

A Look at the HNW Lifestyle

People	Who They Are	Who Surrounds Them
	CEOs, Senior Executives, Business Owners, Entrepreneurs, Centers of Influence, Family Offices, Entertainers, Athletes	Nannies, Captains, Caretakers, Drivers, Accountants, Attorneys, Builders, Curators, Art Dealers, Jewelers
Places	Where They Live	Where They Travel
	Multiple residences in multiple states, catastrophic and remote locations, globally	Worldwide – remote areas, civil conflict zones, terrorism risk
Things	What They Own	What They Do
	Home, automobiles (luxury, exotic, classic), fine art, collectibles, jewelry, yachts, private aircrafts, horses, farms, wine collections	Sit on boards, charitable work, charter aircraft and watercraft, host parties, lend artwork to museums, own property in trust and LLCs, acquire new valuables, travel

**Where are the wealthy
missing the mark?**

Where are the Wealthy Missing the Mark?

- Personal insurance program is not coordinated
- Do not have a specialist insurance provider
- Not enough personal liability insurance
- Home(s) are underinsured
- Valuable collections are not insured properly
- Do not know what is excluded from their policies
- Have not addressed their vulnerabilities
- Have not demanded a choice
- Paying too much for their insurance program
- 75% of HNW insurance buyers are insured by direct writers

**What is the single biggest
mistake ?**



What is the Single Biggest Risk?

- The Bad News....
 - its not just one biggest risk

Lifestyle Red Flags and Trends

Liability Risks

- Property in name of trust or LLC
- Board participation and/or leadership
 - Uncertainty about directors and officers coverage
- Domestic employees
 - No Employment Practices Liability Insurance (EPLI) or workers compensation
- Ownership of assets managed by staff or management company (e.g., yacht, jet, equine)
- Inadequate personal liability protection
- Young drivers, household pets, recreational activities
- Host social and recreational activities at residence

Lifestyle Red Flags and Trends

Property Risks

- Homes
 - Multiple homes in multiple states
 - Homes not insured to value
 - No flood insurance
 - Homes under construction
 - Inadequate use of deductibles
- Personal Property
 - Incomplete property coverage
 - Valuable collections – jewelry, fine art
 - Household belongings

Homeowner - High Net Worth Claims

- 33% of homeowner claims involve dog bites
- There are **4,700,000 dog bites in the United States each year**
 - Average amount paid is \$24,000 (Insurance Information Institute – June '08)
 - One verdict: \$3,760,500 (Westlaw Palm Beach County verdict, June '07)
 - Severity up 11% per year for last 5 years (ISO, Dec '06)

Personal Injury:

Libel/Slander

Wrongful entry

Invasion of Privacy

Malicious prosecution

- Average verdict for personal injury in 2006 was \$522,642 (Jury Verdict Research, 47th edition)
- Higher proportion of personal injury vs. bodily injury claims

Homeowner – High Net Worth Claims

- Course of construction claims – 30 days before the home is completed
 - Does contractor have enough limit? (lightning)
 - Contractor not following good risk practices (fire extinguishers)
- Large scale parties/events
- Recreational Vehicles – golf carts, motorized land vehicles
- Watercraft exposures

■ Employment Practices Liability

- The chances of being sued by an employee are greater than having a fire
- Employer has a 63% chance of losing the case
- Average Jury verdict - \$600,000 (Jury Verdict Research, 2006)

Worker's Compensation

- Employers with domestic staff
- Homeowner policies often exclude coverage
- 23 States now require coverage of domestic workers and including – CA, CT, DC, IL, OH and NY

Not for Profit Directors and Officers Coverage

- 61% of claims close with a settlement (Tillinghast D&O Survey)
 - Wrongful discipline
 - Failure to promote



Simple Warning Signs

- Client does not have a best practice to proactively review personal insurance
- Client has multiple relationships with insurance companies, agents, or brokers
- Client has significant life events taking place

Umbrella Liability Limits

- Have your clients' Umbrella limits kept pace with:
 - Net worth?
 - Lifestyle?
 - Life events?
 - Name recognition?

Limits up to \$100,000,000 are available

How can these mistakes be easily rectified?

How Can These Mistakes be easily Rectified?

- Talking with your clients
- Learning your client's lifestyle
- Discovery questions

Discovery Questions – Liability

Does your Client:

- Have domestic help (full- or part-time)?
- Own or co-own property in trust or share ownership in an LLC?
- Maintain a high-visibility career or lifestyle?
- Serve on For or Non-Profit boards?
- Where are they vulnerable?
- Youthful drivers

Discovery Questions – Property

Does your client:

- Have significant collections of fine art, jewelry, silver, wine and/or automobiles — antique, luxury, or exotic?
- Own personal aircraft, yacht, boats or personal watercraft?
- Own thoroughbred horses, ranch or farm?
- Own high value homes in multiple states or in a foreign country?
- Own property located in an area prone to catastrophic loss (e.g., coastal, earthquake, flood, etc.)?
- Plan to remodel or expand an existing home?
- Own a home with unique features or building materials?

Benefits of a Risk Management Review

Benefits to Client

- Identifies gaps in coverage
- Customized insurance programs optimizing asset protection
- Recommended loss prevention measures
 - Fire/Water
 - Theft Prevention
 - Screening staff
- Choice of insurance carriers
- Consolidation of policies and policy effective dates
- Best value for the insurance dollars spent
- Client Advocates understanding complex risk



The Benefits of Personal Risk Management



Benefits of Risk Management

Benefits to the Advisor

- Providing clients with a resource to protect themselves and their property
- Differentiates you from the competition
- Personal risk is managed as part of their overall financial plan
- Helps protect what your clients wealth/time



Benefits to the Client

- Proper insurance coverage in place and adequate values set prior to loss
- Identification of overlaps or gaps in coverage
- Ease of management – potential consolidation of policies and policy effective dates
- Maximization of insurance dollars spent



Benefits to the Advisor

- Providing clients with a resource to protect themselves and their property adds value to your client relationships
- Differentiates you from the competition
- Personal risk is managed as part of the overall financial plan by working with you
- Helps protect what you've worked with clients to build
- No cost to firm

Where Your Insurance Broker Makes a Difference

1. Breadth of Choice	2. Objectivity	3. Dedicated Service	4. Advocacy
<p>Maintain strong relationships with a broad range of insurance carriers and markets that enable us to match client needs with the best products and solutions.</p>	<p>Present balanced solutions based on a consultative needs analysis. We remain unbiased and neutral in all circumstances, except one – the needs of the client. With this distinction, we provide more than a fair-minded recommendation, we also act as a balanced second opinion for the client’s existing insurance program.</p>	<p>Committed to true client focus. Our Sales Consultants build lasting and committed relationships by providing professional risk management guidance and delivering superior client outcomes.</p>	<p>Act as a client advocate throughout the relationship. From the initial consultation, to program selection and recommendations, to underwriting and placement, the objective is serving the client’s best interest.</p>



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