



Wealth Managers Team With Risk Managers to Cover All The Bases

By Dana Coates – 2018 ©



Wealth Managers Can Innocently Overlook Key Risks Of Their Clients

Wealth Managers handle a multitude of tasks for their clients, however, advising clients on proper insurance coverage is not typically something they take on with enthusiasm. That is unfortunate because some of the assets for which Wealth Managers are responsible need to be correctly insured.

What if, for no fault of the Wealth Manager, a huge chunk of a client's physical assets were lost, overnight, as the result of an unexpected, uncontrollable and uninsured liability? Such a loss would directly impact the client, but it would also impact the Wealth Manager's firm and perhaps others.

Risk Managers Can Help

The good news is that Wealth Managers are not expected to tackle this problem single-handedly. An experienced Risk Manager can help by navigating the complex task of obtaining proper coverage for these risks.

The assets for which Wealth Managers are responsible exist as the result of someone's effort, it may be old money or new money, but somebody has built the asset that is being managed. It is that asset's [physical safety and security](#) which is the focus of a Risk Manager. There are many ways assets can be eroded, which is why a thorough and strategic evaluation is so important to those with substantial wealth. Where appropriate, risk can be shifted to the shoulders of a third party either through contractual agreement or the use of insurance.



Some of today's most experienced Wealth Managers team with Risk Managers to see that insurance adequately protects physical assets and intangible liabilities. Doing so can be both a wise and cost-efficient decision in protecting client portfolios. For example, the cost of properly and legitimately insuring \$100 million at risk might be as little as \$90,000.



Five Reasons Wealth Managers Shy Away From Discussing P&C Insurance

Here are five reasons Wealth Managers give for not interrupting the insurance relationships their clients currently have in place;

First, we are concerned that if we refer an insurance representative to review our client's casualty insurance portfolio, the insurance representative might do something that is offensive to our client, which could alienate us from our client. It seems as though there are so many "self-serving" insurance people out there, and as good an idea as this service may be, we just don't want to risk the relationship to someone that has a lot less invested in the deal. Let's face it; we don't want to be embarrassed by some guy trying to sell our multi-million dollar client a homeowner's policy.

This can be a very real concern because there are so few sufficiently prepared insurance people qualified to consult in this specialized arena. Through a thoughtful vetting process, Wealth Management firms can identify qualified insurance people. By supplying this solution, Wealth Managers aid their clients to receive qualified independent reviews that can result in adjustments that fortify what may already be in place.

Second, reviewing my client's personal or business insurance "isn't really an area I'm expected to focus upon or in which I have much experience, expertise or comfort."

You're right – property & casualty Risk Management is very different from the focused area of financial and investment management in which most investment counsels are proficient. Your clients rely on you to provide them, by enlarge, with investment advice, period. The "period" seems too strident and might turn off those who feel they offer more comprehensive Wealth Management services than just investment advice. This sometimes may involve life insurance, long-term care insurance, annuities and other similar vehicles that assist your client in meeting the goals upon which you and they have agreed.

But who are they relying upon to help them deflect direct risk through public liability and property damage, or in the case of professionals, Error's & Omission's Liability? And what about your high profile clients who also serve on non-profit or public boards as directors, officers or trustees?

Often overlooked by some in the Wealth Management profession, are the very real direct financial risks associated with an improperly structured private property & casualty Risk Management strategy.

Third, my client tells me that their "Farmer's, AAA, Allstate, State Farm, GEICO, 21st Century, or AIG agent handles all their personal insurance", they don't need another insurance salesman knocking on their door.

Let's look at this from a Wealth Management perspective. Would you recommend that a typical trader manage your client's wealth? Of course not. The education you've received, formally and in the trenches, and the professional designations you've earned through experience and continuing education, represent some of the tools which differentiate you. On top of that, your need for flexibility and fast movement to maintain the integrity of the wealthy's risk protection strategy is exponentially different than that of main street America.

As in your industry, the property & casualty insurance industry has its share of the Average Joe order takers and price bidders. But your clients expect and deserve better, and it's important that you direct them to the kinds of advisors that will operate with the same care and consideration by which you operate and at the same level of professionalism.

Fourth, if I were to refer a "risk manager" or an "insurance person," they could act in a manner that might result in liability to my Wealth Management firm.

Selecting the right property & casualty risk manager with whom to partner on complex projects is as important a process as selecting the right lawyer, wealth manager, or banker.

You start by meeting them and getting to know how they carry themselves but you also need to be certain that they have a good professional history and are practical in how they conduct themselves.

Like your firm, a competent property & casualty expert is going to have at least \$10 million in professional liability protection. This pre-qualification means that, besides having the right disposition to interact with you and your client base, they also have become established sufficiently and are operating with the proper safety nets in place.

Fifth, I don't know or trust any property & casualty risk managers who specialize in serving the people with the kind of wealth that I handle for my clients.

If you have read this far you may have begun to recognize that you have access to at least one such resource, let's meet and see if there's a natural connection.



About the Author

Dana Coates has been a licensed insurance broker for more than 35 years and is CEO at United Western Insurance Brokers. Dana is not a garden variety insurance broker; he has helped to craft risk management and insurance programs for some of the world's leading billionaires, millionaires, and business owners.

Since his professional beginnings in 1975 as an underwriter with The Aetna Casualty Insurance Company in Hartford, CT., Dana went on to work for several renowned independent insurance brokerages on the West Coast and in 1996 formed his own company. Dana's firm accesses more than 100 of the finest A++ rated carriers.

With offices in Los Angeles and Seattle, Coates' company represents Collectors, Entrepreneurs, the Entertainment Industry, the Coffee Industry, the Marine Industry, Importers, Exporters, Manufacturers, Medical, Legal and Tech Professionals. The firm holds licenses in all states.

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