

# NAVIGATING TRENDS & RISKS IN HIGH NET WORTH INSURANCE

Industry Trends and Risk Mitigation

Published 2023



# Table of Contents

**Page 4**

Industry Challenges

- Industry Performance, Rising Costs, and Weather Impacts

**Page 14**

Impacts to High Net Worth

- Home and Auto Challenges and Risk Mitigation

**Page 26**

Passions with a Price

- Luxury Goods, Collections, Alternative Investments

**Page 32**

Liability Issues

- Liability Trends, Nuclear Verdicts, Cyber Security

**Page 36**

Risk Services

- About Vault

# THE WORLD IS GETTING RISKIER.

Vault offers proactive prevention for peace of mind.

**At Vault, our mission is to protect what matters most - cherished moments, family memories, and priceless legacy.** Through risk education, many devastating losses could be prevented from happening. Our extensive Risk Services protect our customers' assets from these potential threats.

The insurance industry is facing new, immense challenges. And customers are experiencing increased devastating damages and losses. Risk education and mitigation have become the first line of defense. The research presented here highlights how these challenges are impacting the industry and customers. Our goal is to educate how best to mitigate these risks and protect their legacy.

# INDUSTRY CHALLENGES

## Impacts Affecting Costs and Coverage Changes

Insurers have faced immense challenges due to:

- **heightened prices of materials**
- **supply chain issues**
- **labor shortages**
- **an increase in catastrophic weather events**
- **struggles with regulation rates**
- **reinsurance rate increases**

According to AM Best, the US Personal Lines outlook remains negative for 2023. [1] The struggles to find rate adequacy in a hardening market with declining capacity, prolonged inflation, and rising interest rates poses a financial stability risk to the industry as a whole. [2]

Source: [1] <https://web.ambest.com/ratings-services/bests-market-segment-outlooks>

[2] Swiss Re Institute Sigma Market Report No 6/2022

# 2022 INDUSTRY PERFORMANCE

## Capital & Surplus

Capital and surplus fell 8.4% from \$1.1 trillion to \$964 billion, largest drop since 2009.

## High Net Worth Homes

HNW homeowners combined loss ratios have averaged 110% over the last five years, 6% higher than general market. [1]

## Personal Auto

Personal auto insurance was the poorest performing line of business, with a 93.1% loss ratio, up 10.9 points from 2021. [2]

## Admitted Market

The admitted market must go through state regulators, who have not adjusted policies to keep pace with the rapid changes we're seeing. This limits the ability to insure the high net worth market.

## Rate Increases

Rate increases of private auto and home insurance have failed to match the Consumer Price Index increases or the claims costs.

## E&S

E&S premiums exceeded 10% of total industry premiums, more than double the share in 2021.

## Reinsurance

Reinsurance rates are seeing high double-digit increases in 2023 in response to market strain.

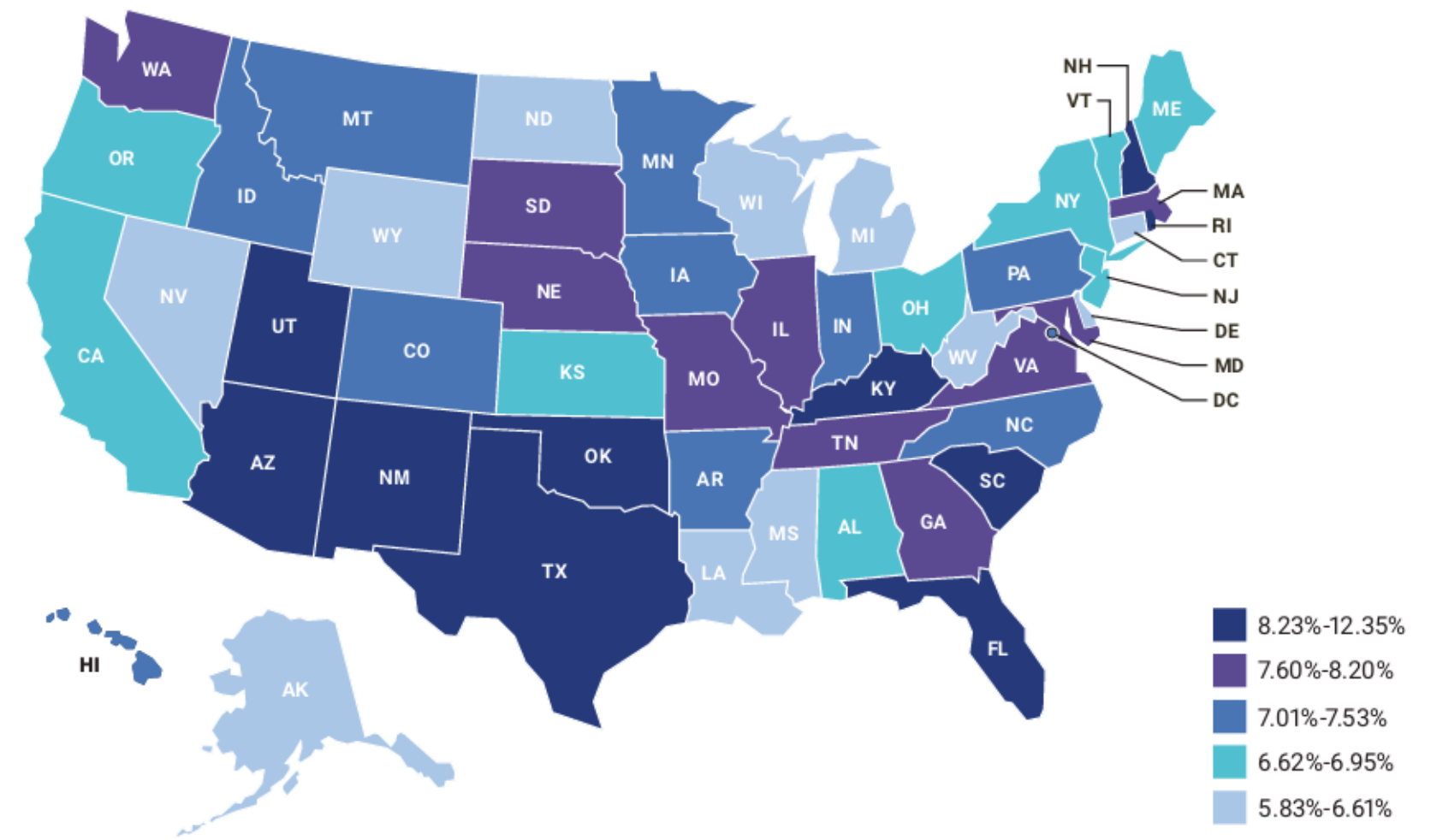
Source: American Property Casualty Insurance Association  
 [1] Guy Carpenter Strategic Advisory US High Net Worth Personal Lines Overview, Marsh McLennan  
 [2] <https://seekingalpha.com/news/3940939-berkshire-hathaways-geico-underwriting-loss-rises-as-claims-severity-increases>

# MATERIAL COSTS

Combined material costs increased 7.8% from 2022 to 2023. Interior trim (up 22.1%) and roofing (up 16.5%) were huge drivers in rising reconstruction costs.

Some states had larger spikes in reconstruction costs than others. The most costly states for rebuilding residential homes were:

- Florida: 12.4% ↑
- South Carolina: 11% ↑
- New Mexico: 10.7% ↑
- Arizona: 8.3% ↑

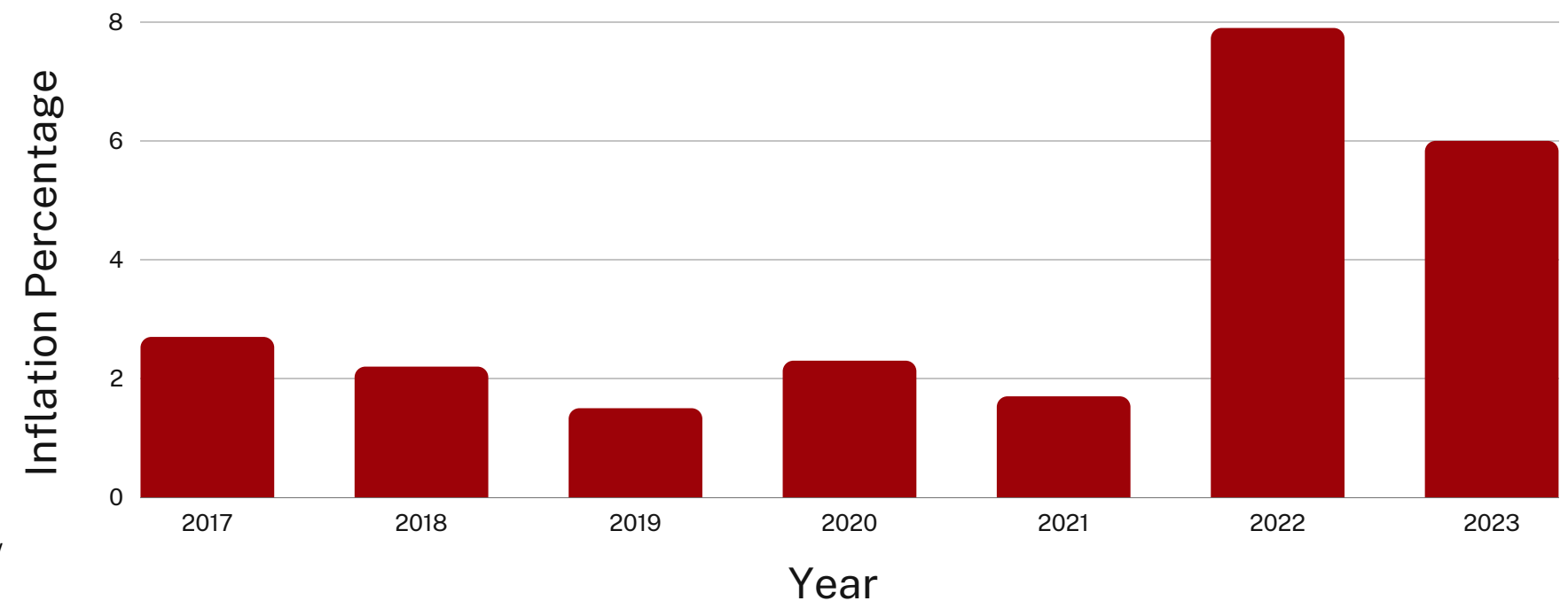


Source: Verisk 360Value Quarterly Reconstruction Cost Analysis

Source: Verisk

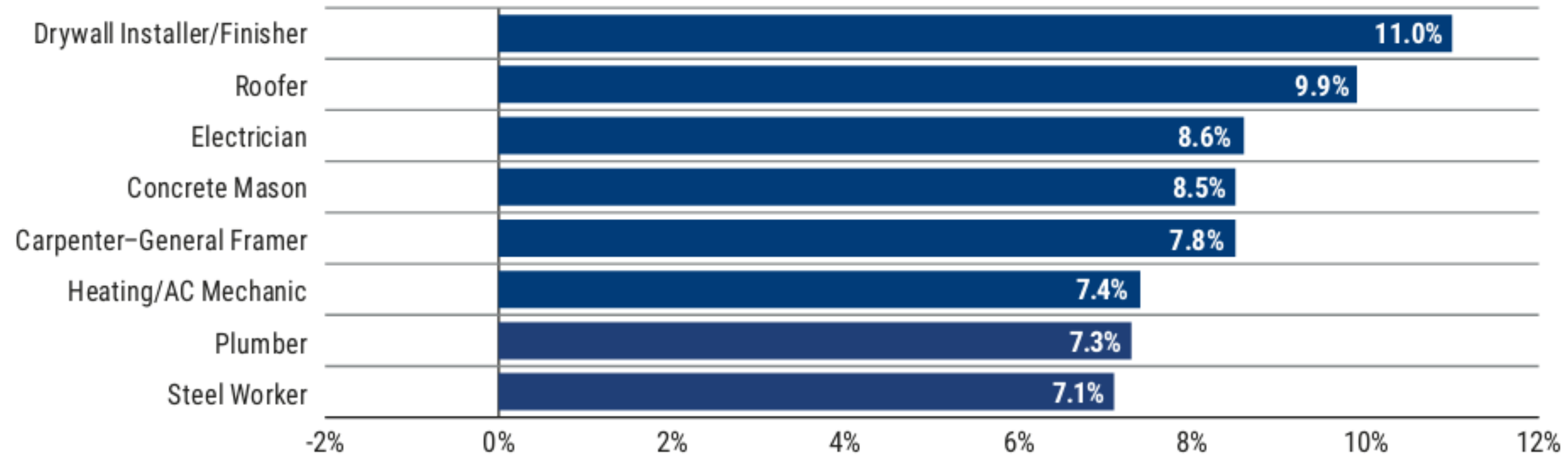
# CONSUMER PRICE INDEX

\$1.00 in 2020 now costs \$1.78 in 2023 [1], creating a domino effect of increased pricing. Inflation has been gradually easing over the past year, slowing to 6% in February 2023. [2] That's down from a 40-year-high of 9.1% in June 2022. [3]



Source: [1] [https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm)  
 [2] <https://www.usatoday.com/story/money/economy/2023/03/14/cpi-inflation-data-today-live-updates/11443449002/>  
 [3] <https://www.politico.com/news/2022/07/13/us-inflation-new-40-year-high-june-00045541>

Percentage change in costs



Source: Verisk

# LABOR COSTS

Labor costs rose 9.4% from 2022 to 2023, and are expected to continue to steadily rise.

Drywall Installer/Finisher (up 11%) and Roofer (up 9.9%) increased the most dramatically. Paired with the increased expenses of interior trim and roofing materials, it has caused the industry to reevaluate reconstruction costs and coverage going forward.

# REPLACEMENT COSTS

Replacement cost coverage looks at the cost to rebuild a home in today's market with like quality, design, and materials. Having an accurate replacement cost on the policy ensures the home is rebuilt to its original quality.

Affluent individuals have curated luxury homes requiring higher quality and expertise to rebuild and replace. Coverage needs to adapt to changes in construction costs to ensure the replacement coverage protects all assets.

## **FACTORS IMPACTING REBUILD COSTS:**

- Lingering affects of the COVID-19 pandemic.
- Supply chain challenges, specifically for high-quality construction materials.
- Roofing, flooring, and other materials with matching issues due to manufacturer discontinuation.
- Increase in smart home technology and high end interior décor, which can be more difficult and costly to replace.
- Attached structures, such as pergolas and screened in decks.
- Outdated building codes which need updating to meet current standards.
- Inflation and fuel costs still remain high, impacting pricing.
- Home values remain far greater than before 2020.

## **WHAT YOU CAN DO:**

- Encourage customers to report any changes or upgrades made to the home OR any future plans.
- Talk with your customers to determine if you can customize their coverage for their unique needs.





# WEATHER IMPACTS

## Increased Frequency and Magnitude

Rising global average temperature is associated with widespread changes in weather patterns. Extreme weather events such as heat waves and large storms are likely to become more frequent or more intense with human-induced climate change. [1]

The increase in these events already seen over the past five years, and the weather projection over the next few decades will impact the insurance industry and underwriting risk appetite.

# 2022 BILLION-DOLLAR WEATHER EVENTS



The total cost from the events of **2022 was \$165.1 billion**. It was the third most costly year on record, behind 2017 and 2005.



Before 2017, the average number of severe weather events in the United States was only 8 events a year. **The average between 2017-2022 was 18 events.**



US weather disasters are getting costlier as more people move into vulnerable areas.



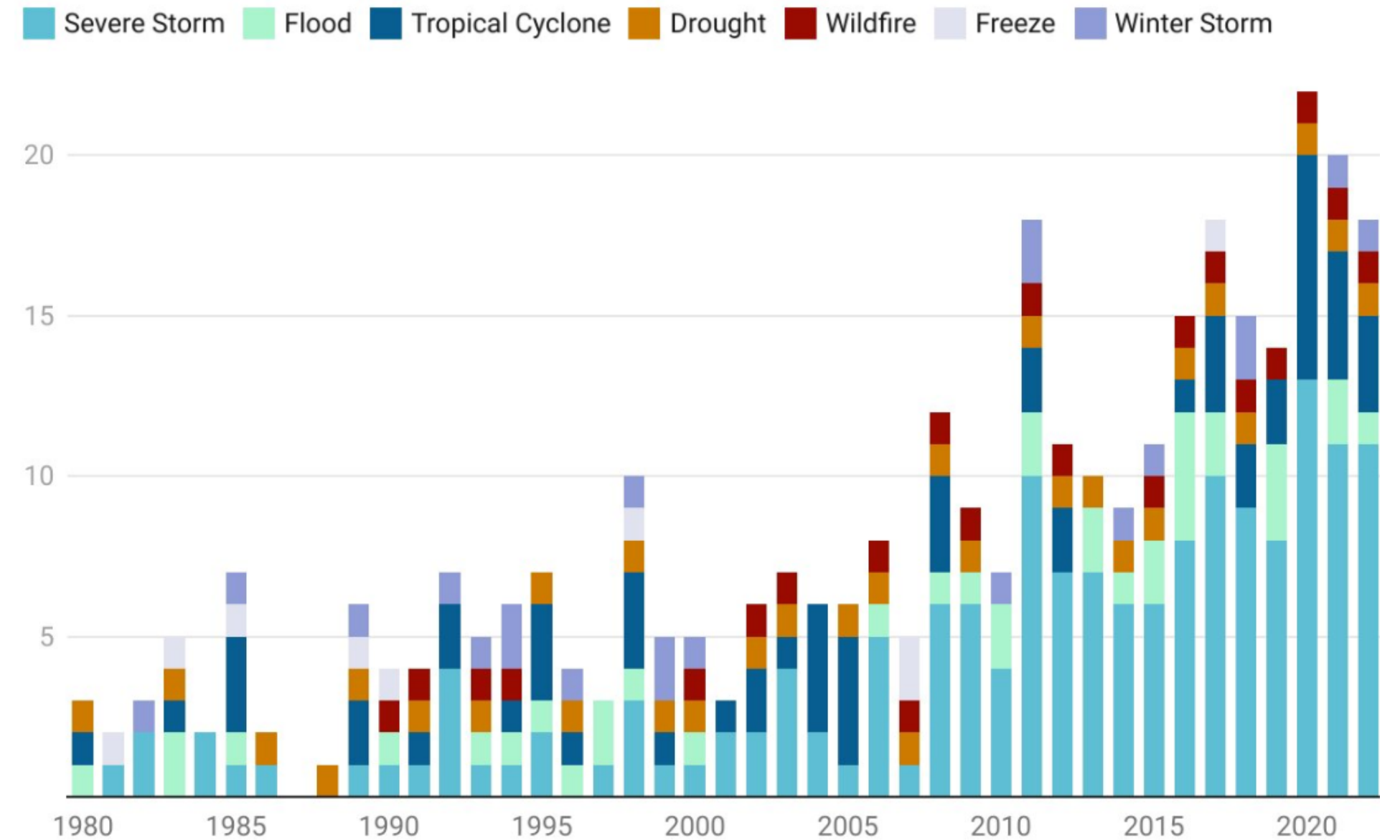
Wildfires continue to be a widespread problem. California is most at risk due to its Mediterranean climate, but TX, FL, AZ, OK, NM, CO, UT, NC & SC are seeing more wildfires.



2021 was the costliest year on record to suppress fires at \$4,389,000,000. [2]

## Global Increase of Extreme Weather Events [3]

The number of weather and climate disasters exceeding \$1 billion has grown in recent decades, even with costs adjusted for inflation.



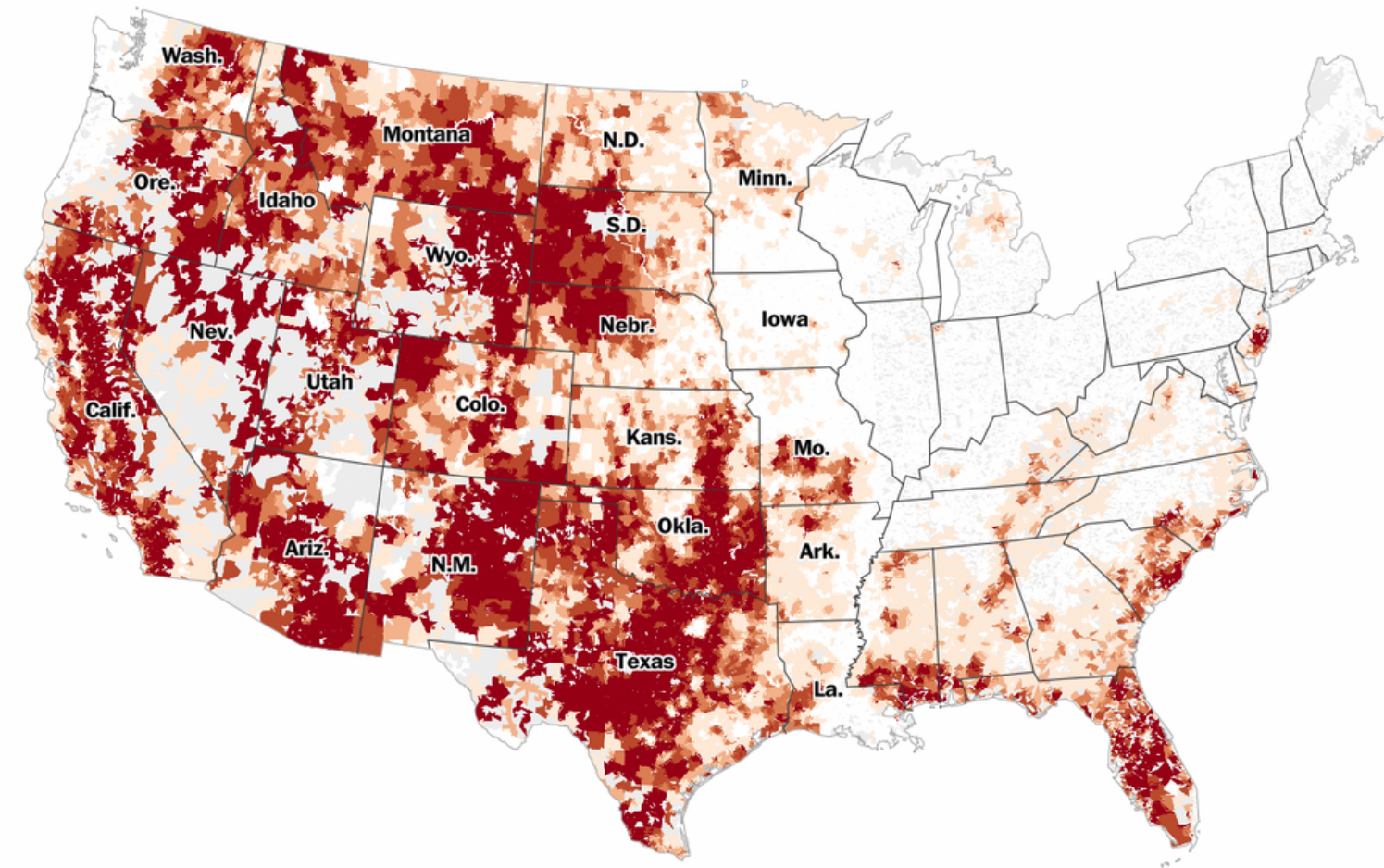
The year's wildfires are generally grouped together as a single event

Source: [1] [www.metoffice.gov.uk](http://www.metoffice.gov.uk)  
 [2] NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters (2023), <https://www.ncei.noaa.gov/access/billions/>, DOI: 10.25921/stkw-7w73  
 [3] <https://phys.org/>

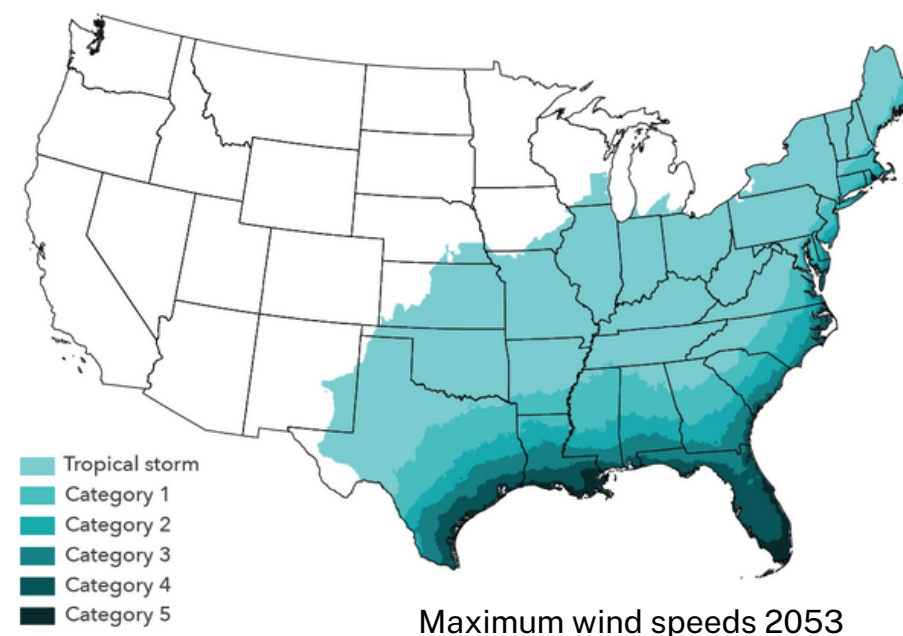
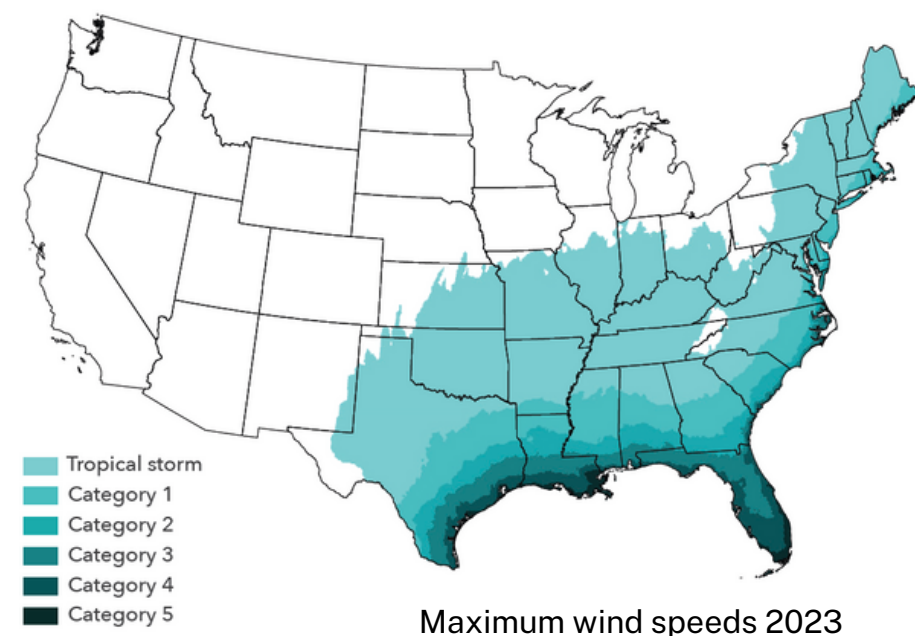
# WILDFIRES

A Washington Post analysis found that about 33% of people in Western states today face a significant chance of wildfire exposure. That number will probably grow to about 39% by 2052. [1]

Over the last 22 years 155,000,000 acres of land have burned in the United States, totaling \$38,791,943,000 in suppression costs.



Source [1] <https://www.washingtonpost.com/climate-environment/interactive/2022/wildfire-risk-map-us/>  
 [2] <https://www.nifc.gov/fire-information/statistics>



# WIND PREDICTIONS FOR THE NEXT 30 YEARS

By region, the impacts of these changes in tropical cyclone patterns differ. These areas may be at particular risk if building standards are reliant on past or current day exposure levels. [1]

Source [1] The 7th National Risk Assessment: Worsening Winds

# BASED ON A TRUE STORY

Vault was the **first** team to reach Sanibel Island following the devastation of **Hurricane Ian**

In September, 2022, Hurricane Ian made landfall near Cayo Costa, Florida. It arrived as a Category 4 hurricane with sustained winds of 150 mph. It is the second-costliest natural catastrophe for insurers, responsible for 40% of insured losses globally. [1] **It changed the way the industry approaches catastrophic events.**

The Sanibel Island Causeway provides the only roadway access to the island. During the storm, it was partially washed away, limiting access to the island by air and boat. **Our Claims Team coordinated the effort to arrive on site on the island to assess damage only two days after Ian passed through.**

# Hurricane Ian caused massive damage to many Vault customers.

As soon as Hurricane Ian made landfall, our teams sprang into action. We began reaching out to our customers in high impact areas with immediate assistance.

The Vault team worked around the clock to respond to all claims. Even with the high volume, we made contact within 4 hours of receiving a claim.

We assisted in getting cleanup crews and generators to our customers' homes so they were safe and with some form of power. And we expedited adjuster inspections.

In less than 3 weeks after Hurricane Ian, inspecting 85% of affected Vault homes.

As a result, we received dozens of 5-star TrustPilot reviews for our response. Our customers shared that we exceeded expectations, reducing fears and worries. The claims process was simple, and going above and beyond to connect with our customers following the storm.



# IMPACTS TO HIGH NET WORTH

## Unique Challenges for Affluent Insurance

There are specific challenges that reflect our customers' lifestyles and habits. Their homes are larger, include more imported, exotic, and artisan materials. They've curated one-of-a-kind homes that need more care, planning, and thought to insure and replace in the event of a claim. Because affluent customers tend to live in catastrophe-prone areas, their risks are greater.

**These challenges include property value, discontinued materials, weather events, and water damage.**

# HOME

## PROPERTY VALUE

Increased cost for luxury materials, labor, and property value, are leading to an underinsurance issue. [1] Reconstruction coverage must keep up with these changing prices by reassessing a home's insurance-to-value on a more frequent basis.

## DISCONTINUED MATERIALS

Luxury material manufacturers now stop producing colors, patterns, and materials every 6 - 12 months. This leads to matching issues following a claim. It becomes impossible to replace small damaged sections and dramatically increases costs.

## WEATHER EVENTS

More affluent families are moving to communities in disaster-prone areas. As such, weather-related risks have become more common than ever. Preparedness is key. Homes must have risk mitigation devices, such as temperature control devices, water leak detection and shut off valves.

## WATER DAMAGE

Water damage is the most common and devastating claim. **Water and freeze damage makes up about 30% of all claims** [2], causing **\$20 billion in damages** annually [3]. Customers are displaced out of their home for 6 months on average. But the time varies depending on the level of unique personalization, imported luxury materials often found in affluent homes, and building codes.

Source: [1] <https://riskandinsurance.com/underinsured-properties-are-crushing-reinsurers-why-proper-valuations-will-be-a-focus-for-years-to-come/>

[2] <https://www.forbes.com/advisor/homeowners-insurance/water-damage/>

[3] <https://ipropertymanagement.com/research/water-damage-statistics>



# COMMON WATER LEAK AREAS



**Toilets, showers, tubs, and pipes** underneath the bathroom sink are common areas for water leaks. Check the toilet and shower caulking, and prevent freezing by insulating pipes.



**Check plumbing appliances, such as washing machines and dishwashers** to ensure hookups are tight and there are no leaks.



**Pipes underneath the kitchen sink and ice makers** are common causes of leaks from the kitchen and bar areas. **Know how to shut off the water supply line and where it's located** in the event of a leak or pipe burst.



**The air conditioning unit can back up and overflow if the drainage pipe becomes clogged.** Clear out the drainage pipe yearly to prevent build up and maintain proper maintenance of the unit.



**Sump pumps can cause leaks if not maintained.** Service these devices as needed to prevent water overflow into your basement or crawl space.



# AUTOMATIC WATER SHUT OFF VALVES

**Water leaks cause immense damage fast. The best way to prevent it is with an automatic water shut off valve.**

Installing an automatic water shut off valve will stop the flow of water when a leak is detected. These smart devices also learn water usage patterns and send an alert if there is an abnormal amount of water used.

These devices are a low cost, easy install that provide peace of mind and reduce the risk of devastating damage. Most insurance policies offer a credit or policy discount for installing one, saving money and heartbreak later.

**Can it work with my home plumbing system? Can I put them at specific locations in my home?**

Yes, many of these valves can be customized to fit your needs and we at Vault can help you assess which system would be best.

There are also extra devices for specific locations, such as under the kitchen sink.

**Will it turn off my water when I'm using it during my daily routine?**

No. Normal water usage will not be affected, and the device learns your daily behavior patterns and usage.

**What are the benefits of an automatic water shut off valve?**

An automatic shut off valve is a smart device that syncs with an app on your phone. It provides you with notifications and detections of leaks in real time.

You can control the device from the app and track water usage. Depending on the device, you can also measure humidity and freezing risks.

**How do I get one installed?**

Not all plumbers are willing or able to install an automatic water shut off valve. In these instances, we can help you find a licensed professional through our network of preferred vendors.



# BASED ON A TRUE STORY

Automatic Water Shut Off Valve  
**Saved Almost \$100k** in Potential Damage

**93% of all water leaks could be prevented from causing massive damage with an automatic water shut off valve.** [1] These automatic valves work throughout the home and shut off the main water line when it detects a leak. It then alerts you to the problem.

This one device helps reduce the amount of damage and repairs needed in the event of a leak. **It is the single most effective way to prevent displacement and heartbreak from water damage.**

# The **Texas Winter Freeze** caused massive damage to their home. John\* wasn't prepared.

In 2021, Winter Storm Uri blasted through Texas, bringing in cold weather unlike anything the state had ever experienced.

Our customer, John, and his family lost power for days. Their pipes froze and burst, flooding from the ceiling and causing \$101K of damages. All drywall and flooring had to be removed as infrared scanners showed immense water damage behind walls and under all floors. John and his family saved what they could, put their belongings in storage, and left their home. It took more than 6 months to rebuild while the water damage was gutted, mold remediated, and rebuilt.

To prevent a repeat nightmare scenario, Vault installed a Flologic whole home water monitoring system which would detect water leaks.

When a cold front hit Texas again in 2022, John's pipes once again burst. But this time, the Flologic system saved his home by stopping the leak and shutting off the water. Only \$3,500 in damages occurred, and John didn't have to leave his home.



# WEATHER PREPAREDNESS

- Keep an emergency kit at home and in the car, including:
  - First aid items (bandages, antibacterial cream, gauze, etc.)
  - Flashlights and batteries
  - Manual can opener
  - Water
  - Snacks
  - Cell phone and chargers
  - Extra blankets and coats
  - Salt and winter tools
- Make a detailed plan, including escape routes.
- Stock up on non-perishable food and water.
- Seal up windows and doors during winter storms, or reinforce them during hurricanes and tornadoes.
- Bring pets inside.
- Move vehicle to covered parking, if possible, during hail storms. If not possible, moving blankets can provide some protection from hail damage. Avoid parking under trees.
- Inspect the home and yard for loose debris or items, rotting tree branches, and full gutters, before the storm hits.
- Prevent frozen pipes during winter storms by insulating them, keeping cabinet doors open, and allowing the faucet to drip. Set the thermostat 65 degrees or higher.
- Know where your main water shut off valve is in the event of an emergency.
- Stay inside and away from windows and doors during thunderstorms, hurricanes, and tornadoes.



# AUTO INSURANCE PRESSURES

## Record Losses and Mounting Issues

The auto insurance industry saw its worst year on record. **Industry-wide reported losses were \$36.3B in 2022**, up from \$31B in 2021, due to the deteriorating stability of the auto insurance market. [1]

Auto insurers are facing **inflation and supply chain issues driving up repair costs, more frequent severe crashes and fatalities, theft, and an increase in uninsured motorists.**

# AUTO

## INFLATION & SUPPLY CHAIN

The complexity and technology of customized luxury vehicles have made it more expensive and lengthy to repair a vehicle. Auto parts are up 22.5%. [1] Car repair labor costs increased 9% last year, even higher for luxury auto technicians. And the average wait time is 4 - 6 weeks due to supply and labor shortages. More cars are being totaled as a loss rather than repaired. [2]

## SEVERE CRASHES AND FATALITIES

Severe crashes and fatalities have soared as aging populations are driving longer, people are driving faster and more distracted. [2] Bodily injury severity increased 40%, and personal injury judgements jumped 25% since 2020. [3]

## THEFT

Car theft reached its highest point since 2008, with more than 1 million cars stolen in 2022, a loss of \$8.9 billion. [4] Catalytic converter theft is also up 540% since 2020. These converters are made with precious metals such as palladium, which has spiked in cost due to the war in Ukraine and the sanctions against Russia, the world's leading source of palladium. [5]

## UNINSURED MOTORISTS

There are 28 million uninsured drivers in the US, and increasing. Between 2015 and 2019, uninsured motorists increased by 460,000 people. Some states, such as Mississippi, have the highest rate of nearly 30% uninsured. [6] This drives up costs for insured drivers to a tune of \$13B annually. [7]

Source: [1] CCC Crash Course Report 2023 [2] American Property Casualty Insurance Association Analysis of Financial Operating Results and Trends Impacting 2022  
[3] <https://www.healthsystemtracker.org/brief/how-does-medical-inflation-compare-to-inflation-in-the-rest-of-the-economy/>  
[4] <https://www.propertycasualty360.com/2023/03/09/the-number-of-cars-stolen-in-the-u-s-surpassed-1m-in-2022/>  
[5] <https://www.propertycasualty360.com/2023/03/17/number-of-u-s-catalytic-converter-thefts-dramatically-undercounted/>  
[6] <https://www.moneygeek.com/insurance/auto/resources/uninsured-motorist-facts/> [7] <https://www.bankrate.com/insurance/car/uninsured-motorist-statistics/>

# BASED ON A TRUE STORY

Preventing theft and securing valuables is **more than just locking your car**

Preventing vehicle theft and damage is critical as **repair times and part costs are at record highs**. The average vehicle repair is taking 4-5 weeks [1], even higher in the luxury auto industry. Finding qualified technicians and labor cost increases have added to this challenge.

Because car theft has also skyrocketed to new highs, safety and security of luxury vehicles must mean more than locking doors. **One of the biggest temptations of car break ins and theft is leaving valuables in plain sight.**

# On the way home from the airport, \*Tyrell stopped for food with **a car full of luggage.**

Tyrell and his wife had a long flight home and stopped to get food at a restaurant after leaving the airport. They had stored several large suitcases in their car in the back seat of their luxury SUV in plain sight.

Despite parking the car in front of the restaurant where it was visible to passersby, their car was broken into. The thieves stole suitcases in the backseat.

Besides to the stolen luggage, the car doors, dash, and seats were damaged during the break in. Due to supply chain issues, Tyrell's luxury customizations and smart technology were difficult and expensive to repair.

In all, the damaged seats alone took six months to replace. Tyrell was in a rental vehicle for much longer than anticipated.

Vault advised him and his wife to secure all valuables out of sight, in the trunk, or not left in the vehicle at all to prevent break ins and theft of their luxury car.





# PREVENTING CAR THEFT & BREAK INS



## **Practice smart safety and security to reduce the risk of vehicle theft and break ins:**

- Never leave valuables visible in the car. Bring valuables inside whenever leaving the car, or locked away in the trunk.
- Park in a locked garage whenever possible at home. The driveway is the second safest option, especially in sight of home security cameras.
- Avoid street parking and parking in dark areas. When in a parking lot, park near other vehicles and under lights.
- Never leave car keys in the car, or the vehicle running unattended.
- Install a car alarm or other security device to deter theft.
- Do not leave any cash or coins in the vehicle.
- Ensure your car is locked and all windows rolled up.
- Be mindful of surroundings and location. Avoid parking in areas where theft and break ins are high, or if any suspicious activity is noticed.

# PASSIONS WITH A PRICE

## The Future of Luxury Goods

The revenue of the personal luxury goods market has increased at a steady pace over the past decade. Affluent individuals are **increasingly using their passions as investment pieces** to diversify their portfolios. [1]

Because passions and profits are overlapping, it's crucial for these luxury collections to be insured at their true value. Typical homeowner's policies offer limited coverage for valuable items – such as fine jewelry, vintage wine, rare whiskey, couture gowns and priceless antiques – that may get lost, stolen, or damaged. **The need for Collections Insurance continues to grow as a result.**

## LUXURY GOODS

- After luxury cars, this is the second-largest segment of the luxury industry. [1]
- Revenue in the luxury goods market is predicted to grow to \$354.8B in 2023. [1]
- In the luxury goods market, 22.4% of total revenue has been generated through online sales. [1]
- The market's largest segment is luxury fashion with a market volume of \$111.5B in 2023. [2]
- Handbags are expected to skyrocket because of increasing demand, specifically for leather-based products. [2]
- The watches and jewelry segment is also expected to rise rapidly due to the increase in demand for smart luxury watches and varied types of jewelry items. [2]



## ALTERNATIVE INVESTMENTS

Growing interest in "alternative investments," such as **collectibles**, are leading to new areas for risk management.

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Diversifying an investment portfolio can help offset both inflation and market volatility. Traditional portfolios envision a 60% public stock and 40% fixed income allocation. But a more balanced split incorporating alternative assets may make a portfolio less sensitive to short-term market swings. [1]

These assets offer instant gratification when compared to equity investments. Customers can enjoy and display these items, such as art, vintage cars, or jewelry, while adding value to their portfolio.

But these assets must be properly insured and maintained to hold their value.

# BASED ON A TRUE STORY

While shopping, a customer lost a **"cursed" ring which cost \$443k** to replace.

Most jewelry claims are "mysterious disappearances," where a piece of jewelry suddenly goes missing. Even the best intentions go to waste when conscious wear and necessary maintenance slip.

The devastating loss of an heirloom could be avoided with simple care steps: **A jewelry maintenance plan, including regular valuation, appraisals, inspections and cleaning, as well as proper storage and mindful wear.**

—



## Diane\* bought a **12ct diamond ring** at an auction and secured it in a bank vault for years.

The ring had a bit of an unusual history. It had belonged to a well-known lawyer who was caught in a Ponzi scheme. His wife had refused to give up the ring until her arrest.

Diane kept the ring secured at a bank for years and insured through Vault. But one day she decided to take it out from the bank and wear it out shopping.

While shopping, the large centerpiece diamond fell out and was lost. Two adjusters went back to retrace her steps and look for the 12ct diamond. But in the end, the diamond remained lost.

Because of this stroke of bad luck upon wearing the ring for the first time, Diane came to believe the ring was cursed because of its history.

In reality, the ring had not been maintained during those years in storage, and probably prior. Diane hadn't realized she should have had the ring inspected before wearing it out.

In the end, the incident cost \$443k for the lost, "cursed" ring.

## How to protect passion investments from preventable losses:

- Leave expensive jewelry and valuables at home when traveling.
- Use a safe at home, if traveling, or staying in a hotel.
- Do not leave valuables in plain sight.
- Use transit services, like those offered through a Vault Collections policy, for safely moving or relocating collections, such as art or wine.
- Inform and update the insurance policy when moving, storing or hanging art and collections.
- Keep documentation and photographs of all valuables. Store copies of sales receipts, GIA certificates and appraisals. For luxury watches, note serial numbers.
- Invest in a home security system.
- Complete a background check before hiring help or giving access to your home.
- Have settings for diamonds and precious stones checked often.
- Fine jewelry should be regularly appraised and value assessed for accurate coverage.
- Use garment conservation services for couture clothing.

# RISK MITIGATION

# LIABILITY ISSUES

Huge jury verdict payouts have dramatically increased in recent years, driving up excess liability costs. Reinsurers have hardened the market and limited supply as they look to balance their books after a tough 2022. [1] **The cost of excess liability risk management has increased 25-50%** as a result. [2]

The top factors affecting excess liability are **cyber security, artificial intelligence (AI), auto accident severity increasing, litigation funding companies and social inflation factors.**



# EXCESS LIABILITY TRENDS



## Cyber Security

For the 12th year in a row, the United States holds the title for the highest cost of a data breach, more than \$5M above the global average. [1]



## Artificial Intelligence (AI)

Insurance companies are working to introduce the use of AI technology to evaluate losses, calculate risk and improve underwriting information. [2]



## Auto Accident Severity is Increasing

According to the National Highway Traffic Safety Administration, the number of miles traveled in 2021 increased by around 325 billion, and road fatalities rose 10.5% from 2020, the largest annual increase since 2005. [3]



## Litigation Funding Companies

Third-party litigation funding, where hedge funds and family offices finance profitable legal action, have drawn out cases and driven up costs. [4]



## Social Inflation Factors

Large verdicts are becoming the norm due to erosion of monetary caps on payouts, increased emotional appeals and mistrust in the justice system and corporations. [5]

Source: [1] <https://www.ibm.com/reports/data-breach>

[2] <https://www.nortonrosefulbright.com/en/knowledge/publications/6f8032f1/the-impact-of-artificial-intelligence-upon-liability-and-bermuda-form-insurance-will-robotic-machinery-rule>

[3] <https://www.insurancebusinessmag.com/us/news/auto-motor/acuity-sees-spike-in-commercial-auto-claims-severity-422596.aspx>

[4] <https://www.swissre.com/institute/research/topics-and-risk-dialogues/casualty-risk/us-litigation-funding-social-inflation.html>

[5] <https://www.travelers.com/business-insurance/general-liability/4-factors-causing-social-inflation>

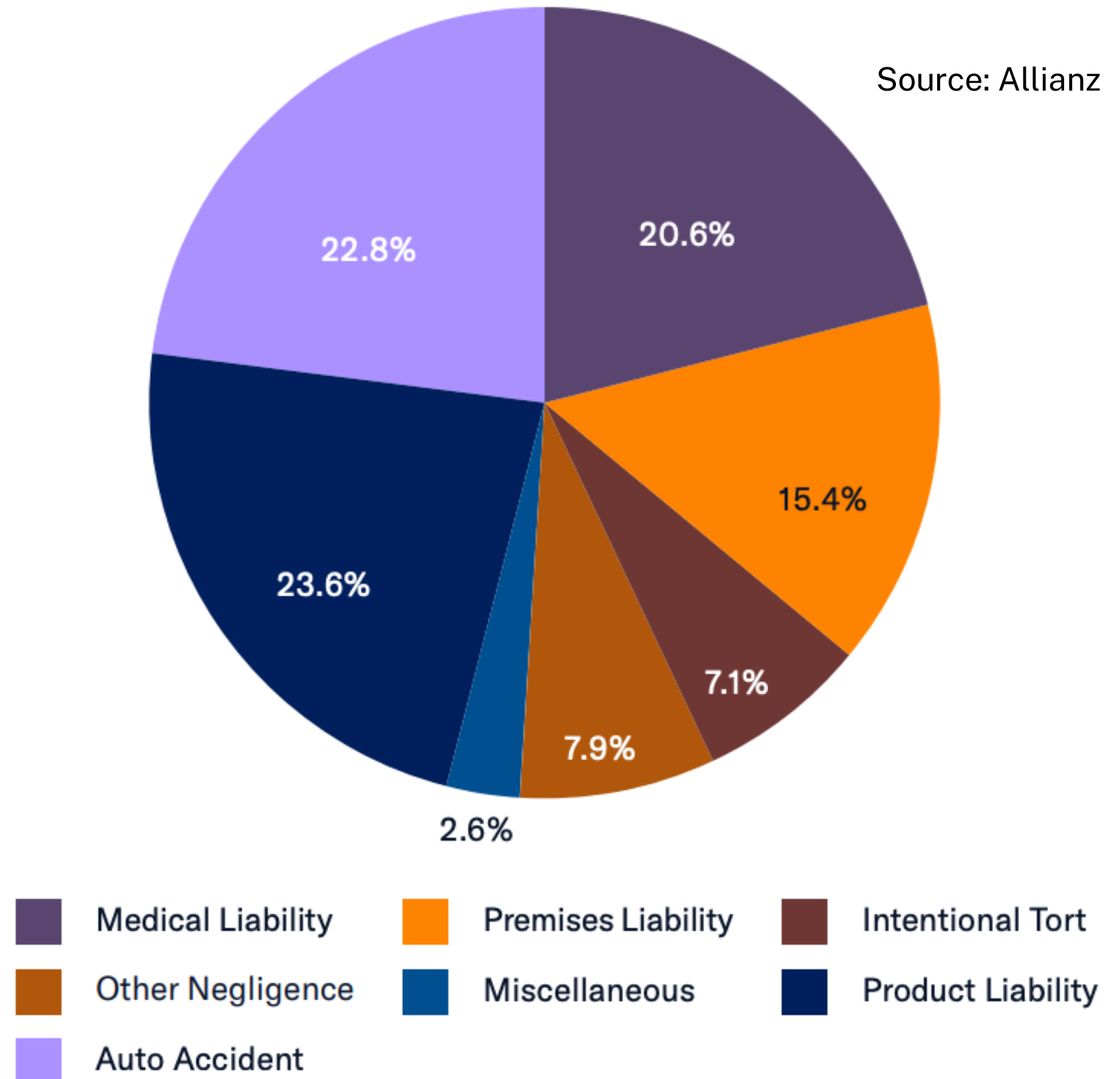
# NUCLEAR VERDICTS BY CASE TYPE

**2010 – 2019**

Over the past ten years, nuclear verdicts have become one of the most concerning litigation trends. Those in which a jury awards more than \$10M have increased more than 300%. Verdicts over \$1M have skyrocketed 1,000% for both personal and commercial lines. [1]

Nationwide, nuclear verdicts in personal injury and wrongful death cases were most frequent in product liability (23.6%), auto accident (22.8%), and medical liability (20.6%) cases. These three areas made up two-thirds of nuclear verdicts in personal injury and wrongful death cases during the ten-year study period. [2]

Source: Allianz



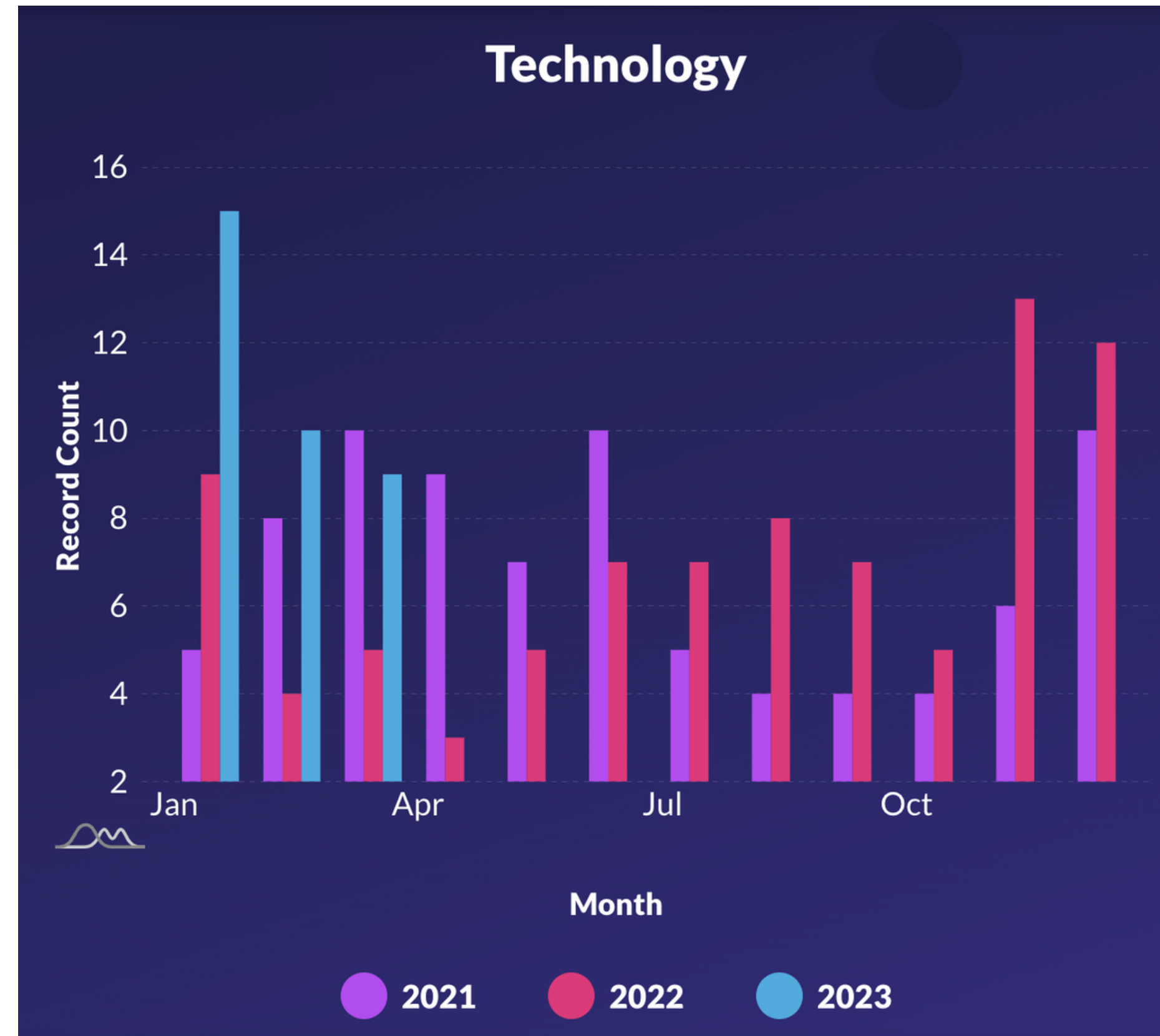
Source: [1] <https://www.verisk.com/insurance/visualize/the-rise-of-nuclear-verdicts-and-how-to-rein-them-in/>  
 [2] [https://instituteforlegalreform.com/wp-content/uploads/2022/09/NuclearVerdicts\\_RGB\\_FINAL.pdf](https://instituteforlegalreform.com/wp-content/uploads/2022/09/NuclearVerdicts_RGB_FINAL.pdf)

# Cyber Security Threats

For the 12th year in a row, the United States holds the title for the highest cost of a data breach, \$5.09M more than the global average. [2] The need for both a cyber security addendum added to an excess liability policy and practicing good cyber security hygiene are key.

## Risk Mitigation: [3]

- Use a unique password for every online account.
- Always update software when updates become available to prevent cyber vulnerabilities.
- Keep an eye on your financial accounts and credit report for any suspicious activity, identify theft or fraudulent charges.
- Secure file storage with two-factor authentication.
- Avoid posting detailed personal information online and on social media.
- Install antivirus software to detect and remove malware.



Source: Identity Theft Resource Center

Source: [1] <https://www.idtheftcenter.org/notified>  
 [2] <https://www.ibm.com/reports/data-breach>  
 [3] <https://www.security.org/identity-theft/what-is-a-data-breach/>

# RISK SERVICES



# VAULT RISK SERVICES

At Vault, we know risk education and mitigation is key to reducing severity of loss. Our team of experienced Risk Advisors provide best-in-class risk management services. We take proactive measures to protect our customers from water damage, fire, theft, natural disaster and more:

## SAFETY & SECURITY

- Home Security Assessments
- Cyber Security Assessments
- Travel Itinerary Safety Reviews
- Personal Security Advisory
- Identity Theft Recovery Services
- Background Checks for Staff

## HOUSEHOLD STAFF

- Background Checks for Staff
- CPR and Certified First Aid Training for Domestic Staff

## HOME LOSS PREVENTION

- Emergency Preparedness Services
- Infrared Inspections
- Lightning Suppression Resources
- Water Damage Prevention Services
- Horticultural Resources
- Mechanical Inspections
- Brush and Wildfire Mitigation

## VALUABLES AND PERSONAL PROPERTY

- Valuation and Appraisals
- Inventory Documentation
- Packing, Storage and Transit Services
- Conservation Services
- Video Documentation
- Couture Garment Services





Vault offers **high net worth personal insurance** and unique, customized solutions for affluent individuals and families. We're not just insuring assets, **we're eliminating risks with data-driven technology to protect what matters most - cherished moments, family memories, and priceless legacy.**

Vault and Vault Insurance are the marketing names used to refer to Vault Reciprocal Exchange, a Florida-domiciled reciprocal insurance exchange managed by Vault Risk Management Services, LLC as its attorney-in-fact, and its affiliates. Certain products and services may be provided by its affiliates.

