

Family office best practices

Like all directors, officers and professionals, executives working for family offices are at high risk of being sued for professional negligence, mismanagement of funds or employment discrimination. With a broad range of client services, family offices may find their exposure to risk even greater than the typical wealth advisor.

When considering professional and management liability for your family office, it helps to be prepared and to know what information insurance companies are looking for when they underwrite a prospective family office insurance program:

What are insurance companies looking for?

- Evidence of strong internal controls
- Audited financial statements
- Reputable and knowledgeable service providers
- Demonstrated record keeping and processes
- Experienced management with staff biographies
- High degree of transparency
- Sufficient financial resources to support operations

Other underwriting considerations:

- Overview or history of the family
- Clearly defined mission statement
- First generations or multi-generation?
- Clear management structure with job descriptions and responsibilities
- Clear description of client service offering – internal vs. outsourced
- List of operating entities for family office and family members
- Number of trusts administered & list of trustees

In addition to the best practices noted above, it is important to give consideration to the expertise of the insurance advisor that will be consulting with your firm on your insurance needs.

- Do they have experience working with family offices?
- Do they offer a broad range of risk management solutions to serve your family office as well as the families you serve?
- Do they offer a variety of insurance carriers to provide your firm with a broad range of product and service solutions?

For more information on professional and management liability, please contact:

Lacey Pevey

Chartis Financial Institutions Group
212-458-2863
lacey.pevey@chartisinsurance.com

Chartis is a world leading property-casualty and general insurance organization serving more than 45 million clients in over 160 countries and jurisdictions. With a 90-year history, one of the industry's most extensive ranges of products and services, deep claims expertise and excellent financial strength, Chartis enables its commercial and personal insurance clients alike to manage virtually any risk with confidence.

Chartis is the marketing name for the worldwide property-casualty and general insurance operations of Chartis Inc. For additional information, please visit our website at www.chartisinsurance.com.