

Diverse is one word to describe individuals who are affluent or high net worth: men and women of all ages who have earned their wealth from one or more sources—including owning a successful business, investments, inheritance, selling a business, being a professional athlete or celebrity, or even winning the lottery. This diversity parallels the segment of the insurance community that serves this market. It is important to realize that this market is growing and changing.

According to the *Wealth Report 2014* (published by Knight Frank, a leading independent global real estate consultancy) the number of ultra-wealthy individuals worldwide has increased by 59% since 2003. The number of affluent and ultra high net worth individuals is forecasted to grow 28% between 2013 and 2023.

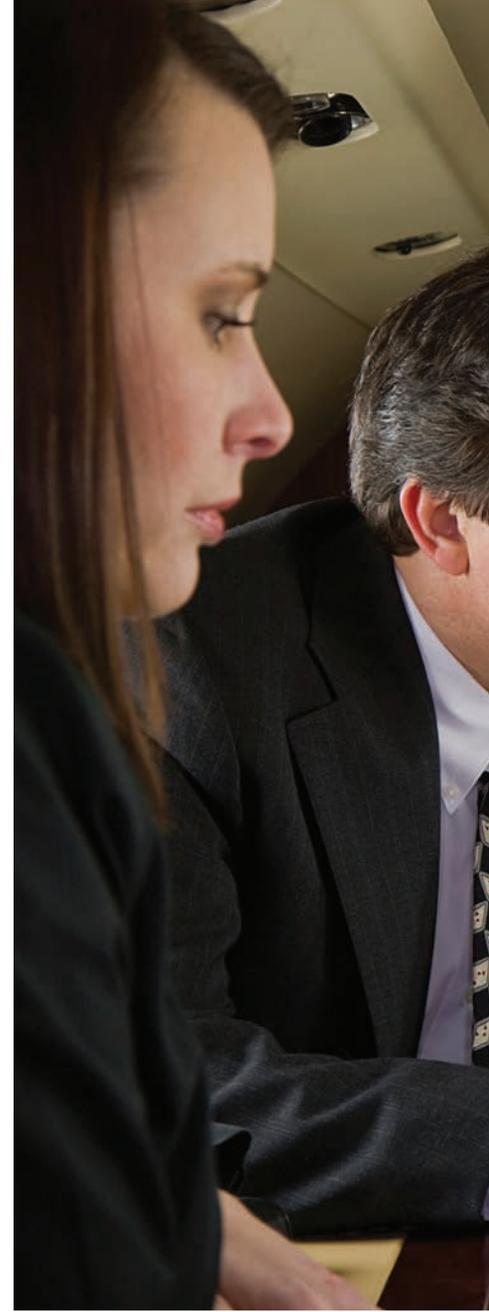
Who are these individuals, and what makes developing an effective risk management and insurance program for these clients so different from one developed for

the main stream market? Simply stated—their complex risk profile.

These individuals can be high-profile targets for lawsuits. They have expensive homes in high risk areas that require strategies for protection and mitigation (flood, hurricane, earthquake, wild fire). They own multiple homes throughout the United States, and possibly abroad, making it more challenging to secure proper coverage without gaps. Their assets may be owned by multiple members of the family, or an entity, such as an LLC. The very nature of their lifestyle increases the likelihood of a loss associated with their:

- Collections (art, jewelry, wine, antiques, classic/collectible/ antique autos, etc.)
- Domestic staff
- Exotic travel
- Involvement in charitable organizations
- Extreme hobbies
- Yachts and other watercraft
- Aircraft ownership and use

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Personal Risk Managers

The Role They Play For Their Affluent and High Net Worth Clients

By Beverly A. Messer, CIC, CRM, CISR and JoAnn M. Clarke,
CIC, CRM, CISR, CSRM, CPCU, ARM, AAI, CPIW, ARE



Unique skills and knowledge are required to place the insurance coverages designed to protect high value properties, sophisticated ownership arrangements, unique liability exposures, and the unexpected...

The affluent or high net worth client may be underserved by their current agent or insurance company, as the insurance program they had before reaching this status is frequently not what is needed today. What they need today can best be provided by a **Personal Risk Manager**—one who serves as the client’s advisor, not an “order taker.” Unique skills and knowledge are required to place the insurance coverages designed to protect high value properties, sophisticated ownership arrangements, unique liability exposures, and the unexpected—safeguards that offer peace of mind to the high net worth client.

A Personal Risk Manager is a trusted confidante and member of their client’s team, and possess expertise in this market as exhibited by their:

- Understanding of the need for creating a sophisticated insurance and risk management program for their clients.
- Understanding that this program requires complex solutions not always available in the standard market.
- Application of risk management, knowing that insurance should not always be the first and/or the only solution.
- Relationship with knowledgeable carriers in the affluent and high net worth market, and demonstrated skills in working with

What is the difference between an affluent client and a high net worth client? One source makes the distinction based on the value of all assets. For example:

Ultra High Net Worth	\$30 Million +
High Net Worth	\$5 Million to \$25 Million
Affluent.....	\$1 Million to \$5 Million

these carriers to create the best risk management and insurance program for each client.

Do you currently have affluent and high net worth clients? Do you want to grow in this segment? Have you identified potential affluent and high net worth clients within your

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client base? Is this a market for you? If so, join our faculty of active agents, brokers, and high net worth carrier professionals as they exchange ideas and practices specific to this client community in our new Certified Personal Risk Manager™ (CPRM™) Program. The CPRM Program offers an unmatched opportunity to network with colleagues who have a mutual interest in serving this growing market.

CPRM is the newest designation program of The National Alliance, with a purpose of training insurance and risk management professionals to better serve affluent and high net worth clients. Developed in cooperation with the Council for Insuring Private Clients (CIPC) and its strategic partners, AIG and Fireman's Fund, the program contains a unique combination of risk management, technical information, and account development techniques, along with the *exceptional benefit of direct contact with our practicing expert faculty members who share their knowledge and experiences with attendees.*

To prepare participants for the complexities of the affluent and high net worth client, the five courses of the CPRM designation program include:



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1) **Personal Client Risk Management** offers an overview of the affluent and high net worth market. This group of clients requires a complete personal lines risk management and insurance approach, and this course provides the foundation for the risk management process. It focuses on the risk management approach specific to affluent and high net worth individuals and families in the areas of property exposures, liability exposures, employing domestics, and lifestyle exposures. It also includes a look at catastrophic exposures and mitigation for flood, hurricane, earthquake, and wildfire—without which a risk management program for this market would not be complete. The course concludes with an examination of this clientele's unique considerations for emergency preparedness.

2) **Understanding Coverage Differences: The Affluent and High Net Worth Client** offers an evaluation of the important differences in the primary personal lines policies available for insuring the unique and complex exposures of the affluent and high net worth personal lines client. Recognizing these important differences and understanding how to design a risk management and insurance program to protect the assets of

Pictured: Faculty and Educational Consultant team at the first CPRM Program Pilot, October 31, 2014, in Chicago, Illinois.
L to R: Beverly Messer, Ron Assise, Kate Norris, Dr. Hold, Ron Fiamma, Anna Brusco, Laura Sherman, David Hubbard, JoAnn Clarke



these families is the goal of this course, as the protection needed by affluent and high net worth clients may well be exceeded by what is offered in the traditional policies written in the main stream market.

3) In the **Evaluating and Protecting the Lifestyle** course, students will learn that adequately protecting the lifestyle of the affluent and high net worth personal lines client requires expertise, dedication, and commitment. The focus is placed on examining the lifestyle and gaining an understanding of the specialized coverage required to address lifestyle exposures such as marine, aviation, family businesses, farming/ranching, and kidnap and ransom. Also included are the exposures created by exotic travel, service on non-profit boards, employment of domestics, and the high profile lifestyle common for the affluent and high net worth client.

4) **Practical Application of Personal Risk Management** reveals the complexities of serving affluent and high net worth clients, as well as offering solutions for creating a practical approach to handling their risk management and insurance needs. Participants will learn to develop and manage a book of business or a division within an agency or company geared to service this niche client. A lesson on mitigation and management of the claims process, as well as acquiring a better understanding of the admitted and non-admitted markets available to meet the needs of these clients, rounds out the curriculum.

5) **Winning the Business: The Art of Presentation—Present or Perish** is the last course in the CPRM Program. It is highly recommended that participants have completed the previous four courses before attending this one. This course features hands-on, working sessions to practice the concepts learned and partnering to gain the perspective of both the agent/broker side and the company side. The role-play exercises incorporated in this training will provide students with the skills and techniques necessary to gain referrals for and selling to the affluent and high net worth client. ■

The Certified Personal Risk Manager Program

We would like to thank the CPRM faculty team and the members of the various advisory committees for their contribution of experience, knowledge, ideas, and for their support of the program. Their guidance and insights into this market has been and will continue to be invaluable.

The combined efforts of CIPC, AIG, Fireman's Fund, faculty members, and The National Alliance team have and will continue to make the CPRM Program the premier program of its kind in the United States.

Each of the five courses consists of two days of instruction (16 hours) followed by a two-hour exam. Successful completion of the five exams is required to earn the CPRM designation.

Individuals attending CPRM courses should have—at a minimum—a full understanding of standard personal lines insurance exposures and coverages. The National Alliance recommends CISR courses and/or CIC Personal Lines Institutes to gain or reinforce this knowledge. Attendance at CPRM courses will qualify as an annual update for CIC, CRM, CISR, and CSRSM designations.

Participants attending the course are not required to take the exam to earn state CE credit. For more information, contact The National Alliance for Insurance Education & Research: www.TheNationalAlliance.com • 800-633-2165

2015 CPRM SCHEDULE

April 20–22 • Dallas, TX*

Understanding Coverage Differences: The Affluent and High Net Worth Client

June 24–26 • New York, NY

Understanding Coverage Differences: The Affluent and High Net Worth Client

Aug. 26–28 • San Francisco, CA
Personal Client Risk Management

Oct. 27–29 • Chicago, IL*

Evaluating and Protecting the Lifestyle

Dec. 1–3 • Ft. Lauderdale, FL

Evaluating and Protecting the Lifestyle

Coming in 2016:

First Quarter

Practical Application of Personal Risk Management

Third Quarter

Winning the Business: The Art of Presentation—Present or Perish

**Pilot course; attendees should have a strong knowledge of personal insurance coverage and experience working with affluent and high net worth clients.*

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