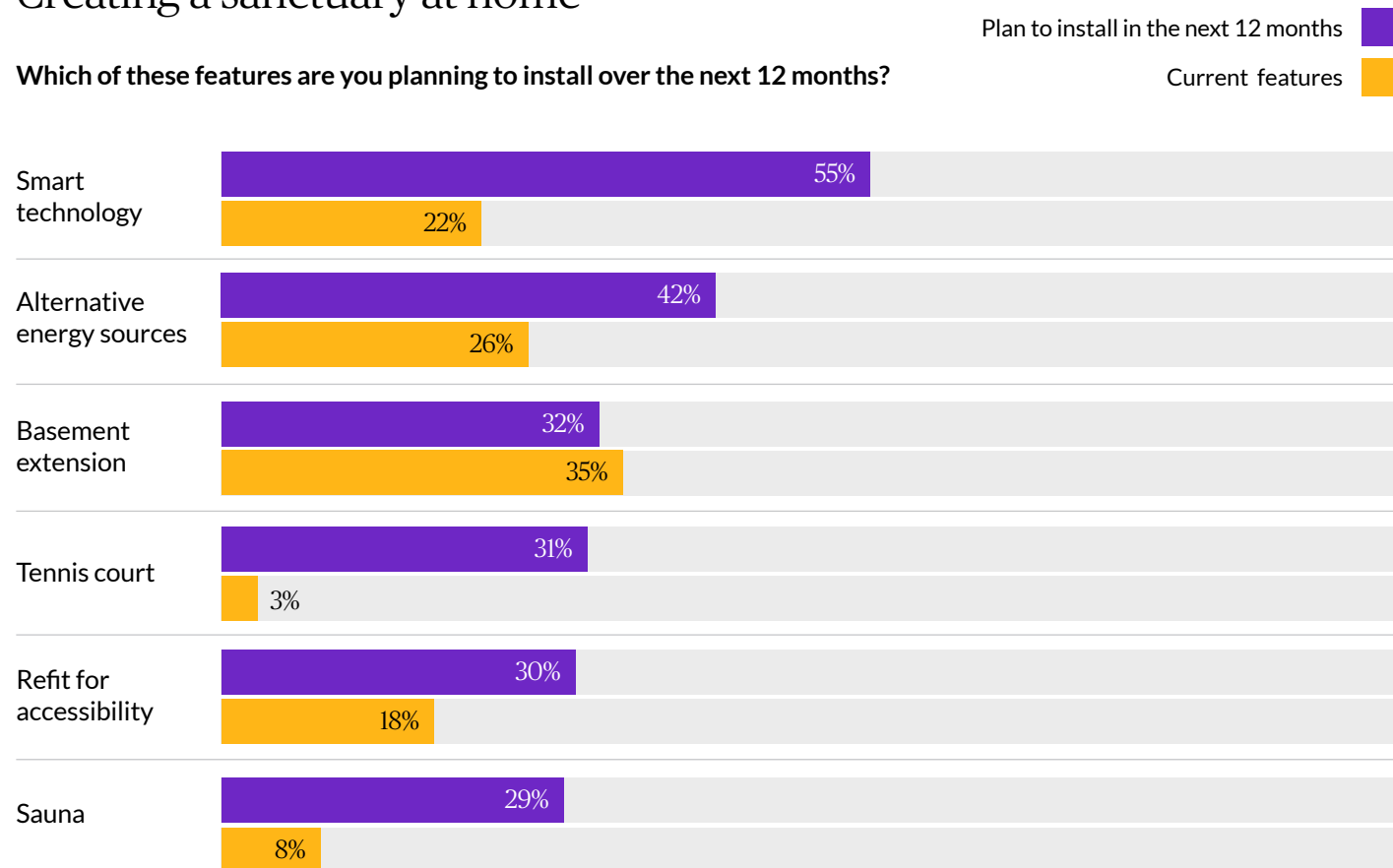


Passions

Respondents are also planning projects over the next 12 months that will enhance their homes, with smart technology and alternative energy the most popular home-improvement features.

Creating a sanctuary at home

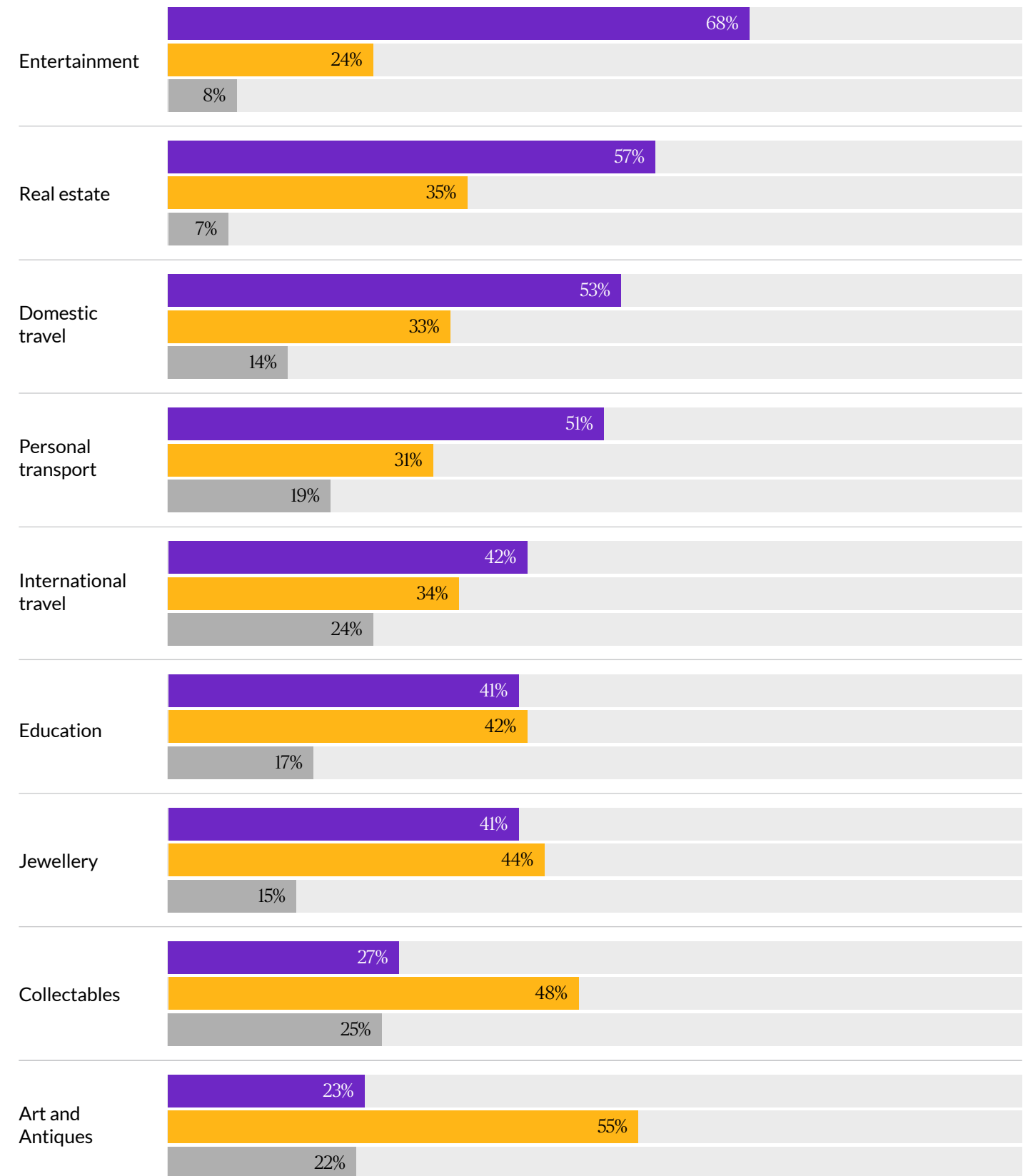
Which of these features are you planning to install over the next 12 months?



Spending on real estate and entertainment set to increase

What do you expect will be your discretionary spending over the next 12 months as compared with last year? (Respondents who expect spending to increase)

Increase
No change
Decrease



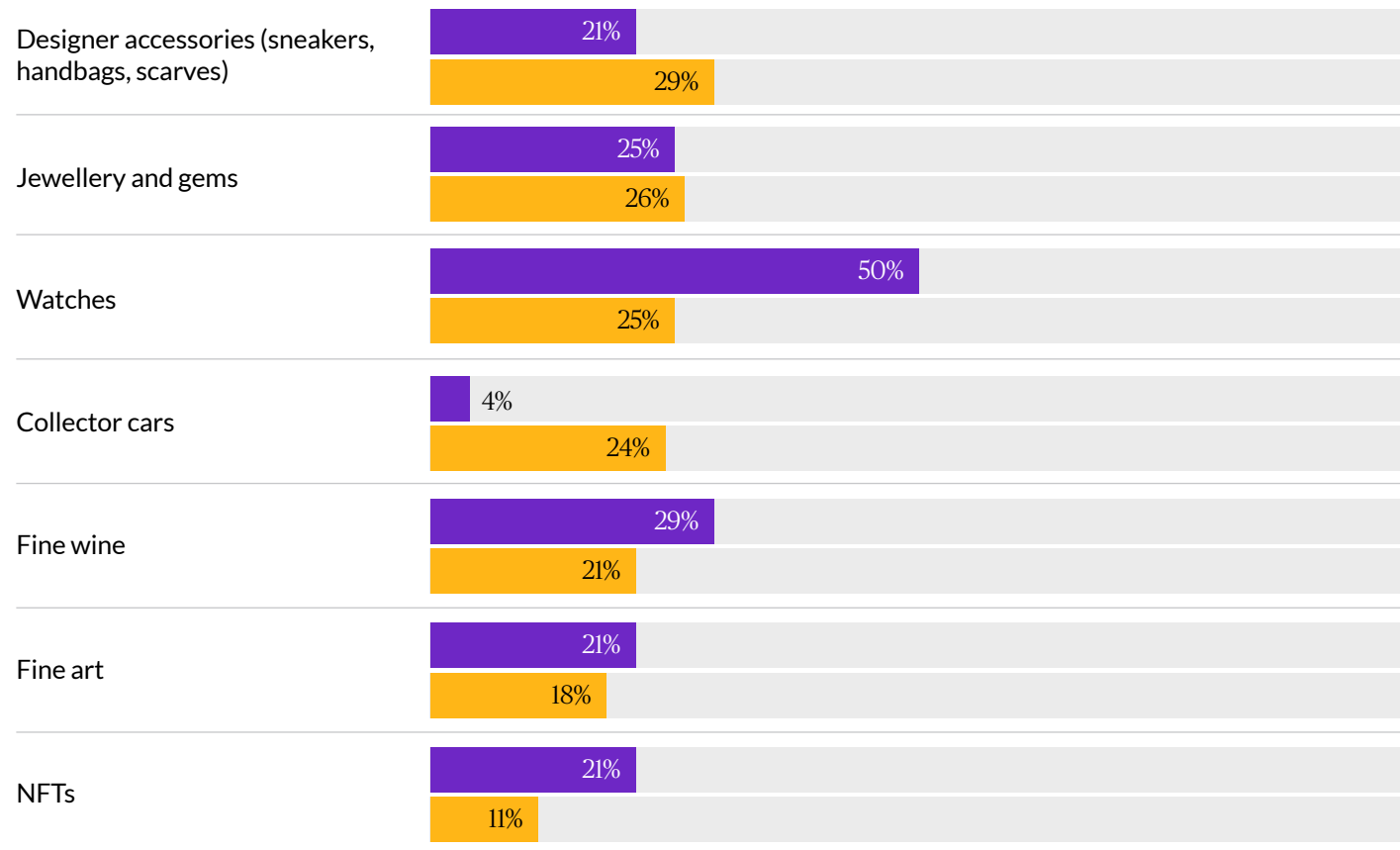
Passions

Just over three out of four respondents are collectors in various categories. Consistent with the observation about a shift from possessions to experiences, the focus on collections seems to be slowing, with 68% of respondents planning to make no changes to their collections over the next 12 months and only 21% planning to make acquisitions.

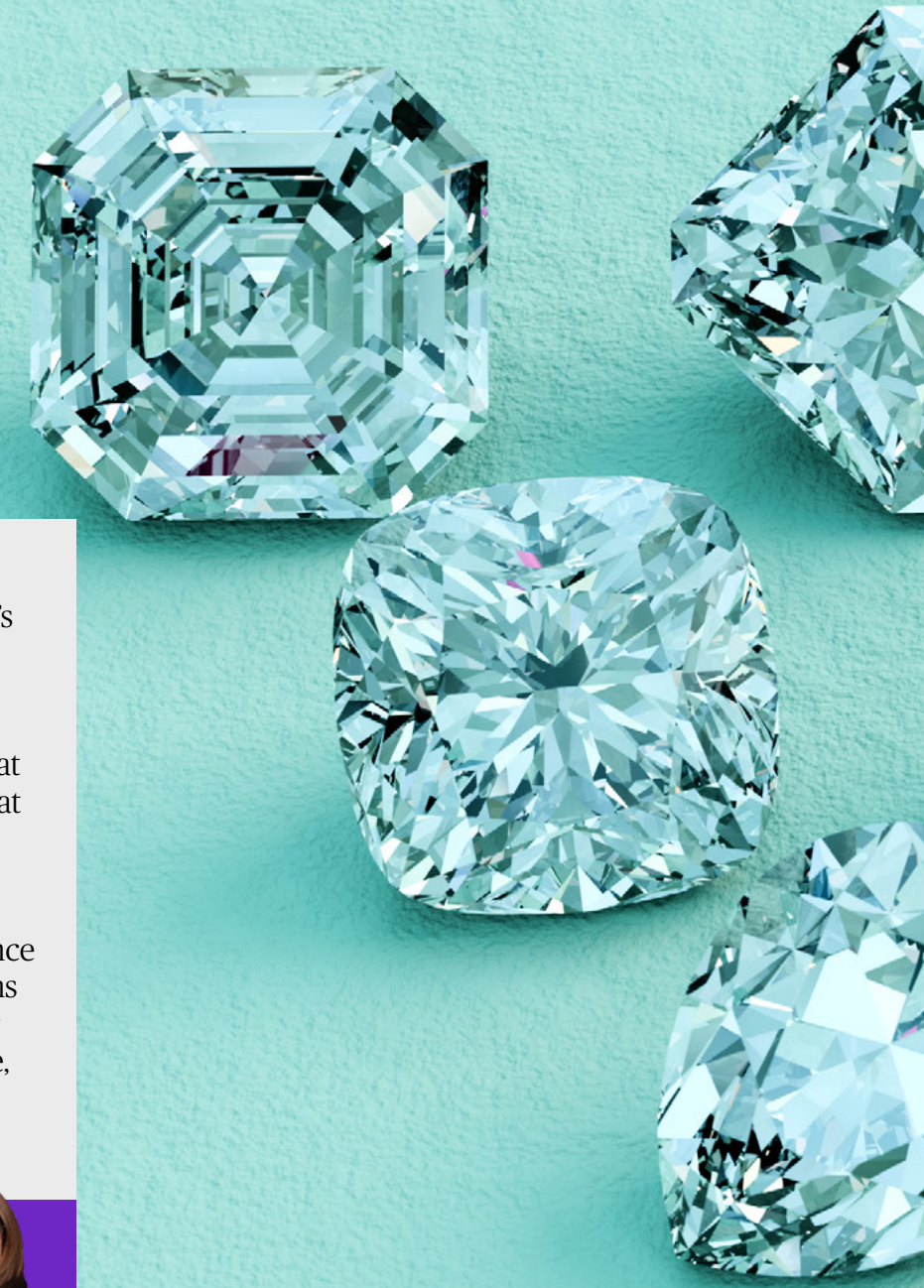
Designer accessories, jewellery and gems and watches remain top choices for wealthy Australian collectors with watches, fine wine, jewellery and gem collections most likely to grow in the next 12 months.

Collection shifts: Trends and changes

Plan to acquire in the next 12 months* ■
Already own** ■



* Percentage of those intending to make acquisitions in the next 12 months
** Percentage of all respondents who are collectors, who collect this category



“Personal collections are part of the great wealth transfer between generations so it’s important to have a plan for that transfer. Not all young people share their parents’, or their grandparents’ passions, so make sure heirs actually want the pieces and that they’re prepared to take on everything that comes with that in terms of protection, maintenance and care.

Chubb Masterpiece homeowners’ insurance offers flexible, worldwide coverage options to meet your unique needs and can cover an entire collection with blanket coverage, by itemising individual pieces, or a combination of both.”

Angela Capponi
Head of International Personal Lines
Chubb, Australia and New Zealand



78% of collectors believe their family and friends value and appreciate their collection/s and 58% expect their children will continue their collection/s. Yet only 56% have taken legal steps to bequeath their collection/s (via a will, foundation or trust) and 42% have not yet decided to whom they will leave their collection/s.



Find out more about Chubb Masterpiece Valuable Articles Coverage

Risks

Compounding risks: More worry for the wealthy

Compounding risks are a growing threat to wealth preservation and financial wellbeing. From long-standing weather concerns like bushfires and floods, to emerging weather concerns related to climate change - there is a growing need among wealthy Australians to rethink how best to protect what matters most.

Renovations are also an opportunity to make improvements. Installing water leak and smoke detectors is the most common step that wealthy homeowners have taken to minimise potential damage. Of the respondents, 64% have installed fire protection sensors and nearly half of respondents have installed water leak-detection sensors or water shut-off devices (48%). Smart technology is the top category for planned home improvement in the survey, indicating that luxury homes will have more sensors and security systems in the near future.



At the top of the list of current risks are weather-related events like bushfires and floods, both well recognised in Australia.

“Weather is not the only risk to homeowners’ property. A leaky toilet may not feel as catastrophic as a storm or flood, but damage from issues that originate inside the home are far more common. Even with a small leak, water will follow the force of gravity and go to the lowest point of the home, causing destruction along the way. We are often engaging with our clients when they are new to their homes, and that is a great time to talk about how everything works, like the life cycle of a hot water heater and how to proactively protect against potential damage by applying a water sensor.”

Mark Treppo
International Personal Lines Risk
Consultant Manager
Chubb, Australia and New Zealand



Home Appraisals

Chubb Masterpiece offers complimentary home appraisals by highly trained risk consultants who visit clients’ homes to take careful note of exterior features, architectural details, as well as unique and custom interior fixtures and finishes, to help determine a property’s true replacement cost. Our risk consultants also assist with security and loss prevention advice and will offer suggestions to protect valuables from damage and theft.

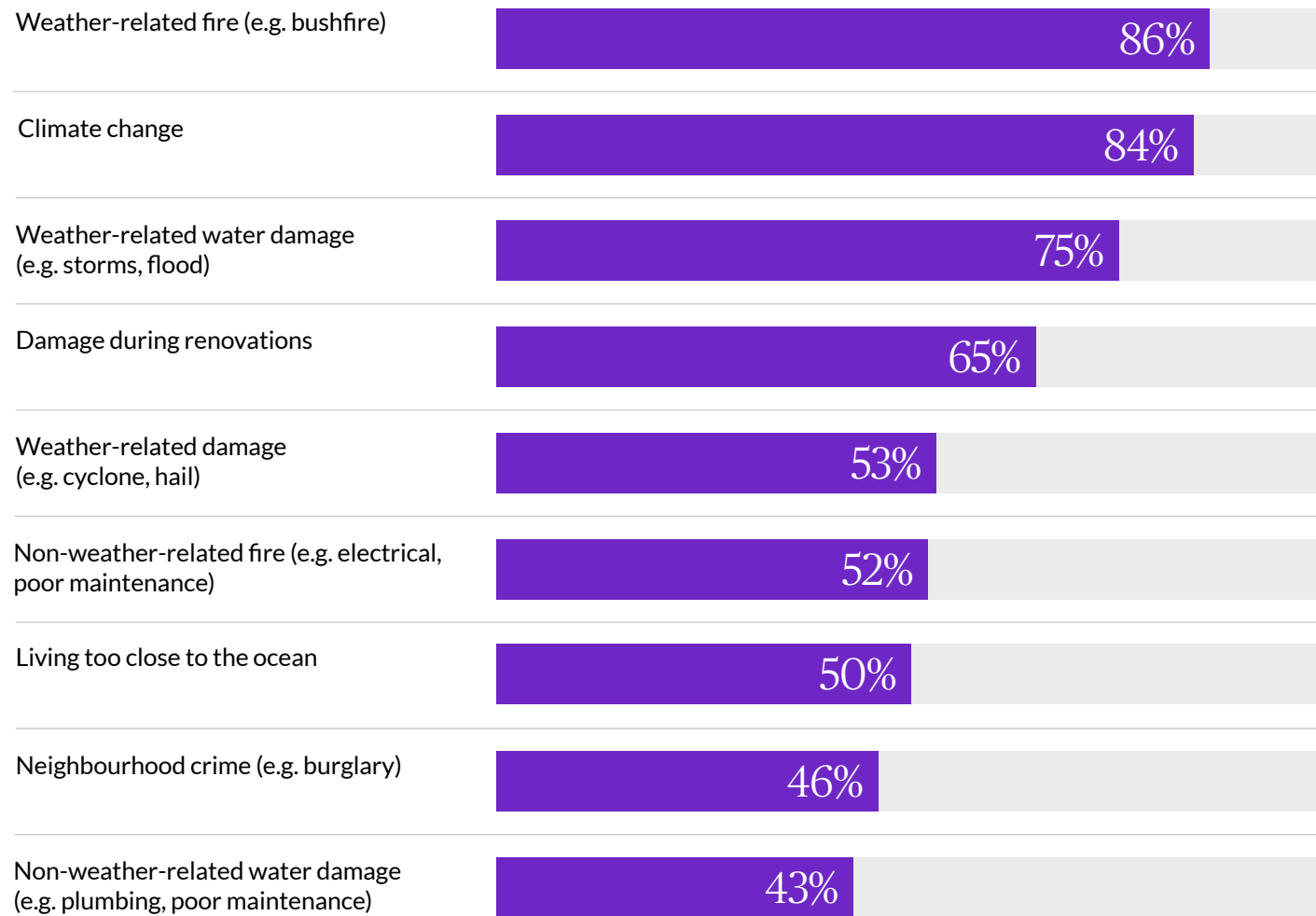


Find out more about Chubb Masterpiece Home Appraisals

Risks

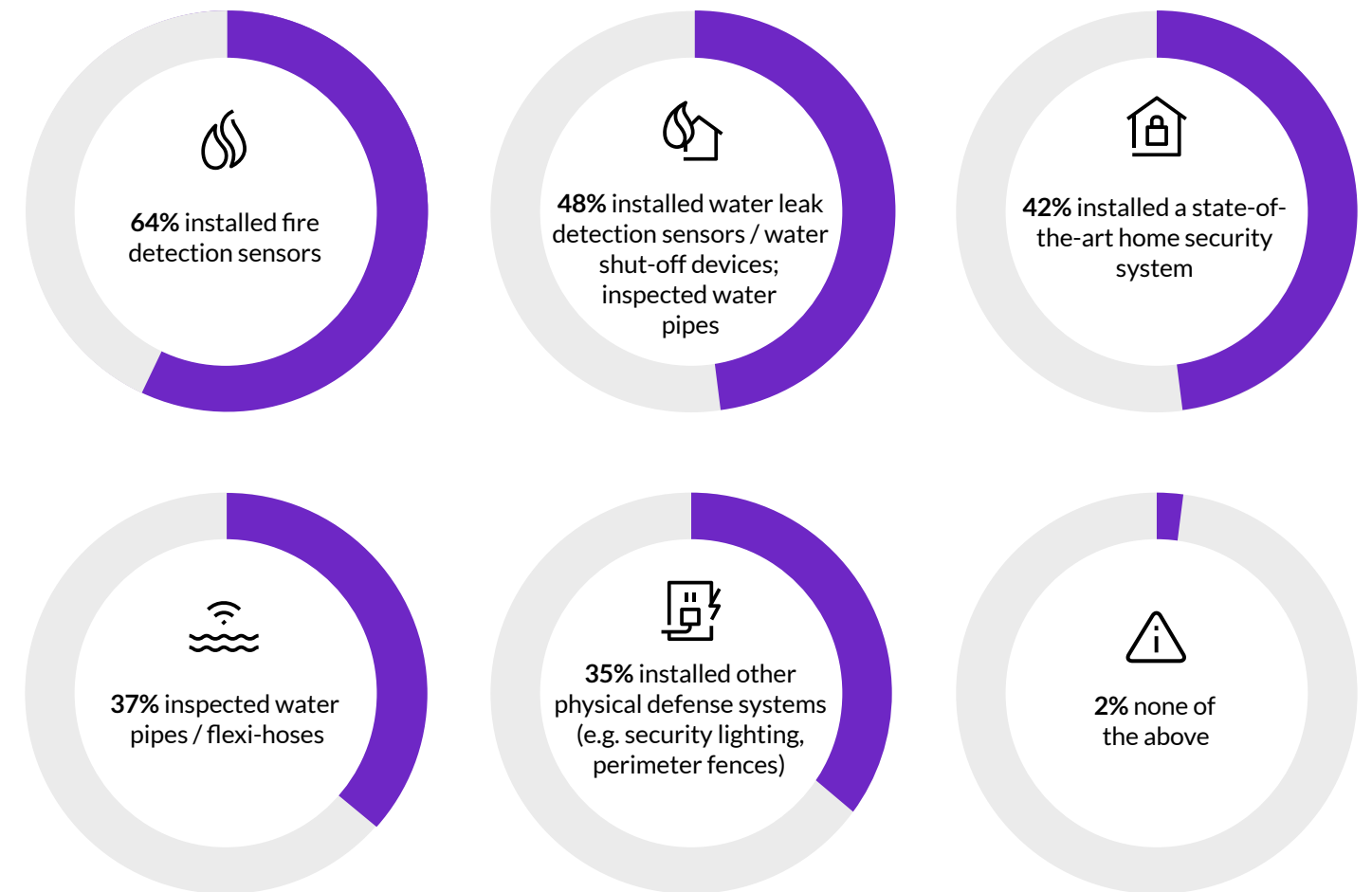
Too close for comfort:
Weather named as the greatest risk to homes

What do you perceive as the top risks to your home(s)?



Avoiding damage:
Steps homeowners have taken to mitigate risks

Which of the following steps have you taken to mitigate the risks of home ownership?



Risks

Collections are subject to all of the same risks that concern homeowners – storms, fires, floods and water damage – as well as a host of other vulnerabilities specific to each item. Damage during travel or transit is a top concern among collectors.

Natural deterioration is a concern among 80% of collectors and 73% of respondents are also worried about theft. Wearable collections – such as watches, handbags and other designer accessories and jewellery – are particularly vulnerable to theft.

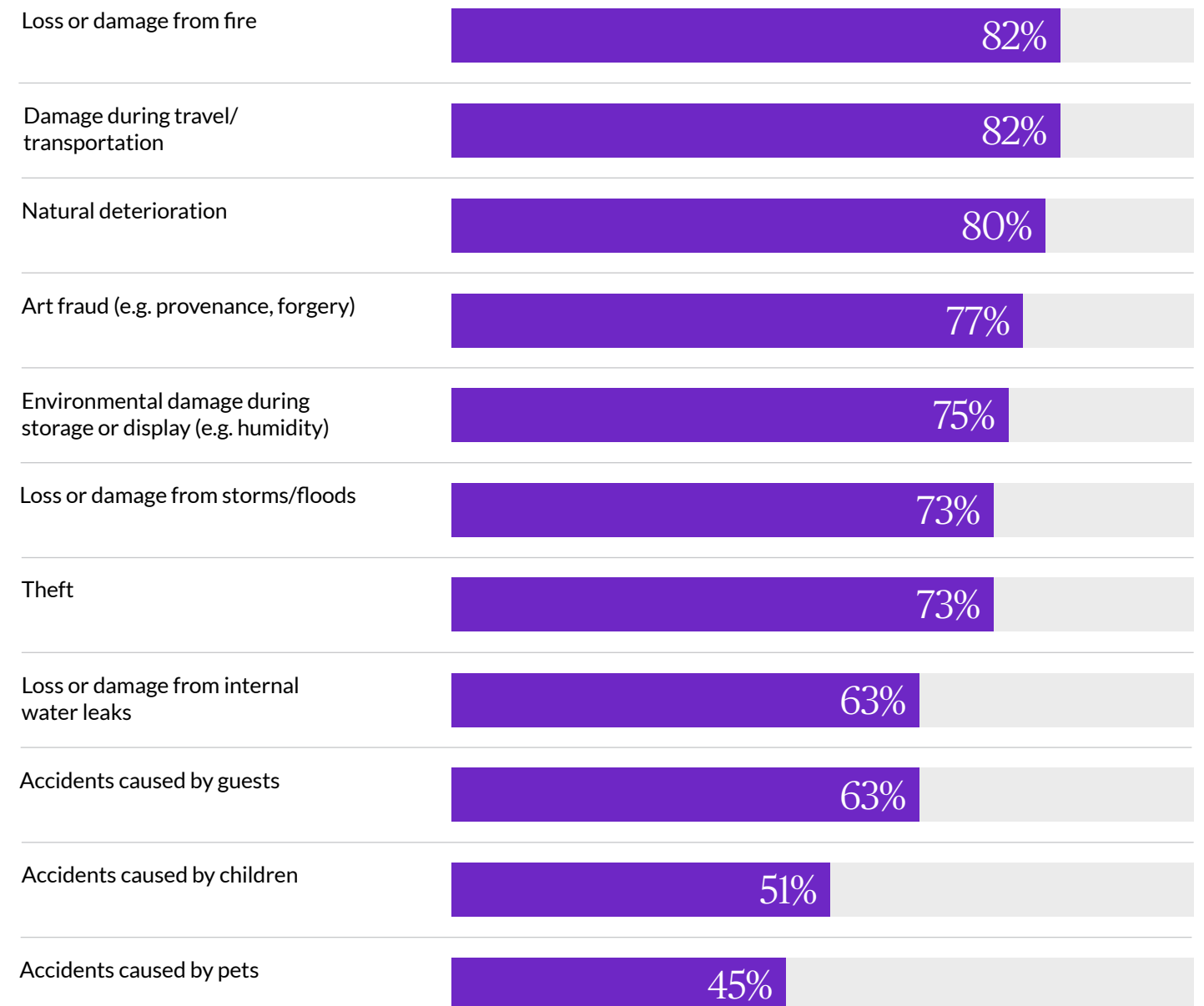
“There are a number of steps that collectors can take to enhance protection, such as climate control sensors and centrally monitored alarms. We can direct Chubb Masterpiece clients to top-tier storage facilities and consult on how to display their collections. This can include everything from guidance on environmental controls to lighting, security and fire detection for their collections. We can also recommend professional art installers, so that their pieces are properly installed from the outset.”

Mark Treppo
International Personal Lines Risk
Consultant Manager
Chubb, Australia and New Zealand



Vulnerabilities to collections

To what degree are you concerned about the following risks to your collection?



Protecting Wealth

To protect their wealth, affluent Australians rely on the advice of trusted advisors.

“A sound approach to protecting wealth begins with a thorough identification and understanding of where risks lie, which is why we work with our clients to assess areas of vulnerability from plumbing and electrical through to home security. An insurance broker can help inform clients of the likelihood and provide an accurate cost to insure against that risk.”

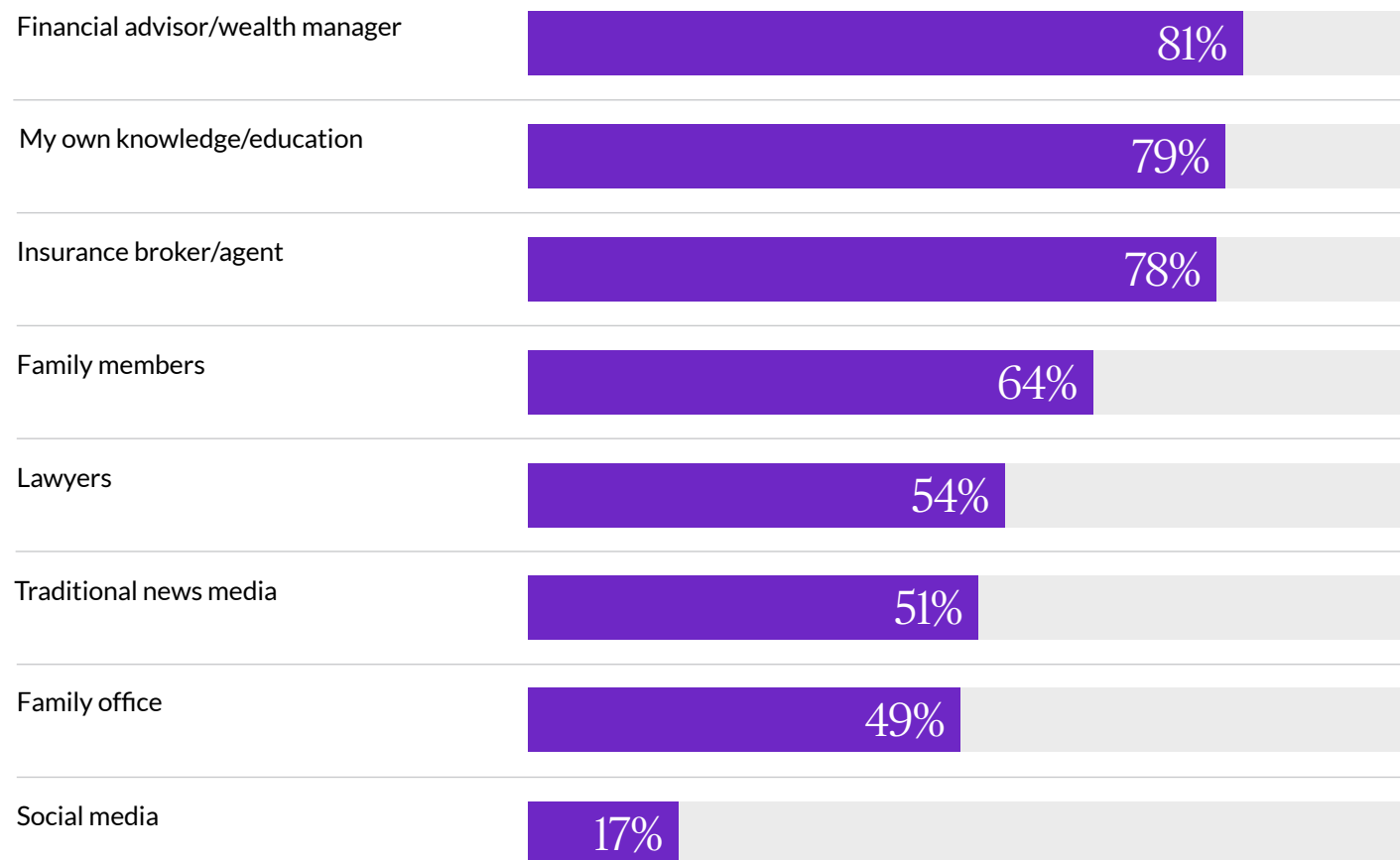
Angela Capponi
Head of International Personal Lines
Chubb, Australia and New Zealand



Protecting Wealth

Who successful people rely on to protect their wealth

Which sources do you rely on to manage your wealth and protect it from risks?



What the wealthy expect from their insurance broker

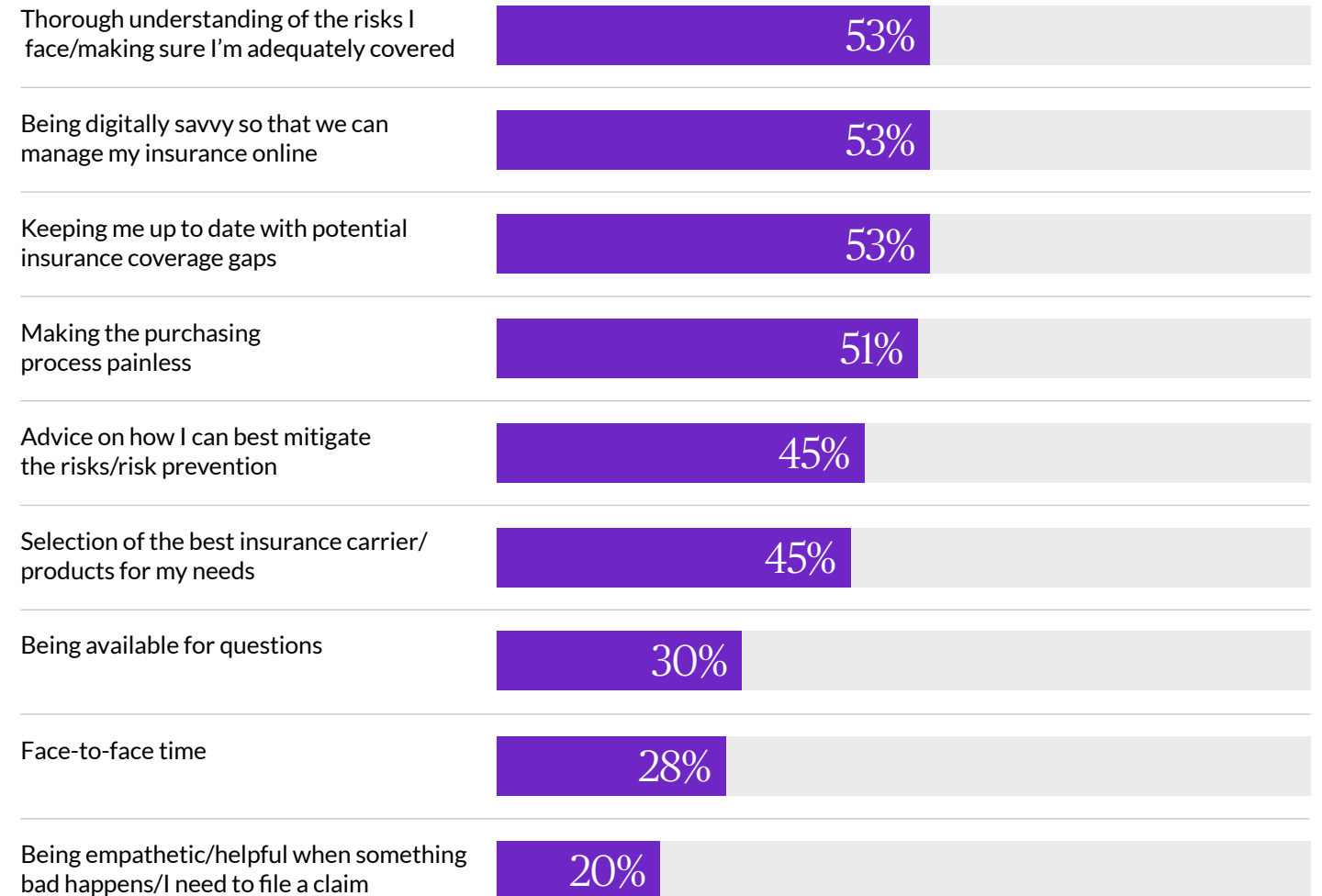
The Chubb Wealth Report shows that wealthy Australians expect their brokers, advisors and insurers to understand the risks they face and make sure they're adequately covered, to be digitally savvy enough to manage their insurance online and to point out potential coverage gaps.

Of all respondents, 99% prioritise coverage over price when it comes to their home insurance - likely because they have more to protect than others and they value a leading product that has been designed specifically for people like them.

Furthermore, 43% of wealthy homeowners said they would pay 50% more for a more premium insurance product if it included things like:

- Home appraisal service
- Advice on reducing risks
- Option to rebuild their property or receive cash
- Inclusion of valuables in the policy (e.g. jewellery, fine art)
- Ability to cover all of their properties under one policy
- Restoration to the building condition that existed prior to the loss

Which of the following do you expect your insurance broker/agent to provide?



Conclusion

Protecting wealth is just as important as creating and enjoying it.

The wealthy face compounding risks and a growing gap in protecting what they value most. Their coverage requires more customisation – especially for assets that carry an emotional value. Choosing insurance is more than a financial decision. The right insurance broker understands the unique challenges of protecting the homes, collections and lifestyles of the wealthy and how to structure prevention and coverage to mitigate risks.

The best time to think about how to value and help protect any asset is before something happens. Partnering with an insurance company that is willing to take the time to understand a clients' individual needs is a critical first step to safeguarding the lifestyle and legacy of wealthy Australians.

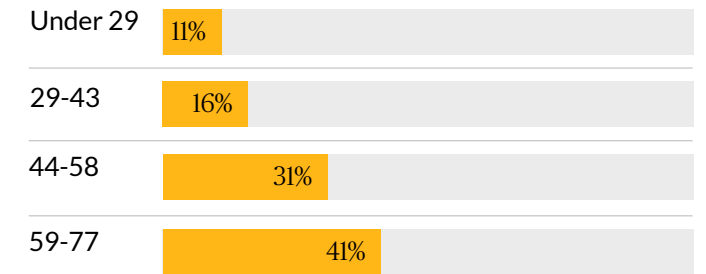


Methodology

Findings are based on a survey of 150 wealthy individuals in Australia conducted by iResearch Services in September and October 2023 on behalf of Chubb Australia International Personal Lines

Nearly half of respondents have investable assets of between \$5m and \$50m and 12% report assets of \$50 million or more.

Respondent age breakdown:



Profile of survey respondents

39%

mostly self-made, 24% mostly inherited wealth, 37% equal mix

74%

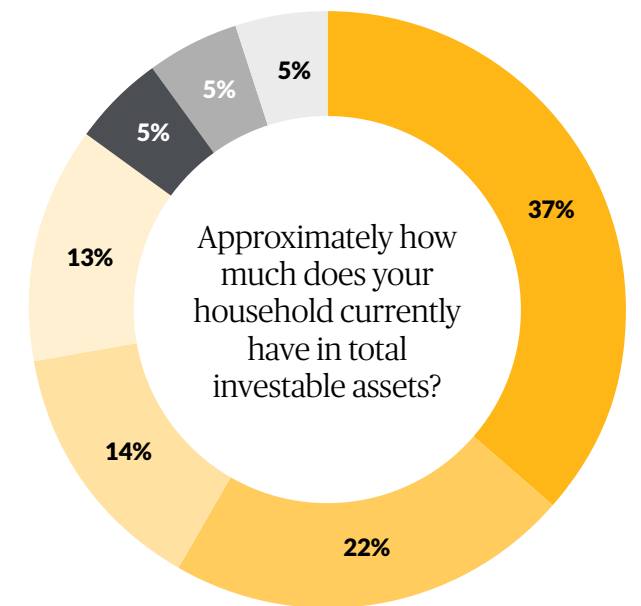
are working

12%

describe their employment status as 'managing investments'

55%

are married or in a domestic partnership



- \$50 million and up (37%)
- Between \$25 million and \$50 million (22%)
- Between \$10 million and \$25 million (14%)
- Between \$5 million and \$10 million (13%)
- Between \$1 million and \$5 million (5%)
- Between \$500,000 and \$1 million (5%)
- Under \$500,000 (5%)

About Chubb

Chubb is a world leader in insurance. With operations in 54 countries and territories, Chubb provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients. As an underwriting company, we assess, assume and manage risk with insight and discipline. We service and pay our claims fairly and promptly. The company is also defined by its extensive product and service offerings, broad distribution capabilities, exceptional financial strength and local operations globally. Parent company Chubb Limited is listed on the New York Stock Exchange (NYSE: CB) and is a component of the S&P 500 index. Chubb maintains executive offices in Zurich, New York, London, Paris and other locations, and employs approximately 40,000 people worldwide. Additional information can be found at: www.chubb.com.



About Chubb in Australia