



More Expensive, More Expansive

How to avoid E&O risks when serving high net-worth clients

By Larrye Murrell

Offering insurance packages to protect clients' various interests comes with inherent risk. That risk increases alongside the client's net worth.

When compiling the perfect suite of products to cover all of the

needs of your high net-worth client, you may experience pushback—particularly when it comes to the price tag associated with robust coverages. High net-worth customers may be reluctant to spend freely on increased limits and additional coverages, questioning your motives and expressing a preference to self-insure a significant pre-loss amount as a cost-saving mechanism.

Similarly, individuals who are highly skilled in their profession may be overly confident in their ability to also perform the functions of yours. But this confidence often evaporates in the event of an uncovered or underinsured loss, when the client tends to claim they relied heavily on their agent's recommendations and expertise.

During the claims process, it's not uncommon for a client to plead ignorance. Suddenly, the client's false sense of expertise fails them—and all eyes shift to the agent, whose fulfillment of duty now comes into question.

In order to avoid potential errors & omissions pitfalls when serving high net-worth clients, remember to communicate often and clearly. Whether formal or informal, all communications factor into the 'round-the-clock working relationship with your client. High net-worth clients may have heightened expectations that you know the solution for all their needs, advocate for them in the event of a claim and constantly broker for new policies to fit their changing needs.

Your presumed knowledge could be based on even peripheral contact: driving past their home, a casual mention of kids in college, social gatherings, conversations in passing at a banquet or on the golf course. Consider all such encounters "on the record" and include them in your evaluation of the client's needs. In addition to informal encounters, never fail to formally review the client profile upon change of status, acquisition of additional interests or, at the very least, on an annual basis [see sidebar for more best practices].

It comes down to this: Always tell your customers what they need to know, not what they want to hear. In the long run, that's the surest way to keep your customers happy *and* avoid an E&O claim.

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