



Premiums, Cover and Service: What's The Connection?

Every client wants value for money and premiums are paramount, but when it comes to High Net Worth policies and customers, price is only one part of the puzzle.

When premiums drop due to competition in the general household market, High Net Worth policies offer brokers a real opportunity to differentiate their offering. It's important to understand that when it comes to devising policies that protect the particular passions of the wealthy, individual servicing is an essential part of the customer experience.

From arranging the policies, to suggesting appropriate risk management techniques and working with the client to ensure they receive the highest benefit possible in the event of a claim, a personal touch makes all the difference.

For instance, providing clients with access to appropriate additional insurance services, such as yacht or aviation cover, demonstrates a commitment to service. So too does offering to arrange professional photography of the client's home and contents for insurance purposes. Being able to provide access to good relationships with third-party art, antiques and jewellery valuers also demonstrates the value of working with an experienced broker. The best brokers will also be able to provide reliable contacts for associated services, such as security contractors, fire protection, bushfire emergency planning, art packing and transport, secure storage providers, conservators and restorers.

High Net Worth individuals assume their expectations will be exceeded. So here are some suggestions for delivering a rolled-gold experience:



• HELP CLIENTS MANAGE THEIR PREMIUMS:

It may go against the grain to suggest a policy with a higher premium, but it is sometimes the best advice when servicing High Net Worth individuals. Clients may recognise the value of paying a higher premium if they appreciate they are buying a superior insurance policy, backed by an exceptional claims and risk management service. Alternatively, a higher premium may be required if the client is presently underinsured.

It's important to note that underinsurance could be a genuine consideration when assessing a High Net Worth clients' assets. "According to a recent report released by Quantum Market Research, 70% of those surveyed with contents insurance use their own estimate as a basis for their contents insurance valuation, while more than half believe themselves to be insured according to an inaccurate valuation." When one lives with the accoutrements of wealth on a daily basis, it is easy to overlook or simply forget about the value of individual items or a collection accrued over time. Something an expert assessor may identify as particularly valuable may just be the family dinner setting, the lounge room coffee table or the contents of a wardrobe in a High Net Worth household.

The same is true for the value of property. Unless a client has had specific insurance advice in the past, they could be under-insuring the family home. For instance, a customer may have taken a policy to cover the replacement of a home in the year it was built. However, should that home be lost or damaged in the years after construction, the cost to rebuild a similar property would be significantly more.

As a High Net Worth broker, understanding the behaviours and inclinations of the client helps to ensure they are receiving the most competitively priced premium for the best possible level of cover for their needs.

Knowing how to help clients reduce their premiums is another way to differentiate as a High Net Worth broker. Sometimes the way to achieve this may seem counterintuitive, but makes a lot of sense given the profile of the customer. For instance, the standard excess amount for home and contents policies is often around \$1,000. High Net Worth clients that have rarely made a claim may consider increasing their excess to \$5,000 or \$10,000 to receive a lower premium, in the knowledge that they are happy to self-insure for smaller amounts and only claim for a substantial loss. Those prudent with their personal finances will appreciate the savings resulting from such thoughtful insight.

• UNDERSTAND BUYING HABITS:

Being prepared to ask how often they buy items of jewellery, antiques or artworks, whether items are ever purchased solely for investment or even enquiring about recent gift exchanges between spouses can sometimes bring to light changes to circumstances where additional cover is warranted.

It may be prudent to set reminders to occasionally check in with jewellery or art experts for instance to gain an understanding of how the market or replacement values for your clients items may have changed over time. This would demonstrate to clients a service that predicts and pre-empt's their needs and to further build a relationship of trust.

Ultimately getting to know your client and asking additional questions about their buying habits or lifestyle may also help a broker to identify where another insurance product is required, for a client's sailboat or private plane for instance.

• THE INSIDER VIEW:

It is not uncommon for brokers, even in the High Net Worth sector, to never have met their clients face to face. Working with the right insurance provider can present an opportunity to change that situation and develop a closer relationship.

For instance, recommending an appraisal service to High Net Worth clients provides a personalised touch that ensures cover is appropriate. In these circumstances, a broker may accompany a dedicated expert to the client's property to appraise the home and make recommendations based on the 'inside view' of their possessions, circumstances, profession and how they use their wealth.

This kind of specialist service provides a high level of detail that may not be obvious at the time a policy is written. For instance, the client may advise they have a painting by Sidney Nolan in the home. A personal appraisal may confirm these details but also uncover that a mains water pipe runs through the wall directly behind the Nolan, or that the frame is positioned on hooks not designed to bear the weight load.

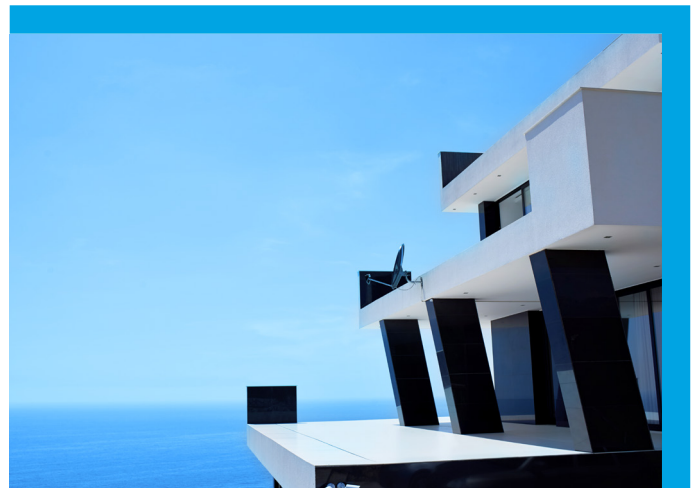
Small but important observations such as these can pinpoint specific risks, provide recommendations to better protect the clients' interests and ensure more efficient processing in the event of a claim, with a higher likelihood of correct and full compensation for the loss.

• WEAR THE RISK LENS:

Providing a fresh set of eyes on the clients' circumstances is the best way to offer exceptional service. Careful consideration of where their unseen risks may lie creates an opportunity to improve the policy and to move from being a supplier to a trusted adviser.

For instance, if a client lives in a beautiful home in a leafy suburb, it may be appropriate to suggest installing leaf guards on gutters, so in the event of a catastrophic storm, the chance of water ingress damaging the property is lowered. If a client likes to entertain at home, it might be suitable for the broker to explore the potential for unexpected liability to arise from an injury to a third party who is a guest on the property.

The idea is for the broker to investigate the client's home with a highly-focused risk lens and be prepared to ask questions. In the long run, careful consideration of what full protection looks like will benefit the broker and the client.





AN EXPERIENCED TEAM AT YOUR SERVICE

Our mission is to help you protect your clients from the risks they face every day. Our core focus is on wealth preservation and lifestyle protection. We deliver premier High Net Worth insurance products and services that can address the needs and risks of your Private Clients, locally or via AIG affiliates across the world. With AIG's 90+ years of experience across 100 plus countries and one of the largest Property & Casualty networks globally, Private Client Group offers you and your clients global capabilities, while providing solid local market expertise. The leadership at AIG Private Client Group includes individuals with many years of experience in insuring luxury assets, a real focus on risk management, and a consistent passion to provide underwriting innovation to help address your client's growing risks as they reach new levels of success. To talk to a member of our Private Client Group team about a new enquiry or for more information about our products [CLICK HERE](#).

For additional information, please visit our [website](#).



Bring on tomorrow

This document is provided as a general overview of the subject matter and should not be taken as providing any specific advice, legal or otherwise. The precise scope and breadth of policy coverage is subject to the specific terms and conditions of the policy wording.

American International Group, Inc. (AIG) is a leading global insurance organization serving customers in more than 100 countries and jurisdictions. Our diverse offerings include products and services that help businesses and individuals protect their assets, manage risks and provide for retirement security. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange. Additional information about AIG can be found at <http://www.aig.com.au> and <http://www.aig.com/strategyupdate> | YouTube: <http://www.youtube.com/aig> | Twitter: @AIGinsurance | LinkedIn: <http://www.linkedin.com/company/aig>. These references with additional information about AIG have been provided as a convenience, and the information contained on such websites is not incorporated by reference into this brochure. AIG is the marketing name for the worldwide property-casualty, life and retirement, and general insurance operations of American International Group, Inc. For additional information, please visit our website at <http://www.aig.com.au>. All products and services are written or provided by subsidiaries or affiliates of American International Group, Inc. Products or services may not be available in all countries, and coverage is subject to actual policy language. Non-insurance products and services may be provided by independent third parties. Certain property-casualty coverages may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds, and insureds are therefore not protected by such funds.

In Australia, insurance is issued by AIG Australia Limited ABN 93 004 727 753 AFSL 381686 © AIG – All rights reserved.
Copyright 2017. 11/000672