

High Rollers

E&O concerns when serving the high net-worth client

By James Redeker

Dealing with high net-worth clients is not the same as dealing with your other clients. They demand special attention.

While it may seem counterintuitive, affluent clients are often frugal when purchasing insurance. For example, these insureds may have high auto limits coupled with umbrella coverage to protect their substantial assets from claimants anxious to share in that wealth.

But because it costs extra, they won't necessarily want the umbrella coverage to include uninsured/underinsured motorists coverage—until, of course, they sustain injuries in an accident, at which time they will argue that they would have gladly paid the premium had you only offered it.



Some high net-worth clients are asset-rich through inheritance, but cash-poor. In this type of case, insist on appraisals and document when the client refuses to insure to value.

But affluent clients can also be very hard to reach. You'll likely be dealing with an assistant, who will sometimes ask you to sign the client's

name on applications for them.

Cutting corners due to the client's inaccessibility may seem like a practical necessity during the application process, but if a loss occurs, this practice serves to insulate the client and set you up for an E&O claim.

Be sure to deal directly with your client or, at the very least, obtain documentation from the client expressly authorizing a third party to make these decisions. And never sign an application for your client.

As part of their mobile lifestyle, many affluent clients own multiple homes. They can only be in one place at a time, so their various residences often sit empty for weeks or months.

Regular homeowners policies exclude coverage for certain exposures—such as water, freezing or mold damage—if a home sits vacant for a specified period of time. If you are

placing multiple homeowners policies for a high net-worth client, many specialized carriers offer well-suited policy solutions.

Finally, moneyed clients often have extravagant toys and exotic pets. Insist on visiting the home and any other properties they own to look for things like a commercial waterslide at the residence, pet tigers, yachts and planes. Swiss Re Corporate Solutions has seen claims on all of the above, which the agent overlooked when placing coverage.

To avoid these problems with affluent clients, review coverages annually—they have the means to make major purchases, sales and renovations more often than other clients.

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