

ARTICLES

Brokers Are a Quintessential Part of the Family Office Advisors Team

By Sandy Leon

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Building a talented team of advisors for a family office, from estate planning attorneys to wealth managers to tax accountants, is critical in protecting and growing a family's wealth for generations. Insurance brokers are an essential part of that team. They are an integral resource in aligning with the family's goals to protect their assets. They can add value and prevent any coverage or claims issues down the road.

But not all brokers are created equal. Even when soliciting quotes from the same insurance company, different brokers will come up with different results in terms, pricing and coverage.

Structuring tailored insurance policies to meet the complexities of a private client's portfolio of homes, art collections, jewelry, cars and yachts across multiple jurisdictions, takes creativity, deep insight and someone who's willing to go the extra mile to get to know the client. A good broker will build personal relationships with the family and risk management team, as well as provide service and advocacy.

Here are a few tips I've learned over the years.

Tip #1 - When a car isn't a car. Get creative with policies.

I recently received an inquiry from a CFO for a family office who wanted me to review the family's existing policies and offer solutions. I went out to meet with the CFO in person and when I arrived, I was surprised to find the patriarch of the family sitting in the room.

"Why are you here?" he asked me, his skepticism apparent.

"I'm not here to sell you anything," I told him. I was just offering an outside perspective on the family's coverage. Before diving into the policy review, I got to know him a bit. I learned how his wealth was created, and that he was living on an estate he had bought primarily because it could house his collection of antique cars purchased from a well-known family's estate. After a quick look at his automobile insurance policy, I asked him if he knew the definition of fine art.

In insurance, fine art is defined as anything collectible, of significant value, or that's bought at auction. His



car collection, I suspected, would actually be best classified as fine art.

“You don’t drive any of these cars, do you?” I asked.

“Of course not.”

“The way your policies are written, the implication is that you’re driving them every day. If I was your insurance advisor, I’d put your cars under a fine art policy which could provide broader coverage and significant savings.”

He hired me on the spot.

Tip #2 - Pay attention to the details.

Another client brought me in to look at all his home insurance policies. He owned several houses around the country and was having trouble securing insurance for an very expensive property in Florida. This was baffling since he had recently installed new hurricane windows and a new roof to bring the property up to hurricane protection code compliance.

Since most carriers in Florida require a validated wind mitigation inspection, the family hired a contractor to complete one. It didn’t add up. They had paid for hurricane upgrades, they had paid for the wind mitigation inspection, but were still denied coverage. When I pulled the form, I saw that the contractor had completed the form incorrectly.

I went to the assessors’ office and pulled every permit for all of the work that was completed on the home. I then called each subcontractor to reconfirm the work and finally called the contractor to fix the wind mitigation inspection form. Once the proper documentation was in hand, we placed him with a superior carrier right away.

Tip #3 - Take the 30,000-foot view.

I received a call from a family office because the family was building a home and needed flood insurance. I learned that the policy was with a large national carrier that only provides a maximum of five million dollars in coverage.

When I visited the site, construction was well underway. Demolition was completed and they were building two new structures consisting of a \$25 million main house and \$15 million guest house. When we reviewed their policies, we discovered that the current policy covered less than a million dollars. In a nutshell, no one had bothered to update the policy from the dilapidated tear-down that had originally existed on the site.

While reviewing the balance of the policies for his homes around the country, I discovered that he was overpaying while being underinsured because his insurance brokers had not considered the full composition of his account. Each policy was managed by a different agent in a different office. They were insuring pieces of the pie instead of the whole pie. After a thorough assessment, we built a holistic program customized to meet his needs.

Personal relationships matter and getting to know the client can make a huge difference in risk

management and getting the maximum benefit from their policies. Whether the client has a net-worth in the millions, or is looking for renters' insurance, brokers should represent and advocate for the client, not for one insurance company. They need to be creative, attentive to detail, and willing to go the extra mile.

With great wealth comes great risk. Being a trusted resource on a team of advisors, brokers can be a significant part of providing clients the elusive peace of mind they desire.

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