

# Elevate Your Client's Financial Security: Mastering Asset Protection Strategies

## Insurance Is the First Line of Defense

The United States insurance market, worth an estimated \$1.7 trillion, underwrites risks that could otherwise devastate individuals, homes, and businesses.<sup>1</sup> Yet clients sometimes view insurance only as a cost instead of an investment that protects their wealth and legacy.

Recent shifts in the insurance market have led to many clients paying more and getting less from their policies, providing advisors with opportunities to reframe the insurance discussion and explore reviewing or supplementing coverages.

## Homeowner's Insurance: The Fortress of Financial Freedom

According to a recent report from Policygenius, homeowner insurance premiums increased by more than 20 percent between May 2022 and May 2023 due to escalating claim costs from severe weather events.<sup>2</sup> Some insurers are also opting either to not renew policies in high-risk areas or to significantly increase deductibles.<sup>3</sup> Although these statistics may sound discouraging to many homeowners, it is still important that they maintain appropriate coverage. According to the Insurance Information Institute, each year, approximately one in 425 insured homes has a property claim related to fire and lightning and one in 700 for property damage due to theft.<sup>4</sup> Although this percentage may seem small, we never know when we could be a claimant. Having insurance is one way to be prepared.

- **Who needs it:** All homeowners, from first-time buyers to investment property owners and those with mortgages requiring coverage, need homeowner's insurance.
- **How it protects:** Depending on the policy terms, it covers repairs or rebuilding after fires, storms, or theft, plus liability for on-property injuries.
- **Estate planning tie-in:** A home is often a client's largest asset. Homeowner's insurance preserves its value, but clients may be tempted to reduce coverage as premiums rise. However, coverage should align with current replacement costs in light of increasing climate risks and property values.
- **Sales opportunity:** Clients may be shopping for deals. However, they should also understand the long-term implications of homeowner's insurance for their estate and heirs. With higher tort lawsuit awards and rebuilding costs, robust policies are critical. Discuss scenarios where a property is damaged before transfer and how insurance

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<sup>1</sup> Marcus Lu, *Visualizing America's \$1.7 Trillion Insurance Industry*, Visual Capitalist (Jan. 13, 2025), <https://www.visualcapitalist.com/visualizing-americas-1-7-trillion-insurance-industry>.

<sup>2</sup> Pat Howard, *Home insurance prices up 21% as homeowners are left to deal with climate change, turbulent market*, Policygenius, (Sept. 12, 2023), <https://www.policygenius.com/homeowners-insurance/home-insurance-pricing-report-2023>.

<sup>3</sup> Lisa L. Gill, *Worried Your Home Insurance Company Might Cancel Your Policy? Dealing With Skyrocketing Premiums? Here's What to Do Next*, Consumer Reps. (Nov. 1, 2024) <https://www.consumerreports.org/money/homeowners-insurance/home-insurance-canceled-or-skyrocketing-premium-what-to-do-a2430720664>.

<sup>4</sup> *Facts + Statistics: Homeowners and renters insurance*, Ins. Info. Inst., <https://www.iii.org/fact-statistic/facts-statistics-homeowners-and-renters-insurance>.

proceeds can facilitate repairs or provide funds to beneficiaries. Such scenarios also tie into discussions about who will manage and maintain the property after the client passes away and before a new owner takes possession, as well as the importance of continued coverage.

### **Renter's Insurance: Underutilized Asset Armor**

Renting is increasingly more affordable than buying a home. Nationally, the average mortgage payment costs 38 percent more per month than the average rent.<sup>5</sup> Many people, including a growing share of wealthy Americans, are choosing to rent rather than buy in the current market.<sup>6</sup> Another perk of renting is that renter's insurance is highly affordable, costing around \$15 to \$25 monthly. However, only approximately 37 percent of renters have it.<sup>7</sup>

- **Who needs it:** Renters of apartments, condos, or houses, especially millennials or Gen Zers building wealth, need renter's insurance.
- **How it protects:** Renter's insurance replaces personal property such as electronics or furniture after theft or fire and covers liability for injuries on the rented premises. It also funds temporary housing if the space becomes uninhabitable.
- **Estate planning tie-in:** For clients who rent, their personal property, from heirlooms to technology, can be a major component of their net wealth. Emphasize that, even without home ownership, their possessions have value (both financial and sentimental) and are susceptible to loss.
- **Sales opportunity:** Younger individuals are more likely to rent than older individuals. Consider targeting young clients who may not have significant liquid assets. Renters may be unaware that their landlord's policy does not cover them. The average claim for loss due to theft and burglary is approximately \$3,000<sup>8</sup>—about 20 times higher than the average annual premium.<sup>9</sup> Some landlords may require insurance even if state or local laws do not. You can also add value for your clients by informing them that, **if they run an at-home business, standard renter's insurance policies may have limitations or exclusions** regarding business-related activities, which may necessitate a separate business insurance policy.

### **Car Insurance: High-Octane Wealth Defender**

Car insurance is nonnegotiable, but these days, clients may wish that the costs were. Premiums jumped 7.5 percent in 2025, in addition to a 16.5 percent increase in 2024.<sup>10</sup> Higher rates mean

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<sup>5</sup> Alex Gailey, *Study: Renting is increasingly more affordable than buying in most large U.S. metros*, Bankrate (Apr. 23, 2025), <https://www.bankrate.com/real-estate/rent-vs-buy-affordability-study>.

<sup>6</sup> Lisa Riley Roche, *Is renting rather than buying housing becoming more attractive to the wealthy? What a new analysis says*, Deseret News (Mar. 11, 2025), <https://www.deseret.com/utah/2025/03/11/are-more-wealthy-american-renting-rather-than-buying-a-home-what-a-new-analysis-found>.

<sup>7</sup> *Renting Statistics*, The Zebra (Nov. 18, 2024), <https://www.thezebra.com/resources/research/renting-statistics>.

<sup>8</sup> Jessica Humeck, *Renters Insurance Claims*, Trusted Choice (Mar. 2, 2020), <https://www.trustedchoice.com/renters-insurance/coverage-claims>.

<sup>9</sup> Sarah Schlichter, *The Average Renters Insurance Cost*, Nerdwallet (Jan. 2, 2024), <https://www.nerdwallet.com/article/insurance/how-much-is-renters-insurance>.

<sup>10</sup> *2025 State of Auto Insurance: Rate Increases Are Slowing Down in 2025*, PRNewswire (Jan. 7, 2025), <https://www.prnewswire.com/news-releases/2025-state-of-auto-insurance-rate-increases-are-slowing-down-in-2025-302344613.html>.

that more drivers are choosing to drive uninsured, leading to higher risks and premiums for everyone.<sup>11</sup>

- **Who needs it:** Vehicle owners or lessees need car insurance.
- **How it protects:** Car insurance covers repairs, medical bills, and legal fees from accidents, plus nonaccident damage, such as from vandalism or flooding.
- **Estate planning tie-in:** Whether gifted or sold, vehicles can be valuable estate assets. Some are worth even more than real estate. Adequate car insurance protects the estate from liability claims arising from accidents that occur before settlement. Describe the potential for lawsuits to deplete estate assets intended for beneficiaries and discuss how uninsured or underinsured motorist coverage could provide a financial lifeline to the estate or surviving family members in the event of a fatal accident caused by an uninsured or underinsured driver. Recommend that personal representatives, executors, and successor trustees confirm coverage after the decedent's death, and discuss how to maintain protection during estate administration.
- **Sales opportunity:** Forty-two percent of auto insurance customers are shopping for better rates.<sup>12</sup> Pitch usage-based policies for low-mileage or safe drivers, bundled policies, or specialized coverage for electric or classic cars.

### **Umbrella Policy: The Million-Dollar Safety Net**

An umbrella policy can offer added protection of around \$1 million for about \$200 annually.<sup>13</sup> In an increasingly litigious society, the risk of facing a substantial lawsuit should not be underestimated. Verdicts in personal injury lawsuits can easily exceed standard homeowner's or auto insurance limits. An umbrella policy is a low-cost hedge against a potentially large liability claim.

- **Who needs it:** An umbrella policy can protect clients with significant assets or multiple properties, landlords of rental properties, or people with high-risk lifestyles (e.g., pet owners or event hosts), as well as professionals, such as doctors, who face litigation risks.
- **How it protects:** An umbrella policy extends liability coverage beyond standard policies, covering lawsuits from accidents, defamation, or property damage, up to one, five, or even 10 million dollars.
- **Estate planning tie-in:** An umbrella policy protects the value of an estate by covering unforeseen legal liabilities. Shielding assets from large liability claims can ensure that more of the wealth accumulated over a lifetime is preserved for future generations.

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<sup>11</sup> Lonaly Cueto, *Rising number of uninsured drivers increases auto insurance costs, report warns*, InsuranceBusiness (Mar. 28, 2025), <https://www.insurancebusinessmag.com/us/news/auto-motor/rising-number-of-uninsured-drivers-increases-auto-insurance-costs-report-warns-530170.aspx>.

<sup>12</sup> Scott Horsley, *Soaring insurance rates send more people shopping for deals*, NPR (June 15, 2024), <https://www.npr.org/2024/06/11/nx-s1-4987948/insurance-rates-quotes-shopping>.

<sup>13</sup> Sarah Schlichter, *What Is Umbrella Insurance, and How Does It Work?*, Nerdwallet (Jan. 2, 2025), <https://www.nerdwallet.com/article/insurance/umbrella-insurance>.

- **Sales opportunity:** With rising liability risks, suggest umbrella policies to affluent clients, landlords, and individuals in high-liability-risk professions. Research suggests that high-net-worth clients may be lawsuit targets, or at least they perceive themselves that way in an uncertain economy, but they often lack the proper types and amounts of liability insurance.<sup>14</sup>

### **Business Insurance: The Empire-Building Enforcer**

Small businesses are the backbone of the US economy, but many are not covering their backs with the right types and amounts of insurance coverage. Research shows that 75 percent of small businesses are underinsured,<sup>15</sup> leaving them vulnerable to losses resulting from property damage, lawsuits, and cybercrime. Commercial clients also face higher premiums and tougher underwriting across general liability, property, and cyber policies—often with new exclusions and longer claim processing times.

- **Who needs it:** Business owners, freelancers, and entrepreneurs from startups to corporations need business insurance.
- **How it protects:** Business insurance covers property damage, lawsuits, employee injuries, and business interruptions. General liability policies handle customer injuries, and professional liability policies shield against negligence claims.
- **Estate planning tie-in:** A small business owner's company may be their largest estate asset, destined for succession or sale. Business insurance preserves its value by covering losses that could force liquidation. The right business insurance not only protects the business during the owner's lifetime but also facilitates its smooth and full-value transition to the next generation.
- **Sales opportunity:** Explore tailored policies for small businesses or freelancers using relevant statistics (e.g., cyberattacks are rising and frequently target small businesses). Note the wave of retiring small business owners and the need for succession planning, which can involve key person insurance for estate liquidity and buy-sell agreements funded by life insurance.

### **Stronger Together: We Can Partner for Client Protection**

Insurance can be overlooked until it is needed most. However, more clients may be paying attention to their policies now in a world of rising premiums, denied claims, and evolving risks.

As they rethink their first line of defense against losses that could force them to dip into savings, sell investments, or liquidate business assets at great cost to themselves and their families, we can help shift the conversation in ways that benefit them and create cross-selling opportunities for us in the multitrillion-dollar insurance industry. Call us to discuss ways we can partner to ensure that our mutual clients are protecting themselves and their legacies for the next generation.

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<sup>14</sup> *Wealthy Americans Fear Lawsuits But Lack Sufficient Coverage*, Ins. J. (Mar. 19, 2012), <https://www.insurancejournal.com/magazines/mag-features/2012/03/19/239788.htm>.

<sup>15</sup> *75% of Small Businesses Are Underinsured, Says Hiscox Survey*, Ins. J. (Oct. 11, 2023), <https://www.insurancejournal.com/news/national/2023/10/11/743586.htm>.