As Seen In
THE STANDARD
NEW ENGLAND'S INSURANCE NEWSMAGAZINE
Published Since 1865 Boston, Mass.
August 21, 2026 Vol. 297 No. 17

Special Focus on the High Net Worth Market Page 8

The $50 Million Mistake: Why Insurance Reviews Should Start with the Balance Sheet, Not the Policies

By: Michael Kelly

For many successful families, wealth is rarely created overnight. It is built over decades through disciplined investing, entrepreneurial success, appreciating real estate, thoughtful estate planning and countless financial decisions made with future generations in mind.

Ironically, while nearly every aspect of a family's financial life evolves over time, one critical component often remains surprisingly static: their insurance and risk management strategy.

Each year, millions of high- and ultra-high net worth families sit down with their insurance advisor to review renewal premiums, deductibles, policy limits and coverage changes. Those conversations are certainly important, but they often begin in the wrong place.

The best insurance reviews don't begin with policies. They begin with the balance sheet.

That distinction fundamentally changes the conversation. Rather than asking, "Has anything changed with your homeowners policy?" The better question becomes, "How has your life changed since we last met?" Because as wealth grows, complexity grows alongside it.

Wealth Changes Faster than Insurance

An insurance program should evolve every time a family's balance sheet evolves. Real estate values appreciate, privately held businesses mature or liquidate, portfolios expand, and lifestyles become more sophisticated. Families acquire additional residences, valuable collections, aircraft, watercraft, domestic employees and international assets. Every one of these decisions changes the overall risk profile.

Without first understanding the balance sheet, it is nearly impossible to determine whether liability limits, replacement cost valuations and specialized coverages remain aligned with today's realities rather than yesterday's assumptions.

Insurance Should Mirror Ownership

Sophisticated families often own assets through trusts, limited liability companies, family partnerships and other entities created for estate planning, tax efficiency and liability protection. Those structures should be reflected throughout the insurance program. When ownership changes but insurance does not, unnecessary gaps and claim complications can emerge at precisely the wrong time.

Insurance should reinforce an estate plan, not operate independently from it.

The Greatest Threat to Wealth Is Often Liability

While homes, automobiles, jewelry and fine art deserve careful attention, the largest threat to many personal balance sheets of wealthy individuals and families is liability. Larger jury verdicts, increasing litigation costs, social inflation, litigation funding, jury sentiment against the 1% and an increasingly complex legal environment have fundamentally changed the exposure facing successful families.

Teenage drivers, domestic em-

S·P 1865 Standard Publishing Corporation
www.spcpub.com

ployees, charitable board service, rental properties, recreational vehicles, watercraft and public visibility all contribute to a broader liability profile that requires regular review in order to ensure adequate protection.

The Risks Continue to Evolve and Change

Cybercrime, artificial intelligence, deepfake fraud, social engineering attacks and climate-driven catastrophes have altered the modern risk landscape. Family offices, executive assistants, household staff and even children can become targets of sophisticated fraud schemes. At the same time, rebuilding costs and insurance availability continue to shift and compress across many regions.

An insurance strategy should evolve as quickly as the risks it is designed to address.

A Collection of Policies Is Not a Risk Management Strategy

Excellent individual policies do not automatically create an excellent insurance program. The strongest programs coordinate property, liability, cyber, valuable collections, international exposures, ownership structures and estate planning objectives into one cohesive strategy.

The discussion should extend well beyond premiums and deductibles. It should address how assets are owned, whether liability limits remain appropriate, how wealth has changed and whether the insurance strategy still supports the family's long-term objectives.

Your Advisory Team Should Work Together

The best outcomes occur when estate planning attorneys, accountants, wealth advisors, private bankers, family office professionals and insurance advisors collaborate. Each sees a different piece of the family's financial picture. Together they create a more resilient strategy than any one advisor could achieve independently.

Insurance is not simply a transaction for wealthy individuals and families. As wealth expands and complexities increase, insurance becomes an essential component of preserving generational wealth.

The Bottom Line

The families I work with rarely measure success by the value of a single home or investment account. They measure it by what they have built over a lifetime and what they hope to preserve for future generations.

The most effective private client insurance programs are not built around policies. They are built around people, purpose, ownership and the balance sheet those policies are ultimately designed to protect. ■

Michael Kelly is a partner at Smith Brothers Insurance and head of the Private Client Group. He advises high-net worth and ultra-high-net worth families on complex property, casualty and personal risk management strategies throughout the United States.