



# MARKET UPDATE

AUGUST 2018

## INSURING SUCCESSFUL FAMILIES: CHANGE, CHANGE AND MORE CHANGE



BY JOHN PAOLINI, CEO | AUG 29, 2018

Over the past two decades the property and casualty insurance market has seen its share of change. The financial crisis of 2008 had a significant impact on several national and global insurance companies. Once mighty insurers fell on hard times, making room for other competitors to rise up and fill the void left in the market. While some carriers were forced to reduce their exposures and exit classes of business, others made bold moves and leapfrogged competitors through acquisitions.

A healthy infusion of fresh capital led to a spike in agency acquisitions as well. The independent distribution landscape changed as local and regional agents sold to national brokers. Many commercial and personal clients had to comply with changing advisor relationships and they often had to become comfortable with new insurance providers.

---

### **Change Isn't New to Successful Families – 18 Years of Constant Change (2000 – 2018)**

---

Affluent and high-net-worth families represent a niche segment of the market, which has experienced a great deal of change. Traditionally most successful families across the nation had relied upon trusted companies such as Chubb, Fireman's Fund and Atlantic Mutual. The industry watched these companies cater to the sophisticated needs of this unique client base and realized the growth and profit potential it represented.

From 2000–2015 there was a wave of new boutique companies being launched who recruited experienced managers from both Chubb and Fireman's Fund. Insurers such as AIG Private Client (2000), PURE (2006), ACE Private Risk Services (2008), Crestbrook/Nationwide Private Client (2013), The Cincinnati Insurance Companies (2014) and NatGen Premier (2015) began to market their broadened

coverage forms and 'white glove' services. As independent agents worked with these different companies, they quickly learned they were not all created equally.

The ACE Group of Companies surprised the industry with a flurry of acquisitions in this same window of time; acquiring Atlantic Mutual (2008), Fireman's Fund (2014) and Chubb (2015). The combined company trades under the well-regarded Chubb brand and now controls, by far, the largest market share of this niche segment. However, this series of acquisitions presents its share of challenges as clients and agents manage through various rate changes and continue to understand the meaningful coverage differences as Chubb consolidates their product filings.

The high-net-worth niche market continued to expand in 2017 as experienced insurance leaders once again branched off to launch two new companies; Berkley One (member company of W.R. Berkley) and Vault (primary investment made by Allied World). Both companies have meaningful financial backing and capable leadership teams. Their suite of products will become available over the next couple of years, as local departments of insurance approve them state by state. Again, agents will begin to test these new companies and determine if they can entrust them with serving their most important clients.

---

### **Successful Families Have More Options Than Ever Before - Or Do They?**

---

In most cases clients should have derived meaningful value from a more diverse and competitive marketplace. Families should have taken advantage of available rate reductions, more innovative products and differentiated services. Their insurance agents should have evolved from being product centric

sales producers (i.e. homeowner and automobile insurance sales) to more holistic risk managers. Clients should have been introduced to more comprehensive solutions such as; directors and officers coverage, employment practices liability, workers compensation, fraud and cyber fraud protection, private placement flood insurance and loss prevention services to better prepare for hurricanes and wildfire.

Many agents quickly embraced these new companies, appreciating the competitive advantages they provided. However, there were other agents and brokers who elected to remain loyal to their traditional companies, choosing not to represent the new companies.

So, despite 18 years of meaningful market evolution, many families have still not benefited from these changes. Many families are simply overpaying to be underinsured if their agent does not represent a diverse pool of specialty markets or if they do not remarket their business on a regular basis. Clients should take time in 2019 to proactively seek a comprehensive audit of their current insurance program.

---

### More Change Ahead – 2019 Troubling Forecast

---

The volume of catastrophic events between 2008–2018 directly impacted many high-net-worth communities in NY, CT, NJ, NC, FL, TX and CA. Several of the specialty insurance carriers experienced many more property and automobile claims than they had anticipated. While corporate profits in the property and casualty industry remained stable overall, several carriers are using these events to justify significant rate increases to homeowner and automobile policies.

Several companies have built significant concentrations of risk in catastrophe prone areas. These carriers are preparing their agents for highly targeted cancellation campaigns, which will reduce their exposures. They

simply can't afford to absorb this volume of claims again.

Families with residential properties in CA and FL will be the hardest hit at the end of 2018 and throughout 2019. Depending on their current insurance company, they are likely to experience double-digit rate increases and may be subject to sweeping non-renewals. There will be a massive rush to market as many families scramble to find appropriate and cost-effective solutions.

---

### BridgePoint Risk Management – Listen. Advise. Exceed.

---

BridgePoint Risk Management is one of the few independent agencies nationwide who serves the needs of successful individuals, families, and family offices. Our team has extensive experience managing the complex needs of business owners, high-profile executives, athletes and entertainers, and collectors of fine art, jewelry, wine and automobiles. We also provide consultative guidance and risk management solutions to the trusted advisors who serve the high-net-worth community; errors and omissions, directors and officers, workers compensation, cyber insurance, etc.

Our boutique service platform, coupled with a sophisticated team of professionals, and independent access to best-in-class carriers, ensures you benefit from a competitive and customized insurance program. We encourage you to take time to research our firm on line ([www.bridgpointrm.com](http://www.bridgpointrm.com)) and to schedule an appointment with one of our Client Advisors nearest you.

*BridgePoint Client Advisors →*

---

### BUILDING TRUSTED RELATIONSHIPS - BRIDGEPOINT RISK MANAGEMENT

*BridgePoint Risk Management's holistic consultative approach helps build trusted relationships with our high-net-worth clients as we meet their unique needs, preferences, and expectations. Our boutique focus and unique relationships with national and regional carriers afford us the opportunity to offer clients a broad spectrum of products that other agencies are simply unable to provide. BridgePoint Risk Management is licensed in all 50 states, allowing us to serve as a common advisor for clients with high-value homes in multiple locations. Our exclusive Personal Risk Analysis focuses on every aspect of a sophisticated lifestyle, allowing us to create personalized insurance programs that protect families, businesses, assets, and lifestyles.*

Client Advisor	Location	Phone	Email
Kimberly Adams	Phoenix, AZ	602.842.3281	kadams@bridgepointrm.com
Jimmie Banta	Pasadena, CA	567.402.4295	jbanta@bridgepointrm.com
Ryan Barker	Carlsbad, CA	419.794.2414	rbarker@bridgepointrm.com
Dawn Cearlock	Wilmington, NC	419.794.1068	dcearlock@bridgepointrm.com
Jeff Elliott	Greenwich, CT	203.274.8115	jelliott@bridgepointrm.com
Matt Llewellyn	Scottsdale, AZ	419.794.4668	mlllewellyn@bridgepointrm.com
Erin Powers*	New York, NY and Los Angeles, CA	646.876.9353	epowers@bridgepointrm.com
John Pugliese	Newport, RI	419.794.3410	jpugliese@bridgepointrm.com
Leighann Sargent	Phoenix, AZ	480.776.7819	lsargent@bridgepointrm.com
Bobby Schwarzkopf	Maumee, OH	419.794.1083	rschwarzkopf@bridgepointrm.com
Nathan Sheets	Fort Wayne, IN	419.794.7866	nsheets@bridgepointrm.com
Josh White	Naples, FL	239.316.4367	jwhite@bridgepointrm.com

\*NOTE: Erin Powers leads BridgePoint's Sports & Entertainment Practice