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12 Top Issues of Concern and Interest for Affluent Buyers of Personal Insurance by Patrick Gillotti



- 1) **Coastal Locations** – The scarcity and high cost of homeowner’s insurance due to wind concerns among insurers for properties in close proximity to the coast – Florida, Louisiana, NJ Shore, Hamptons, Cape and the Islands, Carolinas, etc. – particularly those below base flood elevation, in high risk flood zones. As a separate issue, flood loss is excluded by virtually all homeowners policies, yet 65% of such losses occur in low hazard flood plains, leaving many people uninsured!
- 2) **Large Homes Under Construction or Renovation** – The limited marketplace providing adequate coverage and limits; the increased risks of loss during construction, and how they drive higher premiums; the significant non-insurance costs, tied to construction, but borne by the homeowner; how a little planning and early discussion can cut future premiums in half following construction.
- 3) **The Liability Risks of Board Membership** – How individuals can be held personally liable; differences in risk and remedies for non-profit and for-profit board service; insurance and non-insurance solutions.
- 4) **Hidden Risks Associated With “Toys” of the Affluent** – Just as leisure time and choices have soared for the well-to-do, so has the proliferation of “toys” available for their use: jet skis, ATV’s, snowmobiles, dirt bikes, golf carts, etc.. Think your broad insurance program with the best insurers covers all liability? Think again! Off-premises use, extended rental, and other risks may fall through the cracks!
- 5) **Appropriate Personal and Umbrella Limits** – How much is enough? What are the factors driving risk, and how does one choose a limit? Who writes high limits, and what are the costs? Surprisingly affordable at prudent limits, and perhaps one’s single largest personal insurance consideration.
- 6) **Personal vs. Commercial Insurance** – When does one cross over with the other? Defining “incidental business” activities under personal insurance; voiding of coverage when intent of policy wording is violated, or limitations exceeded; insurance implications for use of trusts, LLC’s, and other entities, and how to adequately protect them.

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- 7) **High Deductibles and Other Self-Insurance Techniques** – Why saving one’s insurance for bigger claims is cost-effective and prudent; how insurers view small claim submission, and the penalties they’ll impose for doing so; what are appropriate retention or deductible levels for different assets and types of coverage?
- 8) **Handling Valuables – Insure, or No?** – The benefits of “scheduling,” and how this differs from “blanketing;” is there a downside to leaving a trail for the tax man? How different insurers differ in coverage and recovery. Varying philosophies on treatment of jewelry, silver, furs, fine arts, and other valuable items.
- 9) **Auto Insurance – Commodity Purchase, or No?** – Why direct writers want you to think so! Insuring collector cars; the factors influencing whether or not to buy insurance coverage at the rental car counter; how insurance “follows the car,” and who’s covered; the perils and premium implications for teen drivers; substantial differences in recovery valuations between insurers, and why.
- 10) **“Advisory” vs. “Product” Approach on Personal Insurance** – Seeing one’s insurance broker as a trusted financial advisor; who are the very small handful of qualified insurers? “Insurance” as the last step in risk management, and what are the first four? Should one’s personal insurance be a priority?
- 11) **Corporately Provided Vehicle** – If you have a corporate vehicle provided for your regular use, be sure to check to see if your employer has a “restricted use policy”. Their automobile coverage may not respond should an accident occur while in violation of the corporate use policy.
- 12) **Earthquake** – Not just a concern for California residents anymore! The Northeast corridor has many faults, and last year, there were 8 tremors up to 2.0 magnitudes in the Hudson River Valley! Of additional concern is that most homeowner contracts do not provide coverage for this peril, unless specifically endorsed. The good news is that coverage is available in most areas at surprisingly affordable rates.