

Insurance For High-Profile Clients: Perception vs. Reality

By Jim Convertino

Very few days go by when we don't see a celebrity or professional athlete have a large jewelry loss, an accident with a high value automobile or possibly get sued for simply being a high-profile individual once someone recognized them after an accident or chance encounter. The cell phones come out, the video recording begins or 9-1-1 calls are released to the public.

While many of these individuals have the financial means to pay for these incidents out-of-pocket, what often goes unnoticed or discussed is whether they have the proper insurance in place to cover their losses and defense expenses.

Unfortunately, we are often approached by sports advisors or celebrity managers after a loss has not been covered properly or their clients did not have any insurance in place. The phrases "They get it now," or "This scared him straight," are commonly used only after something has happened to needlessly affect their client's wealth or reputation.

Many celebrities and professional athletes have the same coverages they had when they were in high school or college or are still on their parents' insurance policies. Advisors, in many cases, do not discuss insurance as part of their clients' wealth management portfolios simply because they do not have confidence in any insurance broker to provide the same level of service they expect and deserve. Realistically, if your client is involved in a lawsuit and does not have adequate liability coverage, there could be little money left to manage.

For example, we often see many celebrities and professional athletes (as well as team owners and coaches) include family members on their insurance coverages by purchasing homes and/or automobiles for them as a matter of convenience. This creates significant additional liability exposures even though they and their advisors

may not recognize it. Liability firewalls can be created by a knowledgeable insurance broker who specializes and understands the needs of these high profile individuals. Additionally, if your clients are involved in any commercial endeavors, including

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any businesses, charities, camps or foundations, specialty insurance coverage is needed to protect their unique exposures that are very different from their personal insurance coverages.

Having the proper insurance broker who knows how to insure celebrities and professional athletes makes a huge difference in how claims are handled. Many financial advisors, attorneys, accountants and sports agents still see insurance as a commodity and something they grudgingly know is needed, but don't see the difference between on-line insurance companies and using an expert in this area.

The primary goal of a celebrity insurance broker is to educate your clients and simplify their entire personal and/or commercial insurance programs. Your clients'

insurance coverages can be quite complex. This eliminates any surprises in coverage issues during a claim and protects your clients and you.

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A knowledgeable celebrity insurance broker is part of your clients' wealth management team, understands the liability exposures your clients face every day and appreciates they are representing you to your clients as an extension of your service model.

"Clicking for coverage" with carriers that specialize in comedic commercials versus properly protecting high profile individuals is a short cut solution. This is when you see the difference in service. Are they or you calling an 800 number or service center with a claim or is that urgent call made directly to the insurance broker at any time, including evenings or weekends?

Our insurance industry has trivialized the value we offer to our partners and clients, which has done a great disservice to the financial protection we provide. It's imperative all advisors see insurance as an integral part of any wealth management portfolio and offer it as part of a comprehensive financial plan to protect these unique clients and their significant exposures. ●

Jim Convertino is the Director of McGowan PAE, specializing in Professional Athletes and Entertainers Insurance Solutions. His email address is jconvertino@mcgowanpae.com.