



A Deland, Gibson University White Paper

“Providing Peace of Mind
Through Proactive Service”

THE DISCONNECT BETWEEN PERSONAL INSURANCE AND THE HIGH NET WORTH

This document will briefly describe the differences and benefits of insurance companies that have custom forms designed for the HNW. Prime examples of the companies that specialize in this arena are The Chubb Group of Insurance Companies and Chartis Private Client Group.

It will also show how Deland, Gibson's model is a difference maker in diagnosing and managing the unique risks of the HNW.

THE DISCONNECT BETWEEN PERSONAL INSURANCE AND THE HIGH NET WORTH

Chartis Insurance states that the world's population of High Net Worthⁱ falls right around 2%. Of that 2%, 70% is insured with a direct or middle market underwriter – this is a problem. A common misconception enhanced by the overwhelming amount of advertising is that all insurance products are the same. This is false; the difference between a commodity and a luxury good is analogous to middle market policy forms and those created for the HNW.

It is a problem because the direct and middle market companies are not suited for the high values and exposures that are inherent with the lifestyle that comes with high net worth individuals and families. The volatility and complexity of risk is vastly different than that of a typical American family, which is the ideal appetite of the middle market and direct writing companies.

Successful individuals and families have complex financial planning, asset management and estate planning needs. Often insurance is overlooked as a paramount tool for wealth preservation.

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ABOUT DELAND, GIBSON INSURANCE

Established in 1900, Deland, Gibson has thrived working as a trusted advisor for its client base.

A family business since 1900, DG works with clients to lower their Total Cost of Risk through its signature program, the Deland, Gibson Difference. This process is used to identify the unique risks of you and/or your business and ultimately offer strategies to transfer, mitigate, finance or assume these risks.

Learn more at
DelandGibson.com

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Many individuals and families often overlook their insurance situation. It is set up early in their life and rarely modified and adapted to fit their ever-changing situation. While there is no "cookie cutter" HNW programs, many of the following coverage optionsⁱⁱ should be a mainstay in the insurance programs of the high net worth and often are not:

- Personal Directors and Officers
- Hurricane Protective Services
- Forest Fire Protection
- Mechanical breakdown
- Risk Control Strategies
- Primary and Excess Flood
- Extended umbrella limits
- Travel Accident Insurance
- Employment Practices Liability
- Yacht P&I
- Private Collections
- Jewelry schedules
- Fine Art Collections
- Fine Art Home Assessments
- Domestic workers compensation
- Certificate Management
- Personal Property Inventory System
- Collection consultation
- Kidnap, Ransom and Extortion
- Employee Screenings and background checks

To break down the difference between the policies forms of the standard market homeowners policies and the policies manuscripted for the HNW can be complicated as there are many factors and policy types.

Below I will outline a snapshot of the most important coverage parts that translate best to fit the needs of the HNW that are NOT a part of standard homeowners policies:

COVERAGE ENHANCEMENTS

Coverage	Difference or Comparison	Why it matters
Building coverage	Cash out option Extended replacement cost Onsite appraisal service	Because you don't want to have to worry that you have the proper dwelling coverage and you would like flexibility if you didn't want to rebuild on the same plot of land.
Contents Coverage	All risk vs. named perils RC vs. ACV Cash out option	Because you want the broadest coverage possible for your belongings and in the event of a loss you don't want to have to buy used furniture or clothes – you want cash or new items.
Loss of use	Unlimited vs. 20% of dwelling coverage	Because in the event of a loss and you are displaced from your home you want to be able to maintain your lifestyle and not be limited by a certain amount of money to cover the extra living costs by being out of your home.
Ordinance or Law	Unlimited vs. 10%	If you have a home that is not completely up to code, you don't want to have to pay out of pocket to rebuild your entire house to code in the event of a loss.
Debris removal	Unlimited vs. "reasonable expense"	If your home is damaged and things need to be removed from the property, the last thing you want to worry about is negotiating with the claims adjuster about "reasonable expense"
	Higher limits and broader coverage definitions	Included is: <ul style="list-style-type: none"> • Personal injury

<p>Liability</p>		<ul style="list-style-type: none"> • Bodily injury, shock, mental anguish, mental injury, sickness or disease, including death: • Injury because of false arrest or imprisonment, malicious prosecution, wrongful entry or eviction, humiliation, liable, slander, defamation of character, or invasion of privacy • Medical Payments of 25k • Kidnap Expense • This matters because personal injury exposures are only growing: • Social media libel • Bullying • Tenant issues from property ownership
<p>Valuable articles: scheduled jewelry</p>	<p>Higher limits and better coverage</p> <p>Up to 150% of scheduled value</p> <p>Cash out option</p>	<p>Why let an insurance company find you a replacement defined as “like kind and quality”</p>
<p>Claims Settlement</p>	<p>Highest level of Customer Service</p>	<p>Because after a claim you need to be taken care of. There is no “nickel and diming”. Deland, Gibson and the HNW company are there to indemnify clients as soon as possible to the highest degree of service possible. HNW insurance companies know their domain and this is where they differentiate and earn their reputation. These companies have not and can not establish themselves in this marketplace without truly superior claims settlement.</p>

Deland, Gibson has positioned itself to seamlessly handle the needs of the high net worth. DG employs a four-step process that creates long-range risk reduction plans to lower a client's Total Cost of Risk (TCOR). The trademarked risk control plan is called the *Deland, Gibson Difference*.

The correct insurance and risk management system works together to protect from the direct and indirect costs of one's TCOR. The process identifies the risk, implements a plan and then monitors for success catering to each client's specific needs. One of the unique benefits is that Deland, Gibson strives to reduce the indirect costs that become realized in the event of a claim. Such indirect issues that arise can be:

- Reputation
- Time out of work
- Opportunity costs
- Stress

To learn more about the initial steps for creating an insurance and risk reduction plan appropriate for you and your family, please contact Chip Gibson @ cgibsonjr@delandgibsonins.com or visit www.DelandGibson.com.

i THE DEFINING CHARACTERISTICS OF HIGH NET WORTH (HNW) ARE INDIVIDUALS OR FAMILIES WITH A NET WORTH OF 5MM OR HIGHER.

ii THE COVERAGE OPTIONS CAN EXPLAINED IN FURTHER DETAIL BY CONTACTING CHIP GIBSON AT cgibsonjr@delandgibson.com