



Role of Financial Advisor in Protecting Assets of the Wealthy

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As the year draws to a close, many high net worth individuals connect with their financial advisor to review their year-end investment portfolio strategies. High net worth individuals rely on expert market insight and advice to manage their wealth and protect assets. Often not addressed in the year-end planning process is the protection of high value homes or properties that can represent significant assets in one's portfolio. Owners of high value homes should consider including an annual assessment of their exposure to financial loss to their property as a part of their year-end portfolio review.

High net worth households have complex risk profiles demanding bespoke property and liability coverage to protect their net worth, which could be severely impacted in the event of a major loss. It is estimated that 40% of high value homes are underinsured, as reported by the Insurance Journal. One reason is that high value homeowners do not routinely update or periodically increase insurance coverage on their homes. Specialty insurance advisors can evaluate the intricate aspects of the home or properties, the individual's risk tolerance, as well as the value of personal belongings. While financial advisors may not be knowledgeable about how to best insure their client's assets against property or liability losses, they should be prepared to recommend their clients to an insurance expert as part of their advisory services.



A year-end risk assessment should take into consideration the homeowner's lifestyle and home investments to avoid potential gaps in coverage. Items to consider:

- Recent purchases – such as artwork, home contents, jewelry or other valuable household items or possessions
- Home renovations
- Installation of safety or technology features for increased home security and safety
- Homeowner's participation as a board member or officer of a non-profit organization

An updated homeowner's insurance policy would reflect any change in property value to adequately protect against property damage claims and potential liability risk exposure. The insurance advisor that specializes in customized coverage for high net worth homeowners would focus on: 1) full "replacement cost" coverage for the home and contents, which is typically not included in standard homeowners policies; 2) liability protection to safeguard net worth, typically incorporating an umbrella cover above the home and automobile policy limits; and 3) itemization of appraised, valuable possessions. Also, installation or upgrades of safety and security devices should be addressed in the annual coverage review. Alarms, detection and monitoring loss control devices, and technologically-advanced home security systems could earn the homeowner premium discounts or credits against the homeowner policy.

Wealth management professionals are dedicated to protecting the assets and financial security of high net worth individuals. Comprehensive review and analysis of insurance coverage for high value homes by a specialty insurance advisor should also be a priority course of action in the year-end financial planning process.



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