



Fortifying Your Legacy

Insights Into Property and Casualty Insurance for Affluent Families

Welcome and Introduction

Welcome to our seminar. Today, it focuses on understanding and addressing the unique insurance requirements and challenges affluent families face. Recognizing the complexity of navigating property and casualty insurance, our goal is to provide clear and actionable guidance tailored to the needs of wealthy individuals and their families.

What You'll Learn

- A comprehensive overview of the insurance landscape for affluent families, including key considerations and strategies for optimal coverage.
- An analysis of the most common property and casualty insurance mistakes made by affluent families and how to avoid them.
- An introduction to stress testing your family's insurance plan, a critical process family offices utilize to ensure robust and adequate coverage.

Your Objectives

We invite you to reflect on what you hope to achieve by participating in today's seminar. Consider any specific concerns or questions about your current insurance arrangements, areas where you seek improvement, or topics you want to learn more about. Please jot down your objectives in the space provided below to help guide your experience.

Wealth Protection: A Concern For the Affluent

Net Worth	\$1MM - \$2.9MM	\$3MM - \$4.9MM	\$5MM - \$9.9MM	\$10MM - \$25MM
Litigation / Getting Sued	13%	15%	11%	39%

EXHIBIT 1

Concerned About Litigation and Getting Sued

N = 852 investors. Source: CEG Insights, *Weathering the Financial Storm: Empowering Financial Advisors to Excel with Wealthy Clients*, 2023.

Understanding Insurance Coverage

Property and casualty insurance is essential to protect assets against loss or liability. At the core of a sound wealth protection strategy are three foundational coverages:

- **Homeowners Insurance:** Covers your home and personal belongings, providing security against perils and liability on your property.
- **Auto Insurance:** Offers protection for your vehicles and financial coverage in the event of an accident.
- **Umbrella Insurance:** Provides additional liability coverage that extends beyond the limits of your other policies, crucial for unexpected large claims.

Other coverages are tailored to specific family circumstances and may include:

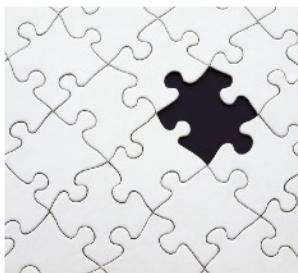
- **Valued Collections:** Protects against loss or damage of valuable items like art, jewelry, and collectibles.
- **Watercraft:** Covers boats, jet skis, and other personal watercraft, safeguarding against maritime risks.
- **Aviation:** Offers coverage for private planes and helicopters, ensuring protection in the air.
- **Kidnap & Ransom:** Provides security for high-profile individuals against the risks of kidnapping.
- **Cyber:** Shields against digital threats and data breaches.
- **Directors & Officers:** Offers liability coverage for individuals serving on corporate or charitable boards.
- **Employment Practices Liability:** Protects against claims arising from employment practices in your home.

Understanding which coverages are foundational and situation-specific is crucial in customizing your insurance portfolio to your unique needs.

Reflect on your current insurance coverage. Do your policies encompass all foundational aspects? Are there situation-specific risks that your family should consider? Use this table to guide your assessment and identify any potential gaps in coverage.

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Top 5 Countdown: Common Mistakes Revealed

	5	
	4	
	3	
	2	
	1	

Top 5 Most Common Mistakes

1. Lack of Coordination Among Professionals
2. Insured Name vs. Title Mismatch
3. Wrong Size Umbrella
4. Overlooking Specialized Risks
5. Insufficient Coverage

Questions for consideration

1. Have you established clear communication channels among your financial advisor, insurance agent, and attorney to avoid the lack of coordination? If not, what steps will you take to improve this?

2. Does the name on your insurance policies correctly reflect the ownership titles of your assets? How often do you review this?

3. When was the last time you evaluated the adequacy of your umbrella coverage? Does it align with your current net worth and potential future earnings?

4. Have you identified any specialized risks unique to your lifestyle or asset portfolio that may require additional coverage?

5. Can you identify any gaps in your current coverage when considering the full replacement costs of your assets?

Insurance Stress Testing: Helping Ensure Your Safety Net Is Secure

Just as a medical stress test assesses the health of your heart under stress to identify risks and necessary adjustments, an insurance stress test examines the strength of your financial safety net. By putting your current insurance strategies through hypothetical scenarios, you can verify if the coverage in place is likely to perform as expected in various situations. This exercise is not only a check for adequacy but also a diagnostic tool to uncover any overlooked risks, such as gaps in coverage or inconsistencies in policy titles.

Regular stress testing of insurance portfolios is a best practice adopted by the affluent and is commonplace within family offices. In fact, data indicates that in the recent five-year span, a significant 80% of family offices have engaged in this practice to measure the robustness of their insurance coverage. This commitment to ongoing evaluation and refinement is vital in ensuring that the legacy and wealth you have built are well-protected and resilient against unforeseen challenges.

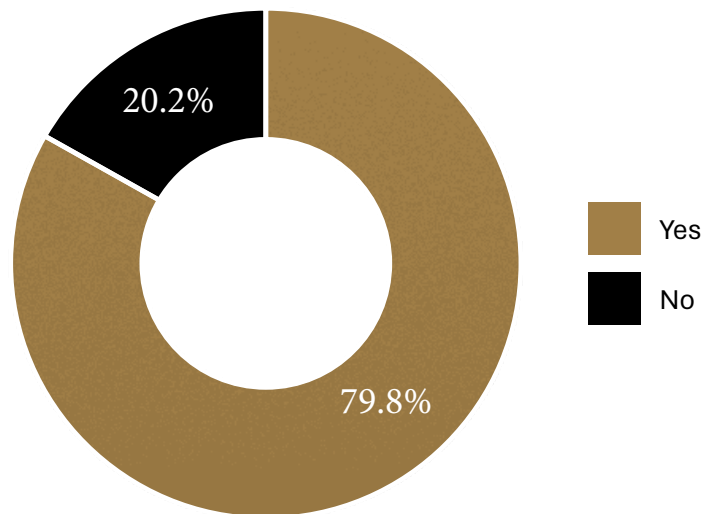


EXHIBIT 2

Conducted Stress Tests Within the Past Five Years

N = 252 single-family offices senior executives. Source: Russ Alan Prince, Peter G. Sasaki, Angelo J. Robles and John J. Bowen Jr. *Maximizing Your Single-Family Office*, AES Nation, 2020.

Stress Testing Made Simple

You Provide

- Clarify your goals/objectives
- Provide copies of existing policies

We Provide

- Coordination with insurance professionals to stress test
- Summary of findings and recommendations

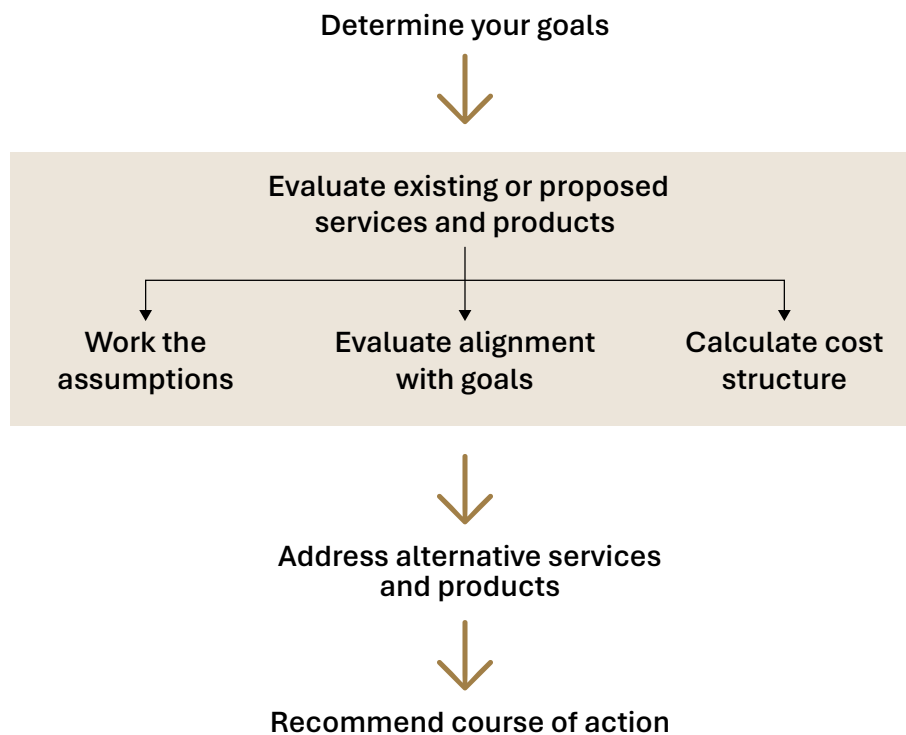


EXHIBIT 3

The Stress Testing Process

Property and Casualty Stress Test Checklist

Introduction

Embarking on a stress test for your property and casualty insurance is a strategic step towards robust wealth protection. This checklist is your starting point, crafted to assist you in compiling the essential information that your wealth manager will need to thoroughly evaluate your coverage. By itemizing your assets, liabilities, and current policies, you're preparing the groundwork for an in-depth analysis. This process is vital for identifying any vulnerabilities within your insurance portfolio and ensuring your policies are optimized for your unique circumstances.

(A) Summary of Coverages

Indicate below your current insurance coverage.

Insurance	Circle If You Have Coverage	Check If Concerned With Possible Exposure
Homeowners Insurance	Yes	
Auto Insurance	Yes	
Umbrella Insurance	Yes / No	
Specialty (Jewelry/Collectibles/Art)	Yes / No	
Watercraft Insurance	Yes / No	
Aviation Insurance	Yes / No	
Kidnap & Ransom Insurance	Yes / No	
Cyber Insurance	Yes / No	
Directors & Officers Insurance	Yes / No	
Employment Practices Liability Insurance	Yes / No	

(B) Copies of Policies: Provide copies of policies for any existing coverages listed above.

(C) Clarify Your Goals and Objectives: Identify and list your top concerns regarding your wealth protection that you would like to be prioritized and thoroughly examined during the stress test.

Your Unique High-Net-Worth Profile

Do you own unique assets such as jewelry, art, or collectibles? If yes, please describe.

Do you own a watercraft or aviation vehicle? If yes, please describe.

Do you or members of your family routinely travel outside the US? If yes, please describe.

Do you sit on the board of any corporations or charities? If yes, please describe.

Do you routinely employ domestic help in your home either directly or via a contract relationship? If yes, please describe.

Are some of your assets owned through entities as opposed to your personal name? For example, trusts, LLCs, etc. If yes, please describe.

Please describe any other unique circumstances or concerns that should be evaluated during the stress test.