

U N D E R W R I T E R

September 2004 Volume 21 Number 9

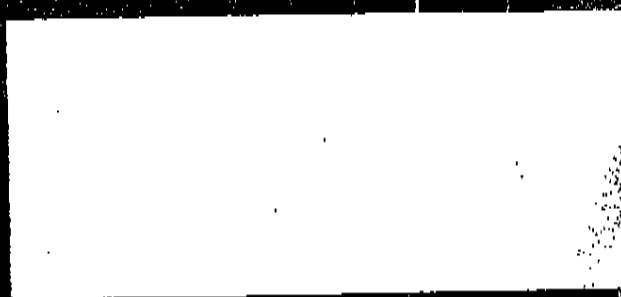
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A Publication of The National Underwriter Company

AIG FEATURE

AIG Private Client Group — Catering to a Rich Market Niche

By Joan Collier, Contributing Editor

Let me tell you about the very rich. They are different from you and me," F. Scott Fitzgerald famously wrote in *The Great Gatsby*. "Yeh, they have more money," every stand-up comedian has shouted back.

The American International Companies (AIG) knows a bit about big dollars, and has taken both comments to heart in creating the AIG Private Client Group division. The division focuses exclusively on risk management services and personal insurance products to help high net worth individuals manage their unique risks.

The market is huge. "Probably

upwards of a hundred million dollars," said David Spencer, vice president of the AIG Private Client Group in Tampa. "In Florida, our general guidelines are not specifically what a person's net worth is. We really look at someone having a million-dollar home as our minimum underwriting criteria. We recently did some demographics research in Florida, and found the number of million-dollar homes was in excess of 35,000 just in several counties. That's when we stopped counting. Really, anything built along the coastline is going to be a million-dollar home today."

AIG takes an integrated approach

in routing the product, stressing the benefits of concurrent causation in the event of a loss and ease of use. "We are a full account underwriter; this is not an individual coverage," Spencer said. The insurance product offerings include automobile, homeowners, excess liability, kidnap and ransom, aviation, water craft and private collections of jewelry, art and other fine collectibles.

Bruce Gendelman, president Bruce Gendelman Co. in Palm Beach, an independent agency with offices in several states, is a strong supporter of the program. "A typical client has two, three, four homes, cars, maybe aircraft or boats, exposure with

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domestic employees. Placing all of it with AIG is to everyone's benefit. That's one of the strengths AIG offers me as a broker - they have all lines. Virtually all our clients have need for other coverages. Yacht, plane, travel. When you start going to other companies to patchwork it together, it causes problems."

While acknowledging that it would be difficult to know if a client had policies with additional insurers, Gendelman said that "If a client is not willing to do this [place everything with us], frankly I do not want him as a client."

Although the products are in a sense "packaged," what drives the buying decision in Florida is "clearly homeowners, and most importantly homeowners with wind," Spencer said. "When they purchase our homeowners with wind, it lets them buy excess flood coverage as well."

"Virtually all of our clients have excess flood," Gendelman reported. "The coverage is unlimited; whatever the client needs or wants, for his contents and home. It is a very important coverage, and is also the thing we see missed most by out-of-state brokers."

The unlimited coverage option is especially important to owners of high-priced homes, given the limits in the federal flood program (\$250,000 maximum for the home, and \$100,000 for the contents). Additionally, flood coverage is excluded from virtually all homeownership properties in the United States, leaving clients with a gaping hole in their insurance portfolios. "We have the ability on admitted paper basis to provide excess flood up to any amount that the client selects," Spencer affirmed. "We began offering excess flood on an admitted basis in June 2003. We were the first carrier to do so on a personal-lines basis." Spencer said the coverage has been most successful in Florida, Texas, New York and New Jersey.

Even if the homeowner does not need wind or excess flood, the Private Client Group homeowners

policy offers several strong selling points for people living in million-dollar plus homes. Most importantly, the policy can be completely customized to address the individual client's needs for properties virtually anywhere in the world. Insureds may chose from a wide range of high deductible options, up to \$100,000, and also may select the coverage amount they need. In the event of a

loss, AIG will rebuild the home, even if it costs more to rebuild than the policy limit. The policy also states that AIG will pay the cost to replace belongings in today's market without a reduction for depreciation. And, all policyholders have the option to have their claims settled in cash, without any obligation to replace lost items or to repair damaged property.

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Additionally, policyholders may obtain landscape coverage, damage caused by domestic pets, as well as private collection coverage for art, jewelry or other fine collectibles.

The standard policy has an automatic coverage limit of 50 percent or 70 percent depending on the state (Florida is 50 percent) of the dwelling amount for the contents of the residence and 20 percent of the dwelling amount for other structures on the property. However, AIG allows the insured to select the coverage amount he needs, as long as the contents limit reflects the value of the contents. "That's one of the things that I like about the AIG program," Gendelman said. "They will adjust that limit up or down."

Excess Liability

Again recognizing the "differences" of the very wealthy, AIG Private Client Group provides extensive worldwide coverage for personal injury (including libel and slander) and property damage, with significantly broader protection than most traditional policies.

While traditional insurance policies such as auto, homeowners and water craft do not offer the high limits of liability some people require, AIG Private Client Group provides up to \$100 million in excess liability coverage.

The excess liability policy includes Employment Practices Liability Coverage to protect policyholders who employ part-time and full-time domestic staff against allegations of employment-related offenses such as sexual harassment, wrongful termination and discrimination. This coverage also includes Employment Crisis Fund™, which provides up to \$25,000 to cover the fees of a public relations firm to help clients minimize damage to their reputation.

In the event of a covered loss, clients may select a defense firm from a nationwide panel of litigation defense specialists. Additionally, this policy includes Expanded Defense

Coverage, a one-of-a-kind feature that reimburses the client for expenses incurred if he chooses to retain private counsel to follow his defense.

Kidnap & Ransom Insurance

A personal security program includes prevention, training, advice, and customized pre-incident planning to reduce the likelihood that an individual will be targeted in

a kidnapping or extortion scheme.

Additionally, insureds may access AIG WORLDWATCH® a customized intelligence-based information service. The user-friendly program delivers country-specific, cultural, historical, medical and security related information in a web-based environment.

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life of the policy period.

AIG also provides high limits of liability and broad aviation coverage for jets, helicopters and other privately owned aircraft to individuals, corporations or both, along with insurance for hangers, private runways and heliports.

For those who would rather be boating than flying, there is coverage and high limits of liability for all types of marine vessels, from weekend sailboats to "super yachts" requiring Global Navigation coverage.

Help Beyond the Insurance Coverages

In addition to the insurance products, the Private Client Group offers an extensive array of complementary risk management services, including art collection management, residential and personal security services.

"Individuals have significant collec-

tions," Spencer said. "Collections worth hundreds of millions of dollars are not exceptional." To serve these individuals, AIG can become the client's own private curator. Experienced professionals are available to perform inspections and supervise installation of art objects, oversee conservation and coordinate framing, arrange packing and transport, select best-in-class third-party vendors, inventory and track collections, and the like.


Many homes are not adequately insured, and this can be especially true for homes with unique architectural features or in special settings. To guard against this, each client receives a detailed home valuation that documents the actual costs associated with replacing each feature of his home.

The company also provides expert advice on the selection of storm shutters and other barriers to protect coastal property from severe weather,

and works with local fire departments to establish pre-incident plans, especially for properties in remote locations, and advises on alarm systems, safes and other security devices for the home.


Acknowledging that in today's world no one is secure from personal threats, AIG offers specialized personal security services. These include advice on minimizing exposure to identity fraud and electronic theft of confidential information, employee/vendor background screening, and travel safety and destination advisory services through an Internet-based subscription service that provides travel security guidance for 300 cities in 120 countries.

"These services have not been offered anywhere in the marketplace before," claimed Spencer. "No single company today except AIG offers all of these coverages and risk management services under one roof." ■



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