

Insurers Cater to High-End Homeowners

Pricey Services Are Offered for Special Protection Even Before Hurricanes, Wildfires

By M.P. MCQUEEN

The Wall Street Journal, July 1, 2006; Page B4

High-end homeowners can take advantage of concierge service from several insurance companies this summer to deal with natural disasters like hurricanes and wildfires.

As the Atlantic hurricane season advances, insurers such as American International Group Inc., Chubb Corp. and Allianz AG's Fireman's Fund Insurance Co., are rolling out services aimed at helping homeowners prevent severe losses. These insurers are heading to clients' homes before storms or wildfires hit to plan for safely storing valuables and generally minimizing damage. At least one insurer plans to step in immediately after a storm to keep damage from causing greater losses, such as water damage from a leaky roof. For the companies, the measures also are intended to avert high claims payouts.

AIG's Private Client Group is piloting a new Hurricane Protection Unit in three Florida counties starting this month that will send company employees to your home to scope out what you need to do to prevent wind and water damage. They'll work out a customized disaster plan to roll up your Oriental carpets and move them to higher floors, or evacuate your art collection to safety. After a storm hits, AIG will dispatch, even before you filed a claim, a special team with tarps and boards to patch up a leaky roof to make sure that more damage doesn't occur from rot and mold.

Chubb and Fireman's, which also sell high-value home insurance, send out risk managers to clients' homes to advise on how to better protect houses from heavy rains, hurricanes, wildfires and other disasters. After damage occurs, Chubb's Masterpiece Protection Network provides prescreened specialists who can help you get priority response for clean-up and repairs at discount prices.

High-end insurers offer other benefits as well, such as more generous living expenses for homeowners displaced because of damage to their dwellings. Fireman's Fund, provides relocation services through a sister Allianz company that help families find new schools and doctors as well as temporary housing commensurate with the family's usual living standard.

Such deluxe services are generally available to homeowners whose properties are valued at a combined \$1 million or more. Annual premiums range from about \$3,500 to \$20,000, or even more. By contrast, the average homeowner paid about \$668 in annual premiums in 2003, the latest data available, according to the National Association of Insurance Commissioners.

While annual premiums are costly for high-end home insurance, the expense can be worth it for owners of expensive properties or valuable collections of art and antiques.

Consider: A homeowner hit by a hurricane in Florida typically would have a deductible of 2% to 5% of the insured value of the house in the event of windstorm damage. For a \$1 million house, that's at least \$20,000 out of pocket before the insurance company pays anything. Insurers in 18 other states also have windstorm deductibles. So, if your insurer can help you cut losses before disaster strikes that could mean big savings for you as well as the company.

The AIG service is modeled after a similar program the company runs in the West to protect houses threatened by wildfires. The Wildfire Protection Unit, launched last summer, was expanded earlier this year to include Colorado and more parts of California.

AIG client Deborah Payne, a homeowner in Oak Creek Canyon, Ariz., says a mobile unit came out to spray her 1,400-square-foot vacation home with fire retardant during recent wildfires there after her agent called and asked for permission. Flames came within 35 yards of her home, but it was unscathed.

"We didn't even know it was part of the policy," she says. The Paynes, who own four houses, had only recently switched to AIG. Although AIG's Wildfire Protection Unit isn't normally available in Arizona, the company says it dispatched a team there from Los Angeles because it was available at the time.

In Florida's Palm Beach, Collier and Miami-Dade counties beginning July 10, members of AIG's

Hurricane Protection Unit will visit clients in their homes. Risk-management specialists and other staff will work with homeowners to devise emergency plans that are triggered by hurricane warnings and watches. The plans might include storing paintings in crates elevated on blocks in an interior room to protect them from water damage, and taking down delicate silk window treatments that might be ruined by wind-driven rain. AIG specialists often draft plans with the help of a property manager or caretaker, "because the client is off in Hollywood making movies or running a Fortune 100 company," said Stephen Poux, vice president of loss mitigation for AIG Private Client Group.

After a storm, when finding a contractor can be difficult, a restoration team contracted by AIG in advance would come to the client's house to seal up broken windows or roofing, to prevent additional damage from exposure. If portable electric generators or drying equipment are needed, they'll bring that, too. "Traditionally we wait for claims to come in, but we are being proactive, coming out with the tools to ask what our customer needs rather than waiting for the phone to ring" Mr. Poux said.

AIG says 60% of its Private Client Group customers in Florida are in the three counties where the service is being launched. The average home insured by the group is worth \$2.3 million and clients pay an average premium of \$20,000 annually, the company says.

Other high-end insurers offer disaster planning and loss-prevention consultation. At Fireman's Fund, where the average client has a home with a market value of \$1.5 million, an in-home consultation generally occurs within 60 days of writing a new policy and every few years thereafter. It's focused on making sure that the client is covered for

the replacement value of his house and possessions. But it also includes identifying hazards such as a lack of storm shutters in hurricane-prone areas.

Chubb provides clients with similar consultations, and also provides referrals to 1,200 vendors in its Masterpiece Protection Network. These providers offer discounts for such services as sprinkler installation and roof reinforcement, or cleanup after a flood.

For most homeowners, flood insurance is only available from the federal government, and those policies have limits of \$250,000 for a home's structure and \$100,000 for contents. But the high-end private insurers offer flood insurance in some communities -- mostly those with low-to-moderate flood risk -- that has limits well above the federal program. In flood-prone areas, these insurers offer excess flood policies, which kick in after the federal coverage leaves off.