

Assets at Risk

A Personal Property and Casualty Checklist for You and Your Clients

You've Earned Their Trust

You've earned your clients' trust by helping them manage their assets and protect their financial health. Like a good family physician, you are in a position to detect warning signs requiring the attention of a specialist.

Risk Management = Wealth Protection

Your clients depend on your advice, and you work hard to preserve and grow their assets. Yet a single serious property or casualty loss can wipe out all the benefits of a solid financial plan. Though asset protection is an essential element of comprehensive financial planning, affluent clients' risk profiles tend to outstrip their insurance coverages, leaving them vulnerable. Increased public prominence, the purchase of an additional home, even the adoption of a new hobby, can alter their insurance needs in unforeseen ways. Affluent clients have complex, rapidly changing risk profiles demanding sophisticated, specialized risk management services.

Value-Added for You and Your Client

Identifying a need before it becomes a problem adds real value to the relationship you have established. By offering your client a resource to help manage these new complex risks, you help provide the security and peace of mind that come from knowing their assets and the lifestyle they have worked hard to achieve are fully protected.

Insurance Red Flags—Know the Warning Signs

Keep this checklist of red flags handy. If any of these "symptoms" of increased property or casualty risk exist, we recommend a comprehensive review of your client's coverage by a broker specializing in placing complex risks.

Does your client:

- own multiple, high value homes in multiple states?
- own a home in foreign country?
- own a condo as a second residence or investment?
- own property located in a catastrophic loss area?
- plan to remodel or expand an existing home?
- own a home with unique features or building materials?
- have a guest house, pool or other structure of high value?
- co-own or have property in trust or own as an LLC?
- have significant collections of art, cars or other valuables?
- own antique cars that are used on a limited basis?
- own aircraft, large boats, thoroughbred horses?
- have domestic help (either full- or part-time)?
- have a child away at school?
- have a high visibility career/lifestyle?
- serve on boards of profit/not-for-profit organizations?

For more information, please contact Marsh's Private Client Services Practice representative in your area.

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Examining the Issues

This chart provides a more detailed look at the red flags and the issues they raise. Even one area left unaddressed could result in an asset being inadequately protected and create the potential for financial loss.

Assets at Risk	Issue
Multiple out-of-state properties – a different agent for each homeowners, auto, and umbrella policy	<i>Multiple agents create the danger of liability limits not being adequate or not meeting the required minimum limits of an umbrella policy placed through a separate agent. Umbrellas require all exposures be listed for coverage to apply.</i>
A foreign residence – a local (foreign) agent/company is used for insurance coverage	<i>Foreign exposures present unique risks. Local policies provide very restricted coverage compared to domestic policies, can be written in foreign languages, and create liability gaps.</i>
A condo as a second residence or an investment	<i>Condos need special additions and alterations and loss assessment coverages or the tenant could face substantial out-of-pocket costs.</i>
Property in a catastrophic area	<i>Coverage availability is limited. Some carriers are both non-renewing existing property business and refusing to write any new business. Flood coverage can be problematic if not secured in a timely manner.</i>
Home remodeling, upgrading the kitchen, putting on an addition, or adding a pool	<i>On most homeowners policies, extended replacement cost is restricted whenever \$5,000 in improvements are made. Theft of construction materials is usually excluded.</i>
An older residence that has unique features and obsolete building materials	<i>Most homeowners policies do not allow for replacement of unique features with materials of like kind and quality and workmanship.</i>
A guest house, pool, or other structure of significant value on the property	<i>Coverage for other structures on a homeowners policy is usually restricted to 10 percent of the dwelling.</i>
A co-owned or property in trust	<i>Unless properly structured—with all those with an interest in the property so named on the insurance contract—coverage may not extend to the trust or co-owner.</i>
Valuable items, such as a \$15,000 shotgun, \$10,000 watch, or \$25,000 rug	<i>Standard homeowners policies restrict losses on valuable items: guns (\$2,000), jewelry (\$1,000), rugs (\$5,000).</i>
Antique cars or a sports car that sees very limited use	<i>A standard auto policy charges too high a premium relative to the use of the car.</i>
Large yacht or private aircraft	<i>Special coverages are required and aren't generally available through standard insurance carriers.</i>
Domestic help	<i>Employees need to be covered for workers compensation through an insurance policy. Homeowners insurance does not provide workers compensation benefits coverage.</i>
A child away at school with personal possessions, and who may be driving non-owned vehicles, etc.	<i>Coverage for personal property and liability may be extended from a primary homeowners policy. An auto policy must list the child as the driver for liability coverage to follow the driver while operating non-owned vehicles.</i>
An individual with high visibility	<i>A high-profile person is more of a target for a higher dollar suit when there is potential legal liability. Coverage should at least match an individual's entire net worth, including current and future earnings.</i>
An individual on the board of a for-profit or not-for-profit organization	<i>Personal liability coverage does not provide true directors and officers liability, i.e., there is no provision for breach of fiduciary responsibility or other activities for which a director may be held liable.</i>