

The Blind Spot of Financial Planning

Most of us avoid thinking about casualty insurance. We ask few questions, go with the flow, and renew last year's policy – no questions asked. Instead, affluent families should meet with their insurance agent annually to discuss changes.

1. **Type of coverage.** Is your homeowner's insurance adequate to cover the full replacement cost? For an above-average home, \$300 a square foot is becoming normal. Also, be sure your foundation is covered.
 2. **Flood.** If there is any doubt that rising water might damage your home, even if you are not in a flood zone, then consider flood insurance.
 3. **Second homes.** If you have property on the coast or in a remote location, do you have coverage for problems unique to the location?
 4. **Separate entities.** If a trust or partnership owns insurable property, does the entity own the policy and does it pay the premium?
 5. **Listed assets.** If you have collections of art, jewelry, wine, silver, or antiques, are these insured separately? Or, consider blanket coverage, which can cover every personal item under \$X per item per group.
 6. **Living expenses.** Be sure your policy pays for living expenses while a damaged house is repaired or rebuilt.
 7. **Domestic employees.** Home-based employees can increase your exposure to identity theft and sexual harassment claims. Are you covered?
 8. **Philanthropy.** If you are on non-profit boards, does the entity have directors and officers (D & O) coverage? Has your agent reviewed it?
 9. **Foreign medical.** If you travel internationally, should you have coverage for emergency medical transportation back to the U.S?
 10. **Umbrella (comprehensive) coverage.** This insurance should cover all assets except retirement accounts and your residence.
 11. **Multiple carriers.** If you use multiple insurance companies, are policies coordinated to assure no gaps in coverage? You should use a common effective date to make coordination easier.
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Added coverage will obviously add to your insurance cost. Though your “sleep factor” is important enough to warrant full coverage, there are some ways to mitigate the added costs:

1. **Higher deductible.** You should insure against the disaster, not against the hassle. Pick a deductible that will reduce your premium yet not wipe out your ready cash.
2. **Lower risks.** Make your assets less susceptible to losses. Consider whole-house surge protectors, high-quality burglar alarms, smoke detectors, and fire alarms. Storm shutters on the coast and water shut-off systems in all second homes win points with your insurer.

We’re ready to help with these issues. Just say the word, and we’re in.
