



# Managing Risk For Financially Successful Families

Guide To Finding The Right Insurance Partners

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Personal Risk Services

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# Managing Risk For Financially Successful Families

## Guide To Finding The Right Insurance Partners



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When it comes to protecting financially successful families, it takes specialty expertise and a dedicated risk advisory team. With multiple properties, high-value assets and potentially costly liability exposures; the family risk profile is extremely complex.

Because these families have such unique risk profiles, they need a dedicated risk manager – or a team, which includes an internal risk manager, insurance broker and specialty carrier. Working together, this team can develop a sophisticated and effective insurance program.

### Executive Summary

Finding the right insurance partners can be daunting. This paper highlights the various roles and responsibilities required to protect a financially successful family. From internal staff and external risk consultants to insurance brokers and carriers – these insights can help you evaluate each team member and build a highly effective team to best protect your family.

### What To Look For In A Family Insurance Team

When selecting your risk management team, make sure you include experts whose interests align with those of the family. Consider the following selection process.

#### Who will be a part of the team?

**Internal Staff Member** – Dedicating an internal family member or family office employee to oversee the insurance program is an essential first step in creating an effective risk management team. Benefits often include an intimate understanding of the family dynamic, the complex ownership structures, and the unique needs of all households served.

**External Risk Management Consultant** – Hiring an external consultant may be one way of gaining more risk management expertise. Properly serving financially successful families requires extra attention and broad resources, so any independent risk management consultant needs to have a sophisticated support network beyond just insurance expertise.

**Insurance Broker** – Working with an insurance broker is the best way to gain the experience, attention and support required for protecting financially successful families. An ideal broker has expertise and dedicated staff to provide a concierge level of service. They also have

## What is Most Important?

Assign a value to each area and use the ranking as a benchmark for creating the right risk management team. (Most important on a scale of one to 10)

- \_\_\_ Team
- \_\_\_ Creativity
- \_\_\_ Expertise
- \_\_\_ Coverage
- \_\_\_ Price
- \_\_\_ Ease of doing business

## Does Your Risk Manager Have the Right Expertise?

- Personal insurance
- Aviation
- Farm and ranch
- Personal security
- Domestic staff
- Professional management
- State specific risks
- Non-admitted risks

relationships with specialty insurance carriers to help tailor coverages for clients with unique exposures.

**Insurance Carrier** – Selecting the right insurance carrier isn't about price; it's about protection – both personal and financial. Look for a carrier that offers high excess limits and flexible coverages that can be customized to meet the complex exposures associated with the high net worth (HNW) lifestyle.

The right carrier also provides a broad offering of risk management services to help their policyholders avoid losses. And since claims for these families can result in multi-million dollar settlements, the selected carrier must have a solid financial foundation.

### Do you need an internal risk manager or an external risk manager?

Because financially successful families are so unique, the risk manager needs to align with the family's risk tolerance, culture and needs. To make the best selection, you need to define the role you expect them to play. For example, are they the "quarterback" who handles all aspects of the insurance program, an advisor – or only the purchasing agent?

Either way, the ideal risk manager needs a high degree of expertise in HNW personal insurance. This knowledge includes a deep understanding of both standard and non-standard solutions. Insurance products evolve over time, so find out if the risk manager stays current on the latest coverage enhancements and policy changes with each carrier in the HNW personal insurance market.

It's important to assure that your risk manager is qualified and licensed in the state they do business. A top-notch

risk manager will have professional designations such as a Certified Risk Manager (CRM), Certified Insurance Counselor (CIC) and Certified Personal Risk Manager (CPRM). They should also be covered by their state's insurance office, which governs the industry to protect consumers from unscrupulous business practices.

An experienced risk manager has relationships with multiple brokers and can describe their broker selection process in detail. A family might already work with an insurance broker, so determine whether the risk manager agrees to work with the broker(s) or prefers to work with another firm. Either way, it is highly advisable to work with a single broker, as complex insurance programs spread out over multiple brokers and carriers can lead to miscommunication and potential coverage gaps.

As families – and especially large multi-generational families – tend to grow and change over time, it is important to continually reassess their risk exposures and tune the insurance program accordingly. Set the expectation that your risk manager monitors the program regularly, or at least annually.

### What is your process for selecting a personal insurance broker?

The insurance broker is the most important member of the family's insurance team. The broker is the "hinge pin" between the family and the insurance carrier, acting as the main coordinator of the program. More importantly, a good broker builds a close relationship with the family over time and becomes a trusted advisor. That's why it is imperative to ask the right questions when selecting a broker for your family.

### **Insurance Broker Team**

- Sales Person (Producer)
- Senior Account Executive
- Account Executive
- Dedicated Claims Executive

### **Who Handles the Following Exposures?**

- Aviation
- Yacht
- Farm & Ranch
- Directors & Officers
- Small Commercial

How are changes across lines of coverage conveyed to the family?

How often do the subject matter experts convene to discuss the account?

### **Does Your Carrier Have the Right In-house Expertise?**

- HNW personal insurance
- Aviation
- Yacht
- Collections
- Family office
- Farm & Ranch
- Commercial

Insurance agencies come in many sizes, from one individual agent to a large, global brokerage. Choosing the right size brokerage depends on the family needs, but there are some questions you can ask to make an informed decision. Some families may only need one person to coordinate the insurance program, while others need a team.

A broker team is commonly led by a sales person, also known as a “producer”. A senior account executive oversees the strategy for handling the relationship while an account executive acts as the day-to-day interface with the family – or family risk manager. Most HNW brokerages will also assign a dedicated claims and risk services consultant to provide concierge level of service if the family should suffer a loss. It’s also wise to learn how these individuals are compensated to assure integrity and ethical business practices.

#### **Your Broker**

Brokers need years of experience working with complex personal insurance programs to acquire the skills necessary for managing HNW accounts. Typically, your broker will have earned a variety of professional designations in personal insurance and have ties to organizations that specialize in risk management. For example, a Personal Lines Coverage Specialist (PLCS) is the most complete learning program available for personal insurance professionals.

Learn more about how your broker’s expertise applies to your family situation by asking for examples of multi-state risks, multi-generational programs and complex ownership structures. These can help you connect the dots between your family’s needs and the broker’s expertise.

#### **Your Account Executive**

To assure that you get an optimal account executive, it’s important to know how many large accounts they serve and

how many policies they manage. A superb account executive will likely have earned more responsibility, so find out if they have additional responsibilities to make sure you aren’t working with an overburdened expert.

The account executive’s engagement standards should also align with your preferences. Find out if they have a structured client communication plan that assures your notification of changes in coverage. Are they able to effectively convey new ideas and coverage enhancements in a way you understand? Also, do they practice a proactive or reactive working relationship? You want an account executive that proactively contacts you with updates, but also responds quickly to your inquiries.

#### **Ease of Doing Business**

Ultra-wealthy families have complex exposures that require creative solutions not commonly available on the standard market, or even on specialty policies. To meet these unique needs, your broker should have strong relationships with specialty carriers and work seamlessly as a team to coordinate all the coverages and service details. The broker/carrier team should fit comfortably in the family culture to form a trusted advisory relationship with the family.

Doing business with a broker is also about how well they handle standard business operations. One of the more important concerns is the claims process. When it comes to filing a claim, HNW families require concierge service and an expedient settlement process. It’s also important to evaluate the ease of renewing accounts.

Finally, financially successful families require discretion and are concerned about security of their personal data. Insurance regulations are very strict

## Essential Coverages

- Distinctive and historic homes
- High-value collections and possessions
- High excess limits
- Kidnap & Ransom endorsement
- Named insured for trusts and LLCs
- Group excess
- Customized individual family blanket solutions
- Customized collections blanket solutions
- Collector vehicles
- Green building coverage
- Passport 360

## Concierge Risk Management Services

- Catastrophe protection services for hurricane, wildfire, etc.
- Complimentary background checks on domestic staff
- Collections management (fine art, jewelry, autos, antiques)
- Complimentary property risk review using thermographic imaging
- Personal security services for events and travel
- Cyber security and identity fraud

about protecting client information, but families with wealth attract attention and are susceptible to identity theft, if not just common curiosity.

### **Do you know what to look for in an insurance carrier?**

A common misconception is that most insurance carriers can cover the risks of financially successful families. Often families outgrow their insurance program and need to determine if the carrier is capable of meeting the changing needs of the family. Your preferred broker is more likely to recommend a specialty carrier with the expertise and superior service to protect the most complex accounts.

From a coverage perspective, find out from your broker if the recommended carrier offers multiple options or methods for insuring your risks. An ideal HNW personal insurance carrier will have ample base coverages with high limits and endorsements to build an effective solution. They'll also have access to non-admitted solutions that offer

more flexibility for those families with properties in multiple states – a common trait among families with wealth.

Look for specialty coverages that focus on high-value assets such as aircraft, yachts, and fine art collections. And if your family owns a hobby farm or vineyard, Farm & Ranch coverage is a desirable benefit. Also, because wealthy families often employ domestic staff, the need for employment practice liability, workers' compensation and disability coverage are necessary but not always available from a personal lines carrier.

Aside from coverage and expertise, service is a significant differentiator in the HNW insurance market. Look for a carrier that provides an internal person or team who is dedicated to your account and can assist with billing, claims and renewals. A dedicated consultant can also coordinate risk management services to evaluate your property and offer preventative measures to protect against hurricane, wildfire, earthquake, fine art losses and family security issues – even down to the potentially costly, but hidden water leak.

### **SUMMARY**

Selecting the right insurance team is perhaps the most important part of protecting your family. Whether it's specialized risk management advice or ultra-high excess liability limits, you need a team of trusted advisors to manage your complex risk exposures. And, because ample coverage and a concierge services are not available in the general market, due diligence is mandatory in evaluating each member of your insurance advisory team.

**Personal Insurance Risk Manager Checklist**

	Exceeds	Meets	Below
<b>Expertise</b>			
HNW or Family Office expertise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Years of experience in personal insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Solutions-oriented/creativity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Specialty lines expertise (aviation, equine, collections, yacht, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CAT risk expertise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Professional designations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Continued education	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strong relationships with premier HNW and specialty carriers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Global capabilities and resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commercial lines capabilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Team</b>			
Dedicated client service team	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Number of team members supporting client account	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Numbers of accounts served	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to specialty vendors and risk management services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Proven broker/carrier relationship	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Synergy and cultural fit with family	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Compensation transparency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cross-functional communication	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Service</b>			
Set communication expectations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Defined communication plan/frequency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dedicated claims person or team	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Proactive risk management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Specialty risk management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Continual strategic risk monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Willingness to offer advice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Personal information security/discretion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ease of doing Business - updates/billing/renewal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Score</b>			

## About Chubb

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