

# Annual Checklist





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Even financially savvy people might stick with the same insurer after their needs have significantly changed, leaving them exponentially exposed to the risks of being underinsured. In fact, less than 50 percent of people surveyed say that they receive an annual review of their personal property and casualty insurance program. Protect your valued estate planning clients from financial jeopardy by working through this comprehensive checklist with them annually. The first two sections will cover changes in your client’s risk profile and loss control measures. The remaining sections of this checklist will help your client analyze current coverage for his or her home, valuable articles, personal liability and auto to identify gaps that can leave a policyholder unexpectedly vulnerable.

## Risk Profile Review

- Has the client bought or sold a home since the last assessment?

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- Has the client bought or sold a car since the last assessment?

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- Has the client acquired any high-value items since the last assessment?

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- Has the client significantly expanded a collection since the last assessment?

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- Have high-value items already covered by the policy been reassessed for appreciation?

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- Has the client shifted wealth into or out of any asset class?

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- Has the home covered by the homeowners policy undergone improvements or renovations?

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- Has the policyholder had any significant shifts in personal status—marriage, parenthood, death in the family, career shift?

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- Have any of the policyholder’s children reached driving age?

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- Have any of the policyholder’s children moved out of the home to attend college?

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- Does the policyholder have more travel than usual planned for the upcoming year?

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- Has the client’s public profile become more prominent since the last assessment?

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- Does the client own a home in an area with changing weather patterns that could leave the property vulnerable to natural catastrophe?

**Loss Control Measures Review**

- Has the client upgraded his or her security software and internet firewalls?

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- Has the client’s dwelling been evaluated for risk, and have appropriate measures been taken to minimize risk?

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- Do all covered homes have a fire alarm system?

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- Do all covered homes have a water detection system?

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- Do all covered homes have an intruder detection system?

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- Does the policyholder employ a household staff?

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- If so:** Has the policyholder reviewed applicable tax and labor laws?

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- Have all employees filled out a detailed application?

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- Have all employees undergone a background check?

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- Are all work agreements in writing?

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**Homeowners Review**

- Does the policy cover all risk, as opposed to named peril only?

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- If so:** Does that include the dwelling as well as its contents?

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- Does the policy offer replacement cost to cover total loss?

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- If so:** Is there a coverage limit?

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- Does the policy determine the value of the home by an interior-exterior home appraisal service (as opposed to a formula or an estimator)?

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- Does the insurer ask the homeowner to determine the amount of coverage for the home?

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- If so:** Is the homeowner using the home’s replacement value as a basis?

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- Has coverage been reassessed after home improvements?

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- Does the policy reflect changes in construction costs?

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- Does the policy settle losses of personal property based on items’ replacement cost (as opposed to their actual cash value, i.e., the depreciated cost of an item)?

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- Is the covered home in an area with potential exposure to natural catastrophes—flood, windstorm, earthquake, wildfire?

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- If yes for flood:** Is there flood coverage?

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- If insured through the National Flood Insurance Program, is the cap of \$250,000 for dwelling (\$125,000 for property) sufficient?

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- If yes for windstorm:** Does the policy cover wind?

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- If so:** Is the deductible on wind coverage reasonable?

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- If yes for earthquake:** Does the policy cover earthquake?

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**Homeowners Review**

- If yes for wildfire:** Does the policy cover wildfire?

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- If so:** Does the policy cover a breadth of pre-loss and post-loss protective services?

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- Does the covered home have special liability exposures (swimming pools, recreational equipment, etc.)?

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- If so:** Is the primary liability coverage sufficient for these exposures?

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- Are the limits for “fine print” factors such as loss of use, rebuilding to code and debris removal sufficient?

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- If the home is uninhabitable for a period, does the loss of use provision allow the policy owner to maintain her or his customary standard of living?

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- Is there a cap on coverage when rebuilding a home to code after a loss?  
Is rebuilding coverage considered a part of the total dwelling coverage?

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- Has the homeowner’s dwelling been evaluated for risk, and have appropriate measures been taken to minimize risk?

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- Do all covered homes have a fire alarm system?

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- Do all covered homes have a water detection system?

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- Do all covered homes have an intruder detection system?

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## Valuable Goods Review

Does the client understand the articles coverage in her or his homeowners policy?

Does the client own valuable items that fall outside of the homeowners policy?

Does the valuable articles policy allow a degree of flexibility, offering both itemized coverage and blanket coverage?

Does the insurer require extensive documentation for coverage?

Are appraisals required for all items (as opposed to high-value items only—over \$100,000 or \$250,000, for instance)?

Does the policy offer worldwide coverage for the policyholder's travels?

Does the policy cover mysterious disappearances for items not necessarily lost or stolen?

Does the policy offer coverage between the moment of purchase and the time when an item is added to the policy?

Does the policy provide full coverage for items in transit without the policyholder having to report it?

Does the policy offer flexibility in handling loss or damage of one part of a pair or a set of valuable items?

For items that appreciate over time, does the policy allow for extension of coverage beyond an item's scheduled value?

**Personal Liability Review**

- Is the limit of the primary liability in the individual’s homeowners insurance adequate?

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- Does the insurer offer a broad range of options that can cover excess liability?

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- Does the policy include personal injury as well as bodily injury?

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- Are defense costs outside the policy’s liability limit?

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- Does the policy include automatic coverage for medical payments to others and property damage to others?

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- Is the policyholder covered during domestic and international travel?

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- If so:** Does the international policy cover car rental?

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- Does the policy offer protection for injuries involving uninsured and underinsured drivers?

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- Does the insurer have an “A” financial rating?

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## Personal Liability Review *(continued)*

Are any trusts or estates within the policy treated in a way that protects the individuals involved as well as the trust or estate itself?	<input type="checkbox"/>
Does the policyholder employ a household staff?	<input type="checkbox"/>
<b>If so:</b> Has the policyholder reviewed applicable tax and labor laws?	<input type="checkbox"/>
Have all employees filled out a detailed application?	<input type="checkbox"/>
Have all employees undergone a background check?	<input type="checkbox"/>
Are all work agreements in writing?	<input type="checkbox"/>
Does the policyholder match any of these special considerations?	<input type="checkbox"/>
Director of a nonprofit organization?	<input type="checkbox"/>
Board member of a public, private or nonprofit company?	<input type="checkbox"/>
Owner of an LLC or corporation?	<input type="checkbox"/>
Owner of a home-based business?	<input type="checkbox"/>
Part of a family office?	<input type="checkbox"/>
Owner of a rental dwelling?	<input type="checkbox"/>
Parent of children who drive or use the internet?	<input type="checkbox"/>
High public profile?	<input type="checkbox"/>
Is there an annual reassessment plan in place to evaluate the policyholder's changing needs?	<input type="checkbox"/>

## Auto Review

Does the policy owner know what he or she will be paid if the car is totaled?

Over time, does the policy payout stay fixed on an agreed value (as opposed to depreciating)?

Is the policy owner able to choose the shop where repairs are made?

Does the policy cover repairs made at the car dealership?

Does the policy cover, in full, repairs made with original equipment manufacturer's parts?

When the vehicle is being repaired, does the policy's loss of use rental provision give owners an aggregate amount that allows owners to drive a car comparable to the covered vehicle?

Does the insurer's rental car coverage come from the liability part of the policy?

Are all available credits being consistently applied through the duration of the policy?

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