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# The Overlooked Gaps in Financial Advice

Why and how providing guidance on property  
and casualty insurance can help clients and  
advisors

## Chubb

- World's largest publicly traded P&C carrier
- Leading provider of property and casualty insurance to successful individuals and families

## Oliver Wyman

- Global management consulting company with more than 3,000 consultants spread across
  - 20 countries
- Deep expertise in insurance and wealth advisory industries



# The Upside and the Risk



# Why Should You Care About Your Clients P&C Insurance Program

# Agenda

■ The Significant  
Growth Opportunity



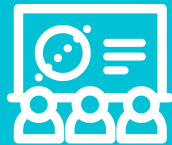
■ The Risk



■ Key Insights



■ Case Studies



■ Getting Started



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# The Significant Growth Opportunity

# Wealth Management is at a Crossroads



**55%**

**of financial advisors indicate that one of the strongest pressures they face is a demand to provide more advice and service**

# Wealth Management is at a Crossroads



**85%**

**of successful individuals  
want advisors to act  
as their quarterbacks**



# Gap in What Financial Advisors Offer and What Successful Individuals Need

% of successful families who want support for their P&C insurance from their Financial advisors

77%

% of financial advisors providing successful individuals support with their P&C insurance

28% — 49%

**Expectations gap for personal P&C insurance support**

# The Wealth Management Industry is Competitive

**40%**

of successful families and individuals surveyed indicated that they would consider switching to an advisor who offered P&C support

**16%**

Would switch, even if they charged additional fees

# Impact on Depth of Relationship



46%

Enhanced satisfaction



27%

Greater share of wallet



41%

Improved longevity



49%

Increased likelihood to recommend

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# The Risk

# Your Clients' Plans Could be at Risk



Retirement



College  
Education



Real  
Estate



Graduate  
School

# The Risk



87%

of successful individuals surveyed are with standard carriers

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# Key Insights

# Key Insight #1 – Not Enough Coverage



Some Successful  
Individuals are  
**Not Protected  
Well Enough**



# Key Insight #1- Not Enough Coverage

70%

of successful families said they never or rarely had a professional assessment done



# Key Insight #1 Not Enough Coverage



## Key Insight #2 Do Not Have Coverage

### Successful Individuals are Not Protected at All



**> 1/3**

of those surveyed did not  
have an excess liability  
policy

## Key Insight #2 Do Not Have Coverage



**62%**

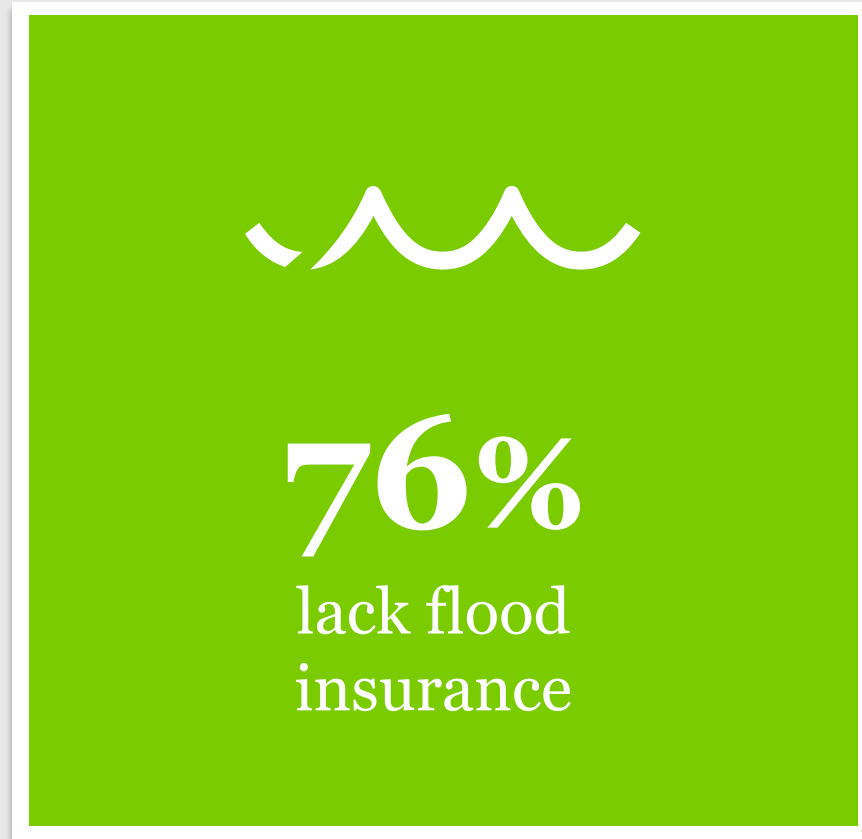
lack coverage  
for jewelry



**87%**

lack coverage  
for art

## Key Insight #2 Do Not Have Coverage



## Key Insight #3 Insuring Trusts, Estates and LLCs

- Increasingly popular vehicles for tax, privacy and wealth transfer purposes.
- Personal insurance policies are designed to protect individuals, not entities, such as trusts, estates or LLCs.
- Some insurers such as Chubb can address this need through proper policy modifications and underwriting.
- Insurance exposures can be created when personal assets are placed in the name of a trust, estate or LLC and work with qualified risk experts to align personal property and liability coverage.

## Key Insight #3 Not Getting The Proper Direction



**Poses significant  
threat to deliver  
on financial goals**

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# Case Studies



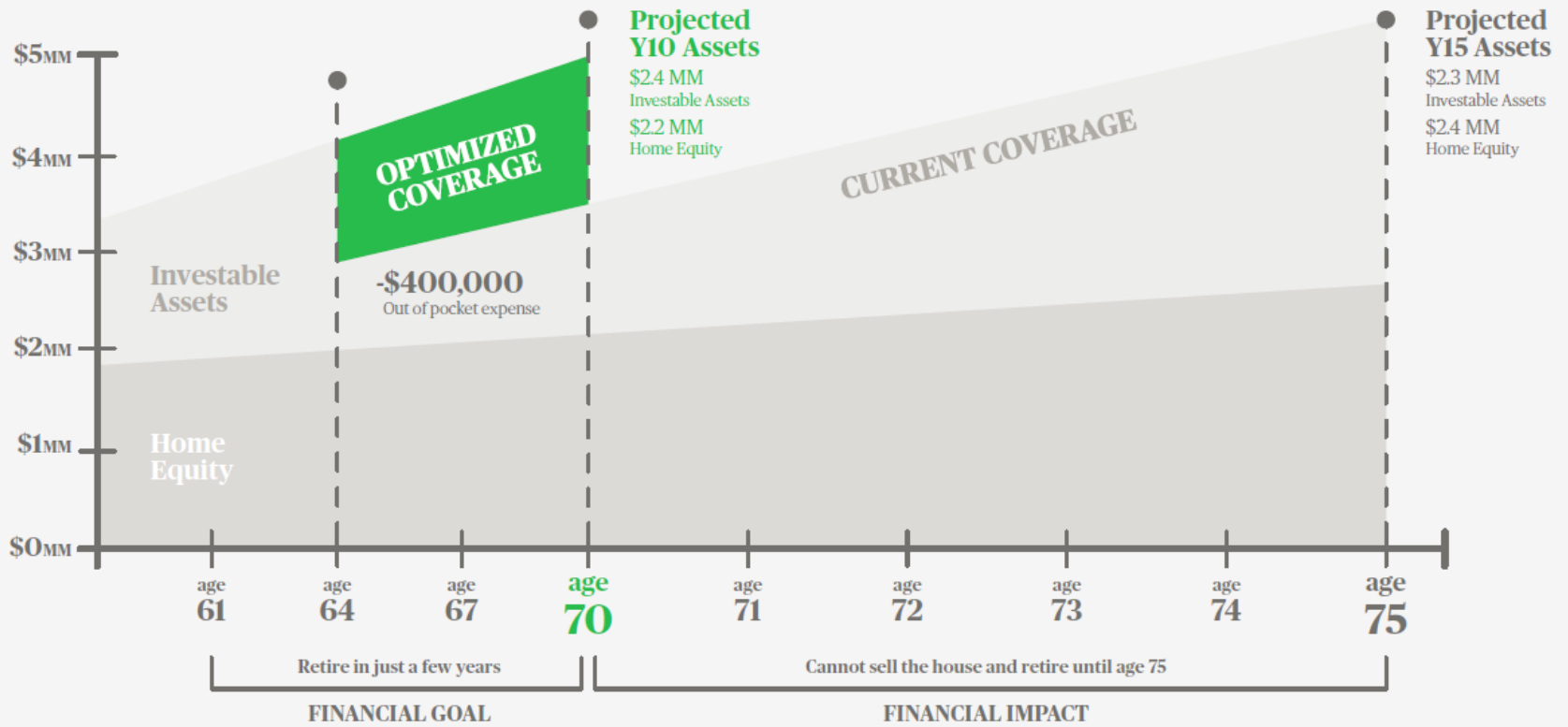
# Case Studies: Ramona and Tom



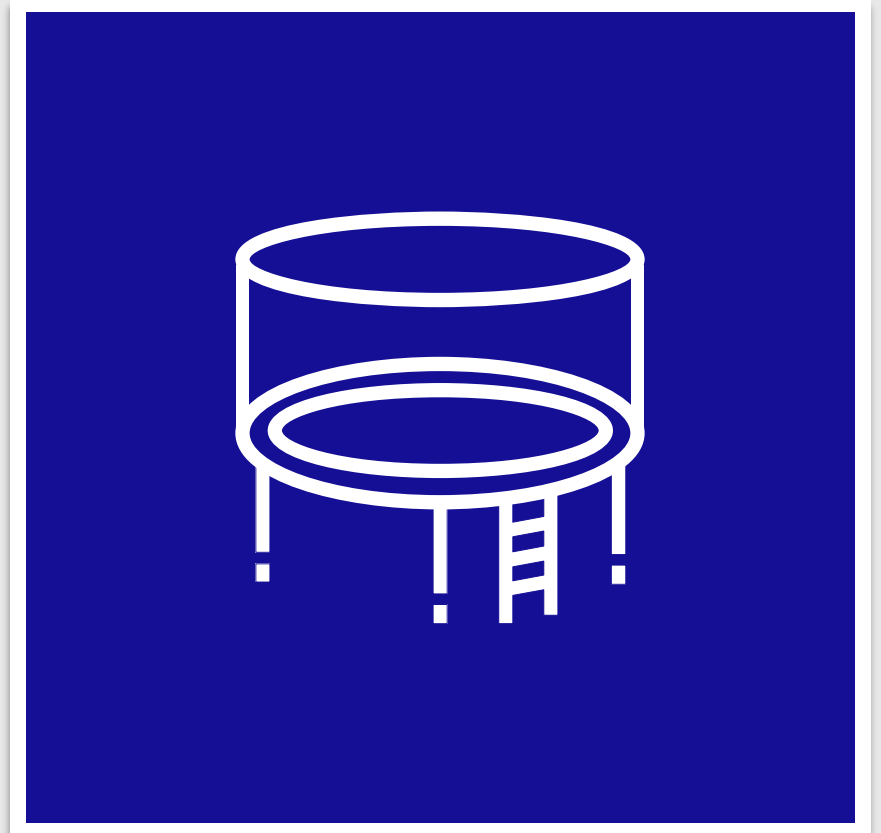
# Case Studies: Ramona and Tom

## A pipe burst in Ramona and Tom's home while they were away on vacation.

The water runs for 5 days and severely damages the home. The great room and kitchen need to be gutted due to damage to walls, flooring, custom cabinetry and appliances. The water also damages the finished basement including the heating and cooling equipment, laundry room, electrical include the Creston Home Automation System. The standing water and humidity in home cause condensation throughout the home. The total damage including additional living expenses for having to move out of the home for several months was \$700,000.



# Case Study: Rick and Sue

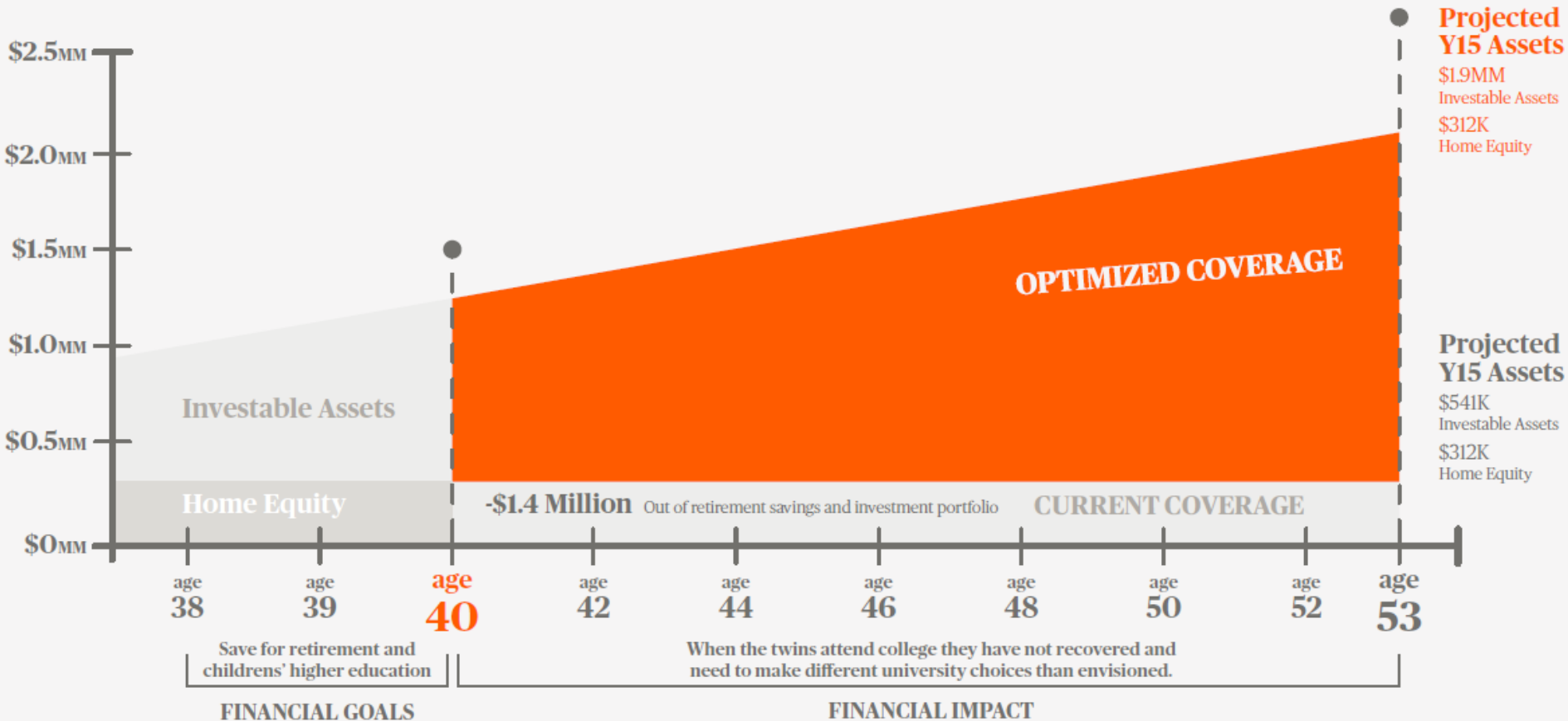


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# Case Study: Rick and Sue

**While playing on the trampoline, one of their children's friends is severely injured.**

The child's parents sue Rick and Sue for \$2 million in medical damages and negligence (because Rick and Sue weren't watching the kids). The lawsuit was lengthy with hefty legal fees (\$500k).



# Entity Underwriting Case Studies

- Secondary residence ownership transferred to an LLC.
- Home purchased in the name of a business.
- Auto purchased in the name of insured's business entity.

# What Does Optimized Coverage Mean?

**1** The Right Limits and Coverage

**2** Deductibles That Reflect Risk Tolerance

**3** PC Agent with Ongoing Support

**4** Insured with a Carrier that Pays Promptly

**5** Takes Advantage of All Discounts

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Next Steps

# Proactively Identify



**Make risk management a focal point** for your annual financial planning meetings or investment discussions



**Apply what you know** about the ways insurance may be inadequate to your clients' unique situation, determine if there may be any risks or gaps



# Understand and Educate



**Research and Familiarize** yourself with the common ways insurance may be inadequate for your clients



**Understand the players** in the personal P&C insurance space, how they are different, and what value they provide to different types of clients



**Know** that as a trusted advisor for your clients, you are paving the way for a smoother process and increasing the likelihood that your clients will secure proper coverage

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Thank You.