



**Overpaying to be  
Underinsured:  
*Client Case  
Study***

# Case Study – Overpaying to be Underinsured?

## Client Profile

- In their mid-sixties, Carol and David recently retired and bought a luxurious brownstone in the heart of Georgetown. They own a secondary home near the water in Naples, FL. They also own a ranch home with stables and horses outside of Park City, UT.
- They own a total of six automobiles (two are kept at each of their three properties).
- They employ two full-time caretakers to maintain their seasonal properties and to care for the horses at their ranch.
- The couple are avid art collectors with a significant collection of paintings. They also collect antiques and Carol has a large jewelry collection.
- Overall they were paying \$42,750 in annual premium, but like many couples, they were missing opportunities to tailor coverage to their specific needs and better maximize their annual insurance spend.

# Case Study – Overpaying to be Underinsured?

## Opportunities for Savings

- Raised deductibles in their homeowner policies from \$1,000 to \$10,000 and in their auto policies from \$500 to \$2,500.
- Earned a 10% package policy credit by placing their homes, autos, valuables and umbrella with one carrier; reducing from 9 policies and bills to only 2.
- Reduced the personal property coverage for their Naples and Park City homes as they are more sparsely furnished as secondary residences (reduce from 70% of dwelling value to 40%).
- Took advantage of loss prevention credits for being in a gated community in Naples and for having water and gas leak detection systems for their home in Park City.
- Recognized that more than half of Carla's jewelry is stored full-time in a safe deposit box, apply corresponding credits (approx. 35%- 40% savings).

# Case Study – Overpaying to be Underinsured?

## Coverage Enhancements

- Increased the umbrella liability coverage limit from \$2 million to \$15 million and the uninsured/underinsured coverage from \$0 to \$2 million.
- Added an endorsement to the umbrella policy to enhance the non-for-profit directors & officers liability coverage; considering Carol's volunteer board position.
- Added employment practices liability coverage to the umbrella due to the 2 full-time employees.
- Their homeowners and umbrella policies were properly written in the name of Georgetown Associates, LLC; the limited liability corporation that legally owns the property.
- The complimentary home inspection found their Georgetown brownstone was underinsured by more than \$750,000; the new policy is set appropriately.
- Increased scheduled collectibles coverage by \$300,000 as we uncovered their antiques were not separately insured.

# Case Study – Overpaying to be Underinsured?

## Customized Personal Risk Management Program

- Annual insurance premium was reduced from \$42,750 to \$35,055 (12% annual savings). The premium savings achieved by the various policy modifications covered the additional premiums associated with the broadened & added coverage.
- Assets are better protected with the umbrella liability set at \$15 million and properly addressing their insurable interests and that of the LLC.
- Their policy now includes up to \$25,000 for costs associated with their personal attorney monitoring their defense.
- The client also values the flexibility afforded by their new homeowners policy, which includes a valuable 'Cash Out' clause; providing the option to relocate should their home(s) be destroyed by fire or weather related catastrophe.