

CASE STUDY

CONSOLIDATING COVERAGE TO AVOID GAPS

WHAT WE SEE

Most successful people have larger portfolios with diverse and complex insurance needs. We frequently work with clients who have various, dissimilar policies – often in multiple states – collected along the way as they acquire assets. After reviewing their portfolios, we repeatedly find inadequate coverage or gaps, leaving them with serious exposure. It's vital to holistically review the entire collection of our client's insurance coverage to assure the policies are complementary and comprehensive, and to avoid major interruptions or shortfalls in coverage.

THE SITUATION

In this case, a client came to us with three homes, each insured with a different carrier and different insurance agency. One of the homes was out of state. Additionally, they had multiple cars, insured with standard carriers, a \$1 million umbrella policy, and two boats.

The critical piece for proper risk identification is to have a comprehensive understanding of our clients' assets and how those assets are used to identify their liability exposures. A single knowledgeable agent – with the ability to see how all the pieces fit together – can identify gaps or missing coverage, see the target areas of personal liability and adjust as needed. **For example, two of the homes were titled in trust, however the policies were not – resulting in potential exposure.**

THE CLIENT

- 1 child away at school
- 2 boards
- 3 homes
- 3 different agencies
- 3 different carriers



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Partner

Baldwin Risk Partners

THE SOLUTION

- **We met with the client to review all their coverage and get a clear understanding of their assets and how they use those assets. We then chose to consolidate coverage with one of our high-net-worth carriers, providing many additional benefits.**
 - Removing the variables with their prior mixed bag of carriers, gave us predictability when it comes to a claim.
 - Consolidating their automobile coverage with the carrier resulted in multi-car and cross-policy discounts and a better policy and coverage at a lower carry cost.
- **After gaining an understanding about how this client lived their life with all its moving parts, we increased the umbrella policy coverage to \$10 million.**
 - In this case, the client participated in two boards, which were uncompensated but presented potential personal exposure and they had domestic help in the home. It was clear neither of these elements were addressed in the current umbrella policy.
 - Another sizeable personal exposure was that one of their children was away at school with a family car. Unfortunately, youthful drivers are at the top of the list for liability claims and, again, this was not addressed in their current umbrella policy.

A common mistake when selecting umbrella coverage is to match the net worth based on a balance sheet or simple net worth calculation. This does not take into consideration any streams of ongoing income from current employment, future investments, partnerships, etc. – all of which are collectable.

THE CONCLUSION

Once we completed a holistic review of the clients' financial situation and lifestyle, they ended up with:

- a broader, more comprehensive coverage plan
- a single agency point of contact for support
- simplified administrative work with an overall lower cost
- a better understanding of their own insurance

Contact us to learn how we can work together to protect your now and your future.

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