

# PROTECTING HIGH-NET-WORTH ASSETS AMID CURRENT CHALLENGES

## EFFECTIVE STRATEGIES TO HELP OVERCOME THEM

Rising inflation, high insurance rates, and massive lawsuits are just a few of the trends that are creating challenges for everyone, including high-net-worth individuals. So, how can you effectively navigate these current market forces and still protect your assets? **Here are three strategies that can help bring you a bit of relief from three key challenges.**

### CHALLENGE #1: UNAWARE YOU'RE UNDERINSURED

Do you know how much excess liability coverage you have under your personal umbrella insurance policy? Many people know they need this layer of protection on top of their homeowners, car and/or boat insurance, but often forget to update it over time so it's aligned with net worth.

**Unfortunately, the more you're worth, the higher the amount for which you can be sued.** And if your coverage is not sufficient, you could be left with a sizable gap in your protection – and seriously at risk if you and your family are ever sued for millions. For example, what if you accidentally hit a bicyclist with your car and are found responsible for causing a serious brain injury to the victim? Legal teams can research public records to find out who you are, what property, assets, or businesses you own, and sue for damages up to your net worth. But if your excess liability insurance has not kept pace as your wealth has grown, you may not have an adequate amount of coverage that could help settle the case or pay for damages.



### STRATEGY

Work with a knowledgeable insurance broker to analyze your potential risk exposure along with your risk tolerance to determine how much coverage you may need. Then, once a year, make it a point to review the coverage you have, factoring in the value of your homes, businesses, and other assets. This way you can be sure that your insurance is aligned with your net worth and can be enough to safeguard you and your family if you ever face a potentially huge loss.

## CHALLENGE #2: PAYING HIGH HOME INSURANCE RATES – IF YOU CAN GET COVERAGE

Recent extreme weather, devastating wildfires, and fraudulent activities have resulted in massive losses for homeowners and insurers alike. As a measure of loss control, some companies have stopped offering insurance in certain regions that have been especially hard hit by losses, like California and Florida. Others have drastically scaled back their appetite for business, effectively making it harder and more expensive to renew existing coverage or get it in the first place.

So, if you own a \$3.0+ million home in an area of California prone to wildfires, for example, you may have previously spent about \$8,000 a year on home insurance. Now? You could likely face a bill that's at least **five times that** - if you can even renew your coverage.

And, if you happen to own a multi-million-dollar home in an area where wildfires have previously burned, the news is worse. We're talking about cancelled coverage without warning, and very limited options to get it, as climate change and other factors keep risk extremely high and continue to force even more carriers from the market.



### STRATEGY

While some states are trying to stabilize highly disrupted markets, change can take time. Fortunately, one of the steps you can consider is to make sure your homeowners insurance policy is with a premier insurer. An insurance company that serves highly valued homeowners and understands your market can offer the coverage you may need along with services you would find most valuable, including:

- **Custom appraisals** that are based on an actual walk-through of your home, not simply through an online app. With photos and detailed notes, an insurance company can better insure it to value and have a more accurate idea of how much a contractor may charge to rebuild your home if it's ever damaged by a fire or other covered loss.
- **Guaranteed replacement value**, which estimates how much it would cost to rebuild your home with the same level of detail, craftsmanship, upgraded appliances, lighting, and custom finishes. Plus, it can take into account the costs of things at the time of a loss (and that may be impacted by inflation), such as materials, labor, special trades, architect fees, and design services. And, unlike policies written by standard companies, it can pay the cost to rebuild even if it's greater than the limit stated in your policy.
- **Cash settlement option** can provide added flexibility. So, if you experience a total disaster, you can choose to get a cash payment instead of rebuilding.
- **Sophisticated claims service** so you're assured prompt and fair claim settlement by representatives who will not nickel and dime you over the cost to replace certain features in your home.

## CHALLENGE #3: RELYING ON HOMEOWNERS INSURANCE ALONE TO PROTECT YOUR VALUABLES

### Would your homeowners insurance pay if:

- your prized bottles of wine get destroyed when fire breaks out in your home?
- your custom artwork is ruined by smoke and water damage?

Although a typical homeowners insurance policy can provide some coverage for your highly valued items, it's usually very little. Unfortunately, homeowners don't often realize this and can unknowingly put their valuable collections at risk.



### STRATEGY

Considering additional coverage for valuable artwork or collectibles you may own can be key to protecting them in the event of a loss. Work with your broker to identify the highly valued pieces in your house, get an appraisal, and explore your options for separate collections insurance, or think about extending your homeowners coverage with an appropriate rider that can cover items, such as:

- Fine art
- Heirlooms/antiques
- Silverware/china/crystal
- Stamp, coins, wine collections
- Jewelry
- Rugs

The current challenges facing the high-net-worth market aren't going away soon. Our team can help you manage the challenges and risks you face today and help protect the assets you've worked so hard to build.



**Connect with us today!**

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