



ANAHEIM
2009

The Annual Conference of the Financial Planning Community


TRACK:	<i>RISK MANAGEMENT & INSURANCE</i>
SESSION: 979016	THE MISSING PIECE OF FINANCIAL PLANNING: PERSONAL PROPERTY & CASUALTY
	SUNDAY, OCTOBER 11, 2009
	8:15 AM - 9:30 AM
PRESENTER:	Brian P. Boak, CLU, LUTCF
	Singer Nelson Charlmers
	P.O. Box 16
	1086 Teaneck Road
	Teaneck, NJ 07666

Brian Boak joined Singer Nelson Charlmers in 2000 to implement its Executive Protection Department. Singer Nelson Charlmers works with businesses on how to best design their insurance programs. The Executive Protection Department was created to design insurance programs for Ultra High Net Worth individuals. Brian Boak created The Executive Risk Audit™, Singer Nelson Charlmers' proprietary analytical process, to help individuals and families have the right insurance coverage while making the best use of their insurance dollar investment. In 1988 Brian joined Prudential Insurance as a District Agent. In 1991 he was promoted to Sales Manager and was the Mutual Fund Liaison for the District Office. While at Prudential Brian, taught for The American College and went on to develop his own successful Financial Advisory Firm. Brian graduated from the University of South Carolina in 1982 with a degree in Finance and Marketing. Brian has been interviewed by Financial Advisor Magazine, LawEasy.com and Skylines (Society of Design Administration) Magazine. Brian has been involved with many panel discussions on how to properly structure your Personal Property and Casualty Insurance. Brian is President of the Hackensack Rotary, Past President of the Rockland Estate Planning Council, and past board member for Habitat for Humanity of Rockland County. Brian is also member of Toastmasters International. On a personal note Brian produces BOAKS, his own brand of beer.

**The Missing Piece of
Financial Planning**

Personal Property and Casualty

Presented by
Brian P Boak, CLU, LUTCF
Singer Nelson Charlmers
201-837-1100
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Agenda: Personal Insurance Review

- General & Family Information
- Personal Information
- Assets and Liabilities
- Business Information
- Homes
- Autos, Motorcycles, Motorhomes
- Yachts, Boats, Jet Skis
- Excess Liability
- Estate Planning Claim Story

Step 1: Gather All Policies

- Not just the declaration page but the entire policy
 - Review
 - Named Insured
 - Additional Insured
 - Coverage
 - Limitations
 - Exclusions

Step 2: Ask Lots of Questions

- By asking the proper questions and knowing what to look for you can find your clients exposures and help protect them

Step 3: Analyze Coverage

- Compare the coverage they have vs. the answers your client provided to discover gaps in their insurance

Step 4: Create Report

- Current Coverage Explained
- Gaps Discovered
- Recommendations

General Information

- Internet search your client
 - Google, LinkedIn, Corp. Sites, Industry Sites
- Name, DOB, Occupation, Income
- Email & Phone Contact Information
- Family Member Information (parents, children, spouses)
- What do you do for fun? (Sports, Hobbies Activities, Travel, Organizations)
- Boards of Directors

Personal Information

- Marriage and Divorce Dates
- Health Problems
- Wills and Trusts
 - What type
 - When updated
- Inheritance
- Wealth Transfers

Assets and Liabilities

- Investments
- Business Ownerships
- Locations Owned and Rented
- Autos
- Watercraft
- Trust Assets
- Liabilities on above
- Total Net Worth

Advisors

- CPA
- Lawyer
- Financial Planner
- Property and Casualty Broker

Business Information

- Name, Address and Nature of Business
- Tax Status (C-Corp, S-Corp, LLC, LLP, etc)
- Date Established
- Ownership
- Market Value
- Buy Sell Agreement (Funded or Unfunded)
- Insurance in Force

**Home, Condo, Co-Op, Apartment,
Vacation Location, Vacant Land**

- Who Owns/Leases the location
- Who uses the location
- Who is the Named Insured on the Policy
- Who needs to be insured

Home Construction

- Year Built
- Construction Type
- Style of Home
- Square Footage
- Alarm System
- Renovations
- Landscaping

Other Structures

- What are they
 - How are they used
 - Are they properly protected
- Pool, Guest House, Garage, Barn, Greenhouse

Protecting Renovations and New Construction

- When were they done
- What was done
- Did the insurance company inspect
- Builders Risk Insurance
- Guaranteed Replacement Cost

Personal Property

- What is insured
- What is limited
- What is excluded

Loss of Use

- In the event that your client has to move out of their location after a claim this coverage will pay for additional living expenses

Liability

- What is the limit on each policy
- Does it meet the requirement of the Excess Liability Policy
- Personal Injury (Liable & Slander)
- Charitable Board D&O
- Employment Practice Liability

Medical Payments

- Provides Medical Payments to an injured party to avoid a lawsuit (Usually limited to \$10,000)

Deductibles

- If your client can save, in premium, the increase in their exposure (new deductible minus old deductible) in less than three years; increase the deductible
- 3-5 years; think about increasing the deductible
- Over 5 years: probably not worth it
- Waiver of deductible over \$50,000

Condo and Cooperatives

- Additions and Alterations
- Personal Property
- Loss Assessment
- Loss of Use

Additional Coverage

- All Risk vs. Named Peril
- Dwelling Replacement Cost
- Personal Property Replacement Cost
- Rebuilding to Code
- Mold Insurance
- Equipment Breakdown Insurance
- Water Back Up

Special Exposure Insurance

- Flood Insurance
- Excess Flood Insurance
- Wind Insurance
- Earthquake Insurance

Fine Art, Antiques, Jewelry and Collectibles

- Who owns them
- Where are they
- Are they scheduled
- Are they loaned out
- When were they appraised
- Safe at Home or Bank Vault

Fine Art, Antiques, Jewelry and Collectibles

- How often should they be appraised
- How to find a qualified appraiser
 - Appraisers Association of America
- Blanket vs. Scheduled Coverage

Household Staff

- How Many
- Duties and Responsibilities
- Full Time, Part Time, Live In
- On or Off the Books
- Auto Exposure
- Workers Comp & Disability
- Employment Practice Liability

Household Staff

- If your client hires an outside company for Staffing, Landscaping or Maintenance make sure they get Certificates of Insurance. Your clients insurance should not be the first line of defense.

Auto, Motorcycle, Motorhome

- Who Owns them
- Who Drives them
- How are they used
- Company Car
- AAA

Auto, Motorcycle, Motorhome

- Liability
- Uninsured Motorist
- Personal Injury Protection
- Deductibles
- Unlisted Drivers
- Usage and Garage location
- Classic Cars

Yachts, Boats, Jet Skis

- Year, Make, Model, Speed
- Where is it used
- Who owns the vessel
- Who operates the vessel
- Protecting the owner, operator and crew
- Winter Storage
- Liability problems

Excess Liability

- What should be listed
- Who should be listed
- Limits
- Uninsured Motorist
- Charitable D&O
- Employment Practice Liability

Assorted Personal Exposures

- ID Theft
- Rental Car "Diminution of Value"
- Travel Insurance
- Medical Evacuation
- Concierge Health Advisor
- Kidnap and Ransom

Estate Planning and Claims

- Joan & Bill Case Study
- Estate Planning Transfers (LLC, LP, Trust)
- Insurance Issues
- Insurance Solutions

Joan & Bill's Story

- Joan & Bill – both in their late 50's
- Estate Planning Session
 - Transfer \$6 million in assets to a Trust
 - Includes
 - \$3.5 million Home
 - \$500k in Artwork
 - \$2 million in Investments

Joan & Bill's Story

- They appoint Joan's brother, Hank as trustee
- They never alert their insurance agent/broker of these changes
- No changes are made to their current insurance program
- Named insured on all policies are still Joan & Bill

Claim #1



Claim #1

- Electrical defect causes the house to burn to the ground
- Result: Total Loss \$4.52 million
 - \$3.1 Million to replace the home
 - \$500,000 for the additional cost to live elsewhere during construction
 - \$920,000 personal property including artwork

Adjustor asks to see the title to the home...

Claim #1

- Why did the adjustor “tear up the check” and issue a new check for only \$920,000?
 - Neither the trust nor the trustee is an “insured” under the homeowners policy – Dwelling loss not paid
 - Discovered the Artwork was owned by the trust -- not paid
 - Contents of \$420,000 -- paid
 - Additional Living Expenses of \$500,000 -- paid
 - Loss to client: \$3.6 million

Claim #2

- Their Neighbor, Connie, gets trapped and suffers very serious 3rd degree burns over 68% of her body
- Costs
 - Medical bills \$65,000 per year
 - Missed 4 years of work while recovering
 - She sues Joan & Bill and the Trust for \$1.8 million

Claim #2

- Defense Costs:
 - Joan & Bill: \$500,000
 - Trust: \$500,000
- Award/Settlement:
 - The court awards Connie the full \$1.8 million
 - \$900,000 against the Trust
 - \$900,000 against Joan & Bill

Claim # 2 – who receives protection

- The homeowners policy and umbrella policy pay for the defense of Joan & Bill
- The Trust spends \$500,000 for its own defense
- The homeowners policy and umbrella pay for the settlement on Joan & Bill's behalf but will not pay for the Trust
- Connie's Attorney secures the \$900,000 of liquid investments owned by the Trust

Solution

- Add the Trust to the policies as an additional insured

Questions and Answers

- Insurance coverage should fit the needs of the policyholder not the needs of the insurer
