

Many people with high net worth don't review their insurance coverage on a regular basis to make sure they are adequately covered. They sign up for standard, "one-size-fits-all" amounts of home, auto, watercraft, and umbrella liability coverage with a "mainstream", high-volume insurer, without examining whether or not these policies truly meet their specific needs. Creating a customized insurance plan with an independent insurance agent may not only reduce your risk of being sued or incurring a tremendous loss due to damage or loss due to inadequate coverage, but also may save you money in areas where you may be overpaying unnecessarily.

Please review this checklist. If you answer "no" to any of these questions, you should contact an independent insurance agent to make sure you receive suitable coverage for your needs and at the best rate possible.

Overpayment:

1. Have you looked into raising your deductibles for homeowners and auto insurance in order to reduce your premium?
2. Have you reviewed all of the safety equipment in your home and vehicle with your agent to maximize your insurance savings in these areas?
3. Do you receive a package discount for your home, auto, watercraft, and umbrella liability policies by combining them under the same insurer?

Underinsurance:

4. Does your umbrella liability coverage take into account your current net worth *and* your future earnings?
5. Did you recently expand or renovate your home? Did you talk to your agent about adjusting your homeowners insurance policy accordingly?
6. In the event of damage or loss, does your homeowners insurance policy pay to rebuild you home to the same standards as your current home, with no cost limits?
7. If you own a sizeable amount of valuables and/or collectibles, do you update your insurance coverage annually to account for increases in value?
8. Does your auto insurance include at least \$1 million in uninsured/underinsured liability protection, which applies to more than auto accidents?
9. If you hire household help (such as a nanny, chef, or caretaker), are you protected with employment practices liability insurance?
10. If you are an unpaid board member for a non-profit, have you contacted their insurance agent to make sure you are protected from lawsuits brought against the organization?

Overpayment:

1. Have you looked into raising your deductibles for homeowners and auto insurance in order to reduce your premium?

Many homeowners with high net worth utilize lower deductibles for home and auto insurance, yet they resist filing a claim when minor damages arise because they are not only afraid their rates will go up, but also because the cost to fix the damage falls under the deductible amount. Working with an independent agent allows you to assess both risk and savings to find the deductible amount that is right for you. Consider that most homeowners file a claim once every 21 years; in this situation, a higher deductible could result in substantial savings over that time.

2. Have you reviewed all of the safety equipment in your home and vehicle with your agent to maximize your insurance savings in these areas?

Many families don't get credit for loss prevention devices that protect their homes and automobiles. Sometimes this occurs because this information is not provided to their insurer and their policies are not updated. Examples of loss prevention measures for the home would be: burglar alarms, smoke and fire alarms, water leak detection with automatic water shut-off, electrical backup, and gas leak detection. If you live in a gated community, you may be eligible for a discount for that as well. Devices located in vehicles can include steering locks, transmission locks, transponders, and cut-off switches. Discounts can range from 5 to 20 percent of your current policy amount.

3. Do you receive a package discount for your home, auto, watercraft, and umbrella liability policies by combining them under the same insurer?

These days, many mass-market insurance companies advertise on TV and radio. The commercials are often catchy and memorable. They might make promises regarding savings on home or auto insurance, but how can you be certain you're going to get the best deal through them? Many families with high net worth can benefit, in several ways, from consolidating their multiple insurance policies with one insurer. Combining a number of policies under one carrier can:

- Save you money by way of a package discount
- Eliminate or minimize gaps in coverage
- Be packaged together on one "master" policy with a single set of term dates and one bill for everything, saving you time as well as paperwork

Underinsurance:

4. Does your umbrella liability coverage take into account your current net worth *and* your future earnings?

Don't assume that your current homeowners and auto insurance policies will protect you if an injury occurs on your property or in an automobile accident. Jury awards and settlements can reach far into the millions, and coverage limits for most liability policies average around \$300,000 to \$500,000. For those with a high net worth, this level of coverage may not adequately protect you - and, in fact, may ruin you financially far into the future.

Make sure you have the correct coverage to protect your level of income and assets, factoring in real estate holdings, investments, and savings, in addition to your personal belongings and future income. Umbrella liability coverage amounts can extend up to \$100 million in certain instances, promising protection and peace of mind.

5. Did you recently expand or renovate your home? Did you talk to your agent about adjusting your homeowners insurance policy accordingly?

Major remodeling and renovation will increase the cost of repairing your home in the event of damage or destruction. Unless you have adjusted your coverage limits accordingly, you may be underinsured. Because personal property insurance is generally based on the value of the home structure, even the purchasing of new furniture and/or fixtures as part of the renovation can leave you exposed in the event of loss if your coverage is not increased.

If using a general contractor for remodeling, another factor you must consider is the limits of the contractor's liability, and worker's compensation insurance in particular. If their worker's compensation coverage is not adequate, an injured employee can sue you for damages as well. Then there are the subcontractors - and their individual liability policies - to consider. An insurance agent specializing in families with high net worth can make sure you are protected against all these potential hazards.

6. In the event of damage or loss, does your homeowners insurance policy pay to rebuild you home to the same standards as your current home, with no cost limits?

Most mass-market insurers offering homeowners insurance are not equipped to deal with the specific needs of families with high net worth. As a result, those families are not adequately covered - a fact they don't discover until their luxury property is destroyed and their insurer cannot come close to covering the cost to fully rebuild their home to the quality and workmanship standards of the previous home. Independent insurance agents can provide coverage known as "full replacement costs", which takes into account more luxurious properties featuring higher quality materials, exceptional craftsmanship, and customized architectural features. This coverage guarantees that your home will be rebuilt regardless of the cost as it relates to the policy's coverage limit.

7. If you own a sizeable amount of valuables and/or collectibles, do you update your insurance coverage annually to account for increases in value?

Most families with high net worth do not realize that their homeowners policy limits the amount it will pay out for claims involving rare and/or expensive jewelry, furs, collections, artwork, wine, silverware and china. Policies are available to these families that set higher limits, sometimes in the millions of dollars, and require no deductible. Valuables policies can sometimes cover some losses not included in their homeowners policies. Additionally, some fine art items are less expensive to cover under a valuables policy than under a homeowners policy!

Valuables policies should be reviewed and adjusted on an annual or as-needed basis (as new items are acquired) in order to make sure adequate coverage is maintained, so that fluctuations in market prices for certain items and collections can be captured.

8. Does your liability insurance include at least \$1 million in uninsured/underinsured liability protection, which applies to more than auto accidents?

If an uninsured or underinsured driver causes serious injury to you or a member of your family, he or she most likely will not be able to pay for the resulting loss of income, outstanding medical bills, and/or pain and suffering. This is especially true regarding a high-income earner. Even a severe injury incurred at a neighbor's home can leave you high and dry

financially, as their liability insurance most likely will not include lifelong treatment and care. An independent insurance agent who serves high net worth families can offer an umbrella liability policy which includes additional uninsured/underinsured liability coverage.

9. If you hire household help (such as a nanny, chef, or caretaker), are you protected with employment practices liability insurance?

Did you know that standard liability coverage in a homeowners or umbrella policy *does not* include payments for lawsuits involving domestic employees for wrongful employment practices? Protect yourself from baseless suits regarding discrimination, wrongful termination, and sexual harassment with employment practices liability coverage, which covers awards and legal fees associated with these types of lawsuits. This coverage can sometimes be purchased as a separate policy or as an endorsement to an umbrella policy.

10. If you are an unpaid board member for a non-profit, have you contacted their insurance agent to make sure you are protected from lawsuits brought against the organization?

The last thing you'd expect by volunteering your time and resources as a board member or officer of a non-profit organization is to expose your own personal assets to the threat of liability lawsuits. If you find the levels of the organization's liability coverage inadequate for your family's net worth, consider purchasing a not-for-profit directors & officers policy, which protects against most common types of lawsuits.

Source: [ACE Private Risk Services®](#)