# STATE OF THE MARKET

PRIVATE CLIENT MARKET REPORT 2026

US EDITION

Gallagher

PRIVATE CLIENT

# CONTENTS

# 1 RISING TO THE CHALLENGE

## HOW STRATEGIC INNOVATION AND OLD-FASHIONED RESILIENCE ARE SHAPING THE MARKET

If stasis ever existed within the high-net-worth (HNW) insurance market, that moment has long passed.

As 2026 begins, the market is still dealing with the fallout from a rough stretch — several years in a row defined by climate losses, natural disasters, regulatory friction, large losses and corresponding reinsurance pressure. None of that has been easy, and much of it is still unresolved. That pressure has forced the market to adjust — in coverage design, pricing, shrinking carrier appetite and how advisors actually show up for clients.

# TONE OF THE MARKET

### CHALLENGING

Catastrophic events are occurring more often, litigation outcomes are growing more severe and regulatory expectations continue to evolve. All of which combine to put sustained pressure on capacity and pricing.

### ENCOURAGING

Selective carrier re-entry, broader use of surplus lines and wholesale market solutions, and more serious investment in risk mitigation are beginning to restore pockets of stability across the market.

### STRATEGIC

Advisors and clients who thoughtfully prepare, document thoroughly and leverage data to artfully outline exposures (or lack thereof) will have a strategic risk management advantage.

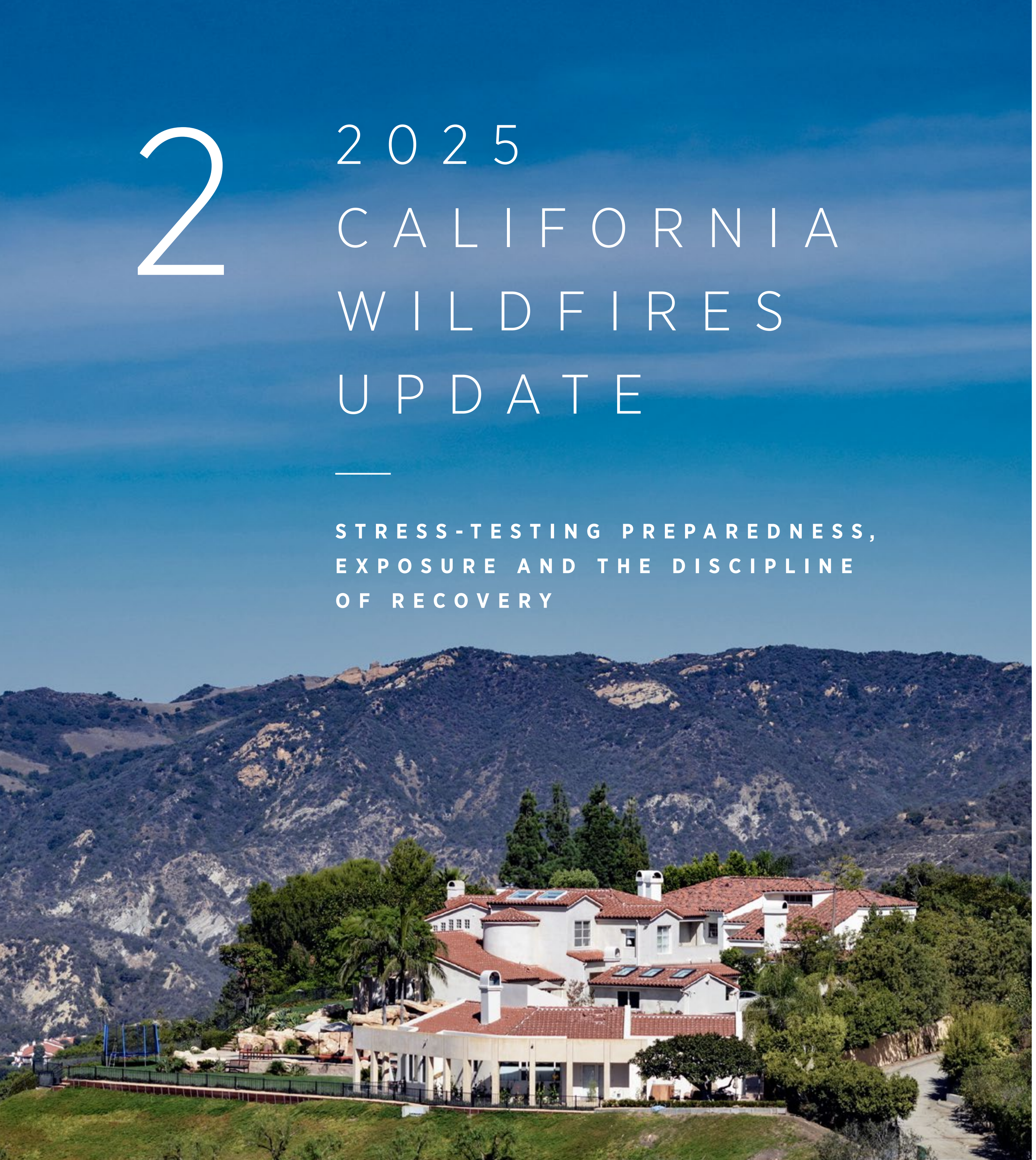
> Our commitment to service is deeply anchored in ensuring our clients feel secure against the unforeseen viewing insurance not just as protection, but as a cornerstone of wealth preservation and legacy building.

**LAILA BRABANDER**

**President, Gallagher Private Client**

# 2 2025 CALIFORNIA WILDFIRES UPDATE

**STRESS-TESTING PREPAREDNESS, EXPOSURE AND THE DISCIPLINE OF RECOVERY**



## California remains one of the most complex personal risk environments in the world.

The 2025 Los Angeles and Palisades wildfires — profiled in Gallagher Re's Q1 2025 Natural Catastrophe and Climate Report — were devastating events by any measure. They also served as a blunt reminder of how exposed the market remains to escalating climate risk and how much ultimately hinges on foresight and disciplined planning when recovery begins.

After years of heavy losses and widespread carrier pullbacks, some insurers have begun to reenter the market, though cautiously. Available capacity is still constrained, and access is increasingly dependent on verified mitigation, construction resilience, and reliable ingress and egress. Admitted options remain limited, while excess and surplus markets continue to support most high-value placements, particularly for secondary coastal, canyon and hillside properties.

The FAIR Plan's handling of the 2025 wildfires raised ongoing questions about long-term sustainability even as private capital gradually returns.

The fires reinforced lessons that many in the market already understood but could no longer afford to ignore. Preparedness and thoughtful coverage structures are essential. For clients, well-architected programs — while expensive — proved critical in navigating loss and recovery. For carriers, the events highlighted the need for products and capacity strategies designed for climate volatility and long-term durability. In catastrophe-exposed regions, resilience is not accidental; it is the result of planning, investment and insurance architecture put in place well before a loss occurs.

> The California insurance market remains under pressure from limited carrier capacity, strict underwriting and reinsurance costs.
>
> New regulations now allow reinsurance costs to be factored into rate making, which directly impacts pricing and availability. Carriers reentering the market are doing so cautiously, with disciplined pricing and constrained capacity."
>
> — INSURANCE JOURNAL

## KEY DEVELOPMENTS OF 2025

### REGULATORY REFORMS

In late 2025, California enacted legislation aimed at stabilizing the FAIR Plan, expanding additional living expense (ALE) benefits and incentivizing fire-resistant construction.

### CARRIER RETREAT

Major admitted carriers remain cautious, with many reducing capacity or withdrawing from high-risk wildfire regions.

### CONSUMER FRUSTRATION

Delays, denials and underinsurance remain widespread, fueling litigation and regulatory scrutiny.

### MARKET IMPACT

Nonadmitted carriers filled critical gaps, though concerns persist around solvency under severe catastrophe scenarios.

16,249

Total number of destroyed structures in January 2025 Los Angeles, California, wildfires.[1]

Representing nearly

$40 billion

in insured losses.[1]

“California’s personal insurance market remains challenging and continues to evolve, necessitating customized coverage and proactive risk management to achieve comprehensive protection and long-term stability.”

**DINA SMITH**

**Managing Director**
**Gallagher Private Client**

[1]California Department of Forestry and Fire Protection (CalFire)

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# MARKET OVERVIEW

## COMPLEX CHALLENGES CREATE STRATEGIC OPPORTUNITIES

### The HNW market enters 2026 displaying notable resilience in the face of rising complexity.

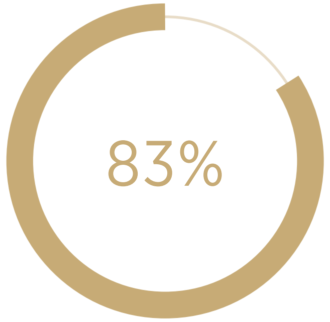
Global wealth growth, luxury real estate activity and broadly diversified asset portfolios continue driving strong demand. However, as highlighted in the RPS's Q4 State of the Property Market (2025 Q4 State of the Property Market | Risk Placement Services), underwriters are starting to reassess long-held assumptions about the HNW space.

For instance, tools such as AI-enhanced property modeling, geospatial analytics and advanced valuation techniques are exposing pernicious gaps in replacement cost estimates — particularly for architecturally unique or custom-built residences.

Reinspections are pushing replacement values upward, often significantly, and creating friction for clients who favor agreed value structures. Underinsurance remains one of the most pervasive challenges in the segment, intensified by inflation and outdated valuation baselines.

## Consumer mindset is shifting toward proactivity and preparedness:

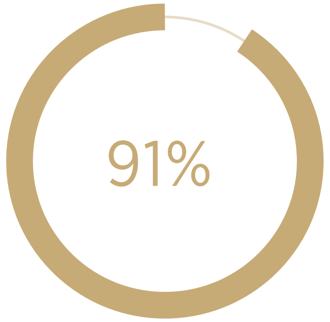
According to Chubb's 2025 Wealth Report,




83% of high-net-worth respondents say they **plan to increase insurance coverage** for uncontrollable risks (e.g., severe weather).[2]

This reflects a meaningful move away from standard home and auto and cost-driven decisions toward long-term strategic protection. Undoubtedly a wise move as capacity tightens. This shift is accelerating investment in mitigation, documentation and program design — not as optional enhancements but as prerequisites for maintaining access to quality coverage in constrained markets.

Although capacity is available, assembling a cohesive program now requires greater discipline and market navigation. Carriers continue to impose stricter underwriting discipline, spurring advisors to increasingly guide clients toward alternative wholesale, captive and/or surplus options to secure adequate coverage and prevent costly shortfalls when catastrophic losses occur.




91% of respondents said that they are **concerned about the effects of climate change on their property**, with almost half saying they are "considerably" or "greatly" concerned.[3]

**# 1**

Cybersecurity **ranked as the foremost concern** among respondents. Heightened risks from fraud, data breaches and cyber attacks are making robust digital protection a pillar of risk management.

[2,3]Chubb's 2025 Wealth Report

# CLIMATE CHANGE, CATASTROPHES AND COVERAGE

## Climate volatility is reshaping the global risk landscape.

Hurricanes are intensifying, wildfire seasons are stretching longer, hail and severe storm events have become the norm and floods are striking well beyond historic footprints. The boundary between "primary" and "secondary" perils continues to blur.

Similar patterns are emerging across the country, with inland flooding and unexpected wildfire outbreaks in the Northeast signaling how exposure is migrating into regions previously viewed as relatively immune to such calamity.

**The 2025 Palisades Fire marked a new benchmark for HNW losses, with Gallagher Re estimating the January 2025 California wildfires resulted in approximately**

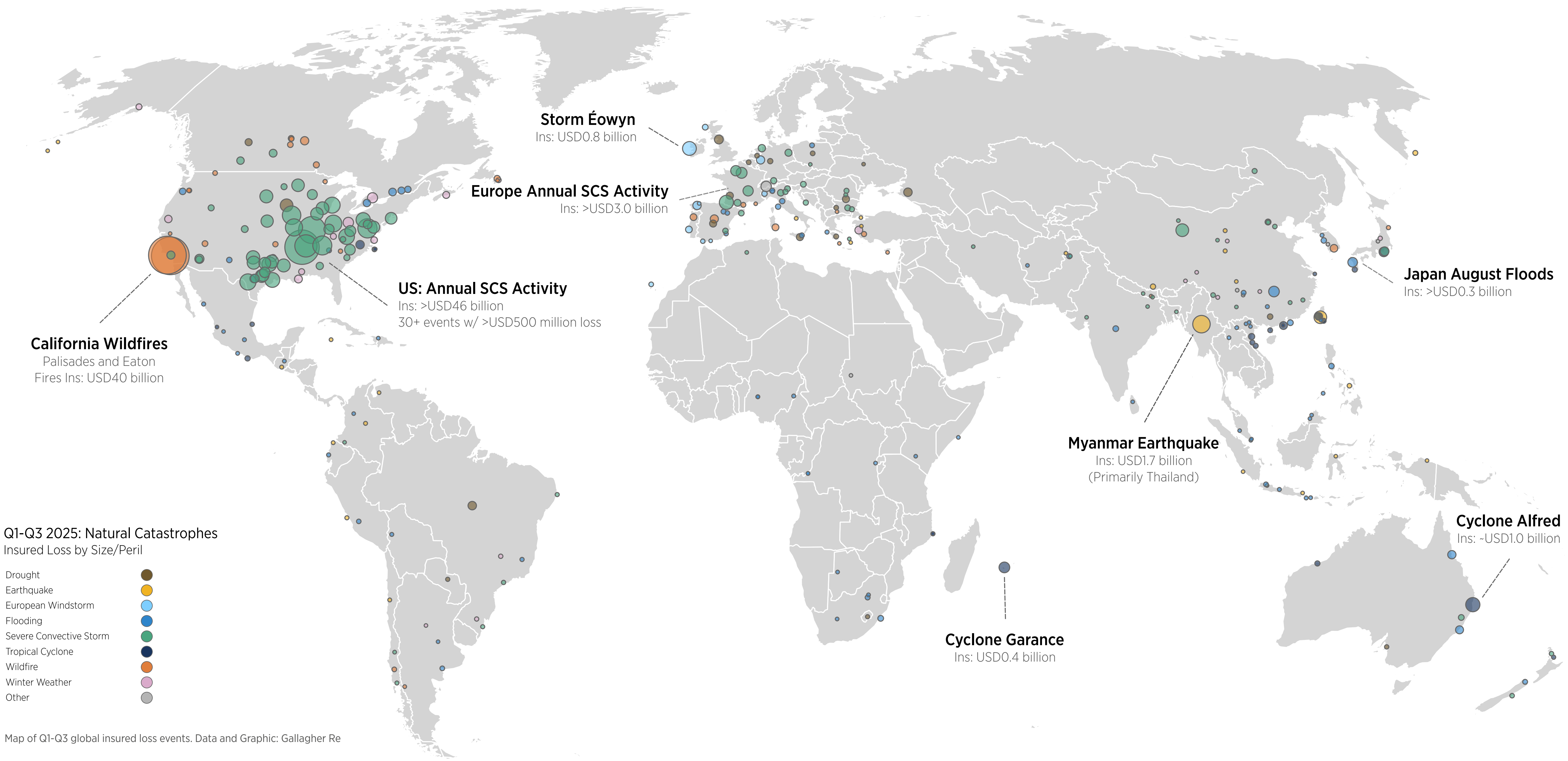
**$40 billion**

**in insured losses (not exclusive to HNW) and economic losses reaching into the hundreds of billions.[4]**

Gallagher Re's Q1 2025 Natural Catastrophe and Climate Report underscores this shift. Secondary perils — once considered lower-severity events — now account for nearly half of insured catastrophe losses globally. This evolution is challenging legacy catastrophe models, accelerating the need for better data inputs, regionally specific mitigation planning and more dynamic valuation methodologies.

[4]Gallagher Re's Q1 2025 Natural Catastrophe and Climate Report

## EXPANSION OF CATASTROPHIC EVENTS IN 2025




Map of Q1-Q3 global insured loss events. Data and Graphic: Gallagher Re

> There were at least 58 individual billion dollar events in 2025, including seven that topped USD10 billion. At least 28 of those events were recorded in the United States alone.
>
> **Gallagher Re**

| Event name | Date(s) | Region | Countries | Economic loss | Insured loss |
|---|---|---|---|---|---|
| Palisades Fire | Jan 7-31 | United States | US | 37 billion | 23 billion |
| Eaton Fire | Jan 7-31 | United States | US | 28 billion | 18 billion |
| China Monsoon Floods | Jun-Sep | Asia | CN | 23 billion | 0.6 billion |
| Myanmar Earthquake | Mar 28 | Asia | MM, TH, CN | 15 billion | 2.3 billion |
| Mid-March US SCS Outbreak | Mar 13-17 | United States | US | 11 billion | 8.4 billion |
| Cyclone Senyar | Nov 19-28 | Asia | TH, ID, MY | 11 billion | 0.8 billion |
| Hurricane Melissa | Oct 22-31 | Latin America | JM, HT, DO, CU, BS | 10 billion | 2.5 billion |
| Mid-May US SCS Outbreak | May 14-17 | United States | US | 6.4 billion | 5.1 billion |
| Brazil Drought | Annual | Brazil | BR | 5.0 billion | 0.5 billion |
| Early April SCS Outbreak and Floods | Apr 1-7 | United States | US | 4.1 billion | 3.0 billion |
| | | | **Grand totals** | **296 billion** | **129 billion** |

Top ten costliest economic loss events of 2025 (losses listed in USD); some values rounded. Data and Graphic: Gallagher Re

## At its core, reinsurance is insurance for insurers.

It allows carriers to distribute risk, protect balance sheets and maintain capacity through volatile market cycles. In the private client segment — where asset values are high and coverage needs are complex — reinsurance enables carriers to offer the large limits and bespoke placements affluent clients both need and expect.

The reinsurance market, however, is tightening. Climate-driven losses, increased global demand and more selective underwriting are pushing costs upward. As carriers attempt to manage these pressures, the effect naturally cascades down to policyholders in the form of higher premiums, reduced flexibility in terms and stricter underwriting standards.

Reinsurance pressure has also shifted attention to alternative sources of support. Insurance-linked securities, including catastrophe bonds, continue to supplement traditional reinsurance, particularly at upper layers where pricing pressure is most acute. While not a replacement for core reinsurance, the growing role of alternative capital is helping moderate volatility and support market stability as insurers navigate sustained catastrophe losses.

Ultimately, carriers that price accurately and reward mitigation will be best positioned to maintain capacity without sacrificing stability.

# EXCESS AND SURPLUS (E&S) MARKET DYNAMICS

Excess and Surplus (E&S) lines have shifted from being a fallback option to a primary coverage channel in many high-risk states. **In markets such as California, Florida, New York, Louisiana and Texas** — where admitted carriers have reduced exposure — E&S platforms have accelerated and now represent a more typical path for a significant portion of high-net-worth clients.

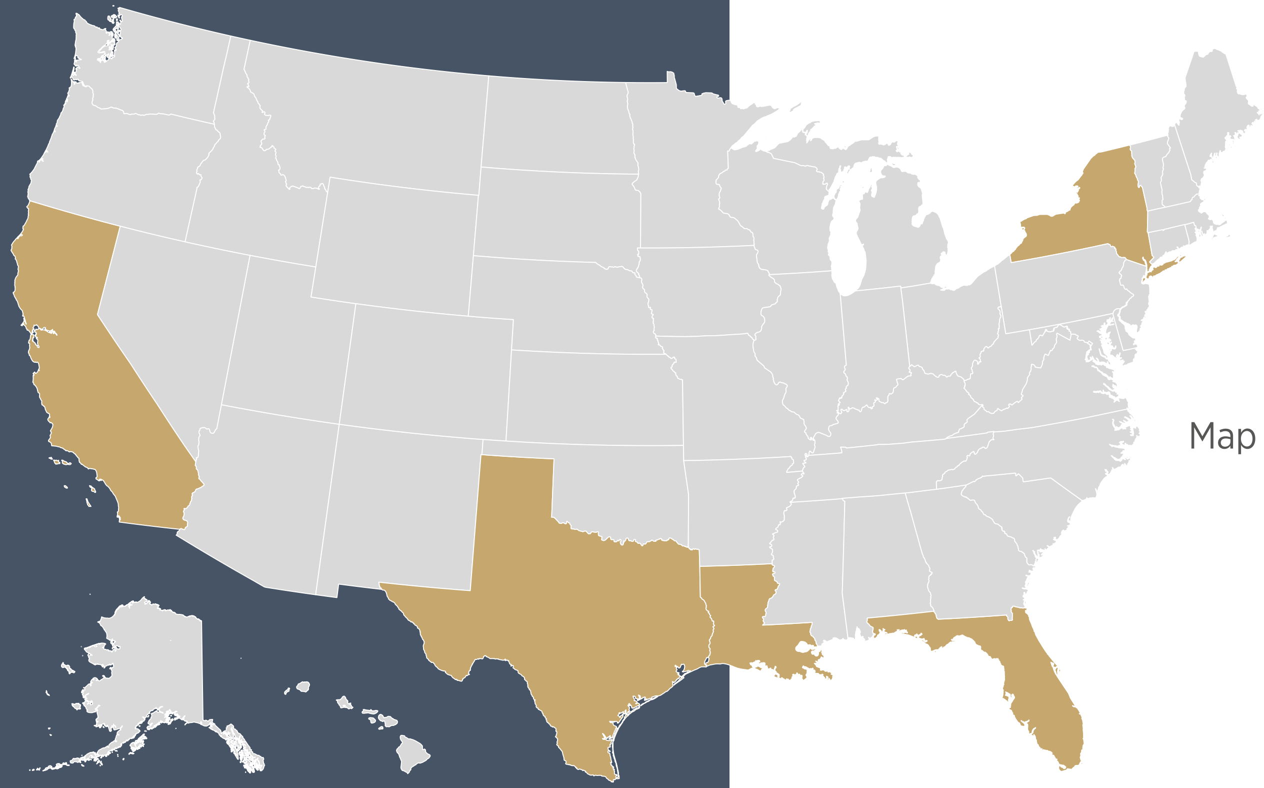
E&S policies offer greater flexibility in both pricing and policy terms for the types of unique or complex properties — especially in catastrophe-prone regions — that admitted carriers increasingly avoid. However, such flexibility does come with trade-offs:

- Higher premiums that reflect elevated risk and the absence of rate regulation
- State-specific surplus lines tax requirements that add administrative complexity
- Claims handling variability, as some nonadmitted carriers are not supported by sophisticated reinsurers and may lack expertise in high-value loss scenarios

RPS RISK PLACEMENT SERVICES

## This is where Gallagher's RPS division works to our clients' advantage.

As one of the largest E&S distributors in the United States, RPS leverages deep market relationships, specialized expertise and the ability to structure placements that balance flexibility with claims confidence. For clients navigating this volatile landscape, RPS ensures access to coverage with carriers with adequate capacity who can manage complex claims while supporting insureds when it matters most.



Map of areas with a large E&S Marke

# Key considerations in the E&S market

## I CARRIER APPETITE VOLATILITY

Rapid shifts in underwriting strategies demand close monitoring and adaptive planning to stay well ahead of any nonrenewals.

## II MARKET MOVEMENT

Carrier retreats from California and Florida, coupled with aggressive repricing in Texas, are reshaping availability. Clients may need to move from the traditional to the wholesale market.

## III CLIENT EXPERIENCE

Claims handling often creates frustration and confusion without expert guidance from your advisor.

## RAPID E&S GROWTH AT A GLANCE[5]

| Line of business | Premium | | | | Items | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | % of total | % growth | 2024 | 2023 | % of total | % growth |
| Liability (nonprofessional) | $30,177,909,108 | $27,139,444,971 | 37.0% | 11.2% | 2,410,223 | 2,291,289 | 36.7% | 5.2% |
| Property | $26,863,642,725 | $24,201,457,449 | 32.9% | 11.0% | 1,060,044 | 944,220 | 16.2% | 12.3% |
| Professional liability | $7,517,606,022 | $7,290,666,645 | 9.2% | 3.1% | 310,821 | 305,567 | 4.7% | 1.7% |
| Multi-peril | $5,238,597,998 | $4,613,190,268 | 6.4% | 13.6% | 538,512 | 499,326 | 8.2% | 7.8% |
| Residential, homeowners and other personal property | $3,964,489,669 | $3,007,690,391 | 4.9% | 31.8% | 1,263,962 | 1,035,359 | 19.3% | 22.1% |
| Auto liability | $3,422,281,913 | $2,124,168,490 | 4.2% | 61.1% | 186,961 | 208,295 | 2.8% | -10.2% |
| Other | $1,714,783,784 | $1,651,387,539 | 2.1% | 3.8% | 325,363 | 301,680 | 5.0% | 7.9% |
| Auto physical damage | $1,227,916,845 | $1,508,436,945 | 1.5% | -18.6% | 125,723 | 134,230 | 1.9% | -6.3% |
| Inland marine | $1,172,360,464 | $989,603,096 | 1.4% | 18.5% | 240,655 | 167,510 | 3.7% | 43.7% |
| Disability/A&H | $339,987,081 | $309,016,870 | 0.4% | 10.0% | 99,512 | 107,021 | 1.5% | -7.0% |
| **Totals** | **£81,639,575,608** | **$72,835,062,665** | **100.0%** | **12.1%** | **6,561,776** | **5,994,498** | **100.0%** | **9.5%** |

**Auto liability and personal property had the highest upticks in E&S premium growth** — 61.1% and 31.8%, respectively.

[5]insurancejournal.com/news/national/2025/02/06/810946.htm

# 4

# COVERAGE INNOVATIONS

## WHY BEING CAPTIVE MEANS ULTIMATE FREEDOM

### High-net-worth families are facing a shifting insurance landscape.

Premiums are rising, admitted capacity is tightening and traditional policies often fail to address the complexity of the types of coverages needed by wealthy individuals with significant assets. This audience has long desired an innovative program that not only preserves the superior coverage and claims service they've come to expect but also delivers enhanced financial opportunity and long-term stability.

# Introducing Private Client Signature Captive From Gallagher.

An exclusive insurance program available only to select Gallagher clients, this first-of-its-kind program provides residential property, contents and valuables coverage through a multi-member captive.

Through collective participation, members share a defined portion of risk, while unlocking the potential for annual distributions of up to 40% of property insurance premium, thereby providing you with a unique opportunity to recapture underwriting profits and experience a captive solution not typically available to private clients.

As a member of this captive, you'll have the opportunity to participate in your insurance program and potentially benefit from good underwriting results. Powered by the global scale of Gallagher and Artex's expertise in alternative risk transfer, this unique program offers high-net-worth clients a sophisticated way to manage residential property risks with greater efficiency.

## Understanding captives

A captive is a self-insurance solution that offers an alternative to buying traditional insurance coverage. In a multi-member captive, multiple select parties with similar risk profiles join together to pool resources in order to reach economies of scale and share in both the risks and rewards.

## RISK vs REWARD THRESHOLDS

Private Client Signature Captive from Gallagher offers select clients access to an enhanced insurance program with the opportunity for a group of insureds to experience a captive business case and share in both risk and reward, providing for:

15%

**Risk**

Exposure is limited to your annual premium plus the potential loss of your 15% security deposit.

40%

**Reward**

Distributions of up to 40% of your annual property premium **plus the return of your 15% security deposit along with any investment income earned on those funds**.

# 5 UMBRELLA AND EXCESS LIABILITY

## A CRUCIAL WEALTH PRESERVATION STRATEGY

## Liability exposure remains one of the most serious — and seriously underestimated — risks facing affluent families.

Nuclear judgments have become routine, while social inflation and aggressive litigation funding have pushed insurance claims to unprecedented levels. Many clients know that their SUVs and sports cars pose liability exposures but are not fully aware of how their digital footprints, household employees, dog ownership, hosting social events or even everyday activities can create vulnerabilities that threaten long-term wealth.

With litigation costs and settlements at an all-time high, Gallagher's Laila Brabander observes that:

> "High-net-worth clients are being targeted by plaintiffs' counsel in both occupiers and auto liability claims."

At the same time, securing high excess liability limits has become increasingly challenging even as they've become more vital. Capacity is constrained, pricing continues to rise, carriers are asking for higher primary limits and exclusions such as cyber liability are common. The amount of excess limits a client can secure varies significantly based on individual underwriter expertise and appetite, underscoring the critical role of a strong advisor in advocating on a client's behalf and accessing quality terms. Underwriters are also performing deeper reviews of a client's public visibility to assess the risk of becoming a target for higher-value lawsuits.

In this environment, umbrella liability coverage is no longer discretionary. It is a foundational element of high-net-worth risk management and wealth preservation, requiring advisors to stay ahead of litigation trends and ensure clients maintain adequate protection against a landscape where liability severity continues to escalate.

# A SNAPSHOT OF LIABILITY TRENDS AND IMPACTS

| Social inflation | Defamation lawsuit | Cyber liability |
|---|---|---|
| **Impact:** | **Impact:** | **Impact:** |
| Rising jury awards and settlements | Reputational threat | Exposed clients due to coverage gaps |
| **Advisory response:** | **Advisory response:** | **Advisory response:** |
| Expand umbrella limits and protect again underinsurance of another person | Ensure carrier has strong and sophisticated Claims team | Add cyber endorsements and/or stand-alone cyber coverage; consider excess limits |

# ELEVATING LIABILITY PROTECTION THROUGH GROUP PERSONAL EXCESS PROGRAMS

Group Personal Excess Liability (GPEL) programs are becoming an increasingly important part of the high-net-worth insurance landscape. They provide an additional layer of liability protection above primary home, auto and watercraft policies.

Historically, rates for GPEL were far lower than individual excess policies. With the advent of social inflation and nuclear verdicts impacting personal insurance, the rates in the GPEL market have also increased.

That said, these programs leverage the collective buying power of the group to secure broader coverage, offering additional advantages, including:

- **Higher limits** — often ranging from $5 million to $100 million — at competitive rates
- **Worldwide protection,** including defense costs outside policy limits
- **Streamlined underwriting** and automatic coverage for mid-term acquired assets
- **Valuable enhancements** such as employment practices liability and uninsured/underinsured motorist coverage

For organizations, these programs serve as a strategic benefit for executives and key personnel, supporting recruitment and retention while reducing the likelihood that personal financial strain influences professional performance.

As liability severity continues to rise and high-limit capacity tightens, Group Personal Excess Liability programs are shifting from niche offerings to essential components of HNW risk management. They deliver meaningful protection for individuals and create organizational value by aligning talent strategy with risk mitigation.

# 6

# PERSONALIZED COVERAGE FOR A NUANCED LIFESTYLE

## Lifestyle and specialty assets introduce a distinct layer of complexity for high-net-worth families.

These categories carry elevated severity potential, rely heavily on accurate valuations and require specialized underwriting expertise. As lifestyles evolve and asset portfolios expand, insurers are seeing higher claim frequency across multiple exposure classes, reinforcing the need for tailored coverage and proactive mitigation.

### YACHTS AND MARINE

Rising refit costs, enhanced cyber requirements and stricter navigation standards are increasing placement complexity.

### TRAVEL AND MOBILITY

Global mobility introduces security coordination, geopolitical risk and the need for medical evacuation solutions.

### SECONDARY HOMES AND RENTALS

Short-term rental activity is driving higher liability and property claims.

### JEWELRY, ART AND COLLECTIBLES

Market volatility and restoration delays highlight the need for current appraisals and proper scheduling.

### CYBER AND DIGITAL ASSETS

Affluent households remain preferred targets for cybercriminals, requiring enhanced monitoring and response capabilities.

### COLLECTOR CARS

Valuations continue to widen as electric supercars and high-end vintage restorations reshape the market.

# THE HIGH PRICE OF LUXURY HOMES

Construction costs for luxury homes continue to soar, driven by numerous factors, including:

### I FOUNDATION AND STRUCTURE

Engineering standards and site preparation significantly influence budgets.

### II QUALITY OF MATERIALS

Premium flooring, millwork, glass and imported finishes materially impact cost.

### III CRAFTSMANSHIP

Skilled artisans and custom builders don't just elevate quality, they elevate expense.

### IV DESIGN COMPLEXITY

Unique architectural features and bespoke floor plans increase rebuild timelines and cost.

### V LOCATION

Building in high-end markets such as Aspen or the Hamptons only compounds the cost issue.

In the end, advisors must review replacement cost values annually at the very least.

They should encourage clients to invest in fire-resistant materials, defensible spaces and other proactive mitigation measures, as doing so will make their properties more likely to receive the most cost-effective and comprehensive coverage available.

# A SHORTFALL CASE STUDY

Rebuild cost

Insured value

## As a result of wildfire damage, a Malibu property required an $18 million rebuild — nearly double its insured value.

This massive shortfall stemmed from custom architectural elements, imported materials and other details that were not fully accounted for in the original policy. Proving once again that an ounce of prevention, ensuring that the policy has extended replacement cost, is worth a $9 million cure.

# WHEN SECONDARY HOMES BECOME PRIMARY RISKS

Lifestyle-driven usage patterns are reshaping the risk profile of secondary homes, particularly as more high-net-worth families expand portfolios across coastal, mountain and resort markets. These properties often sit unoccupied for extended periods, are exposed to water-related perils and increasingly participate in short-term rental activity — a combination that elevates both frequency and severity of losses.

Water damage has become the most common and costly noncatastrophe claim in the HNW segment, and secondary homes amplify this risk. Leaks go undetected longer, appliances and plumbing systems see inconsistent use, and many properties sit in coastal or flood-prone areas where vehicles and other stored assets require documented evacuation plans. At the same time, the rise of short-term rentals increases liability exposure and accelerates wear on systems already taxed by irregular occupancy. This concentration of multiple high-risk exposures makes proactive mitigation a must. Advisors should help clients document evacuation plans, install smart water shutoff systems and structure coverage that reflects the unique risks of properties that spend most of the year unoccupied.

## Short-term rentals

**Trend:**

Rising claims

**Carrier response:**

Stricter underwriting

## Flooded vehicles

**Trend:**

Growing scrutiny

**Carrier response:**

Evacuation plan required

## Water damage

**Trend:**

#1 claim type

**Carrier response:**

Mandatory leak detection systems required (Leak Defense, FloLogic and StreamLabs)

# EVOLVING EXPOSURES IN PREMIUM VEHICLE PORTFOLIOS

Automobile risk for high-net-worth clients continues to grow more complex. Classic collector vehicles are not only increasing in value, but their repair costs are also skyrocketing and parts and expertise becoming rarer.

For modern luxury and performance vehicles, loss trends increasingly reflect high-cost, low-frequency events, from carbon-fiber repairs to EV battery damage and limited access to manufacturer-certified technicians. These dynamics are reshaping underwriting appetite and the coverage structures required for premium vehicle portfolios.

## Trends

### FLOODS AND OTHER ENVIRONMENTAL EXPOSURE

Vehicles stored at secondary homes face heightened risk from flooding, wildfires and extended periods of nonuse, with many carriers requiring documented evacuation or relocation plans in high-risk areas.

### EXOTIC AND COLLECTOR VEHICLES

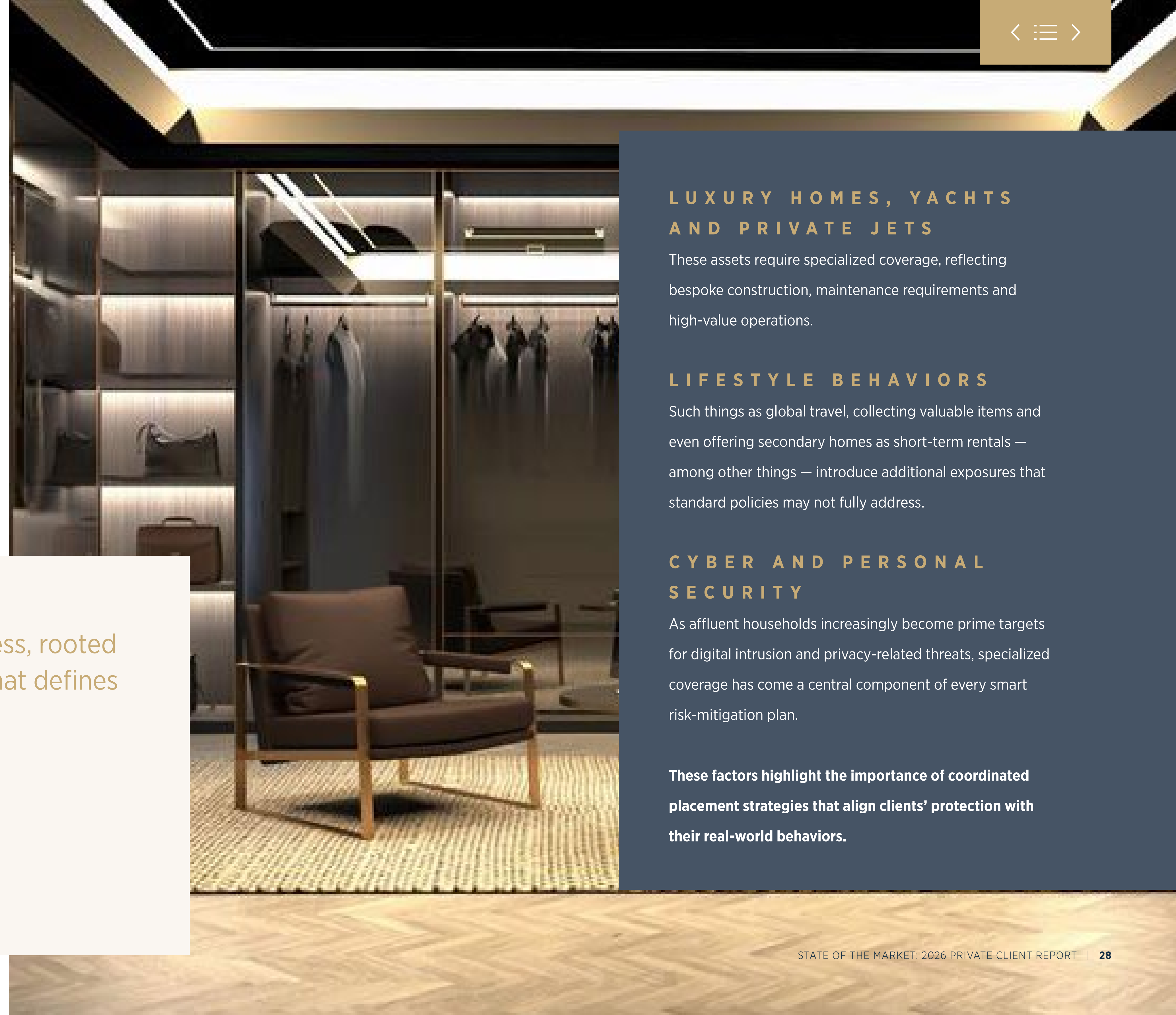
Specialty models demand accurate valuations, OEM-certified repairs and specialized claims handling.

### TECHNOLOGY INTEGRATION

Electric and autonomous vehicles introduce new repair challenges, higher part costs and emerging liability issues tied to software and sensor failures.

# HOW LIFESTYLE AND ASSETS AMPLIFY EXPOSURE

Lifestyle choices increasingly influence risk profiles for high-net-worth families, requiring coverage structures that account for both asset complexity and how those assets are used.



“It is the advisor’s expertise and responsiveness, rooted in an appreciation of each client’s lifestyle, that defines the difference in private client insurance.”

**ERIC GORDON**

**Gallagher Private Client**

### LUXURY HOMES, YACHTS AND PRIVATE JETS

These assets require specialized coverage, reflecting bespoke construction, maintenance requirements and high-value operations.

### LIFESTYLE BEHAVIORS

Such things as global travel, collecting valuable items and even offering secondary homes as short-term rentals — among other things — introduce additional exposures that standard policies may not fully address.

### CYBER AND PERSONAL SECURITY

As affluent households increasingly become prime targets for digital intrusion and privacy-related threats, specialized coverage has come a central component of every smart risk-mitigation plan.

**These factors highlight the importance of coordinated placement strategies that align clients’ protection with their real-world behaviors.**

# 7 MEETING THE GLOBAL NEEDS OF THE FAMILY OFFICE

## Affluent families with assets spread around the world and across multiple jurisdictions face increasingly complex risk profiles.

Properties in catastrophe-prone regions, yachts traversing international waters, private aviation fleets and globally stored art collections — just to name a few — introduce regulatory, tax and cultural considerations that require coordinated program design.

Clients with multinational exposures face amplified risks, including:

- **Regulatory fragmentation**
  Compliance requirements vary significantly between jurisdictions, creating challenges to structuring consistent, comprehensive coverage.
- **Cross-border liability**
  Litigation standards differ by country, and the potential for nuclear verdicts in certain regions is driving greater demand for higher umbrella and excess liability limits.
- **Currency and economic volatility**
  Exchange rate movements and inflation affect both premium calculations and the ultimate cost of claims settlements.
- **Fraud and information security**
  Cyber intrusions and insider fraud remain persistent threats.
- **Complex employment practices**
  Managing household staff across multiple jurisdictions introduces HR, tax and liability considerations that require careful coordination.

In light of these challenges, a robust, coordinated multinational strategy is essential to protect the client. Master programs supported by local admitted policies help align coverage across regulatory regimes, while captives offer HNW families a way to stabilize costs and create bespoke protection for internationally dispersed assets.

Frequent periodic evaluation of global real estate, collections and mobile assets ensures coverage keeps pace with shifting exposures. Unsurprisingly, cyber protection has become a core requirement as both wealth management and societal interaction have become more digitally inclined.

Certain lifestyle-specific risks require highly customized solutions. For example, specialized transit coverage for fine art, aviation and marine policies built around navigation limits and geopolitical considerations, or even personal security or kidnap/ransom coverage in higher-risk regions. If a risk or threat may exist, it is incumbent upon the agent to advise the client and their family office accordingly.

The modern family office requires a unified risk view that spans continents, asset classes and family governance structures.

## The four domains of the family office:

I GOVERNANCE

II FINANCIAL

III CYBER

IV LEGAL DOMAINS

# $5.4 trillion

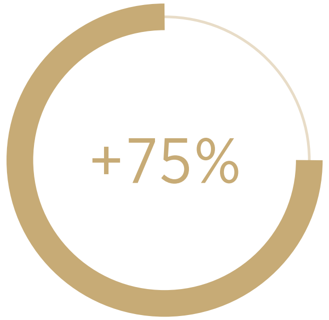
Generational wealth is growing. Family offices are about to surpass hedge funds, with $5.4 trillion in assets by 2030.[6]


There are an estimated 8,030 single-family offices in the world today — **a 31% increase from 6,130 in 2019.**[8]

# $9.5 trillion

In total, the wealth of families with family offices is expected to top $9.5 trillion in 2030, according to a report from Deloitte Private — more than doubling over the decade.[7]

This number is projected to grow to 9,030 family offices by 2025 (a 13% increase) and 10,720 family offices by 2030, marking a potential **75% rise in just over ten years.**[9]




## Estimated number of family offices worldwide

**2019** — **6,130**

North America: 2,210 | Europe: 1,680 | Asia Pacific: 1,790 | Middle East: 250 | South America: 150 | Africa: 50

**2024** — **8,030**

North America: 3,180 | Europe: 2,020 | Asia Pacific: 2,290 | Middle East: 290 | South America: 190 | Africa: 60

**2025 (PROJECTED)** — **9,030**

North America: 3,550 | Europe: 2,290 | Asia Pacific: 2,600 | Middle East: 310 | South America: 210 | Africa: 70

**2030 (PROJECTED)** — **10,720**

North America: 4,190 | Europe: 2,650 | Asia Pacific: 3,200 | Middle East: 350 | South America: 240 | Africa: 90

[6,7] NBC News | Family offices are about to surpass hedge funds

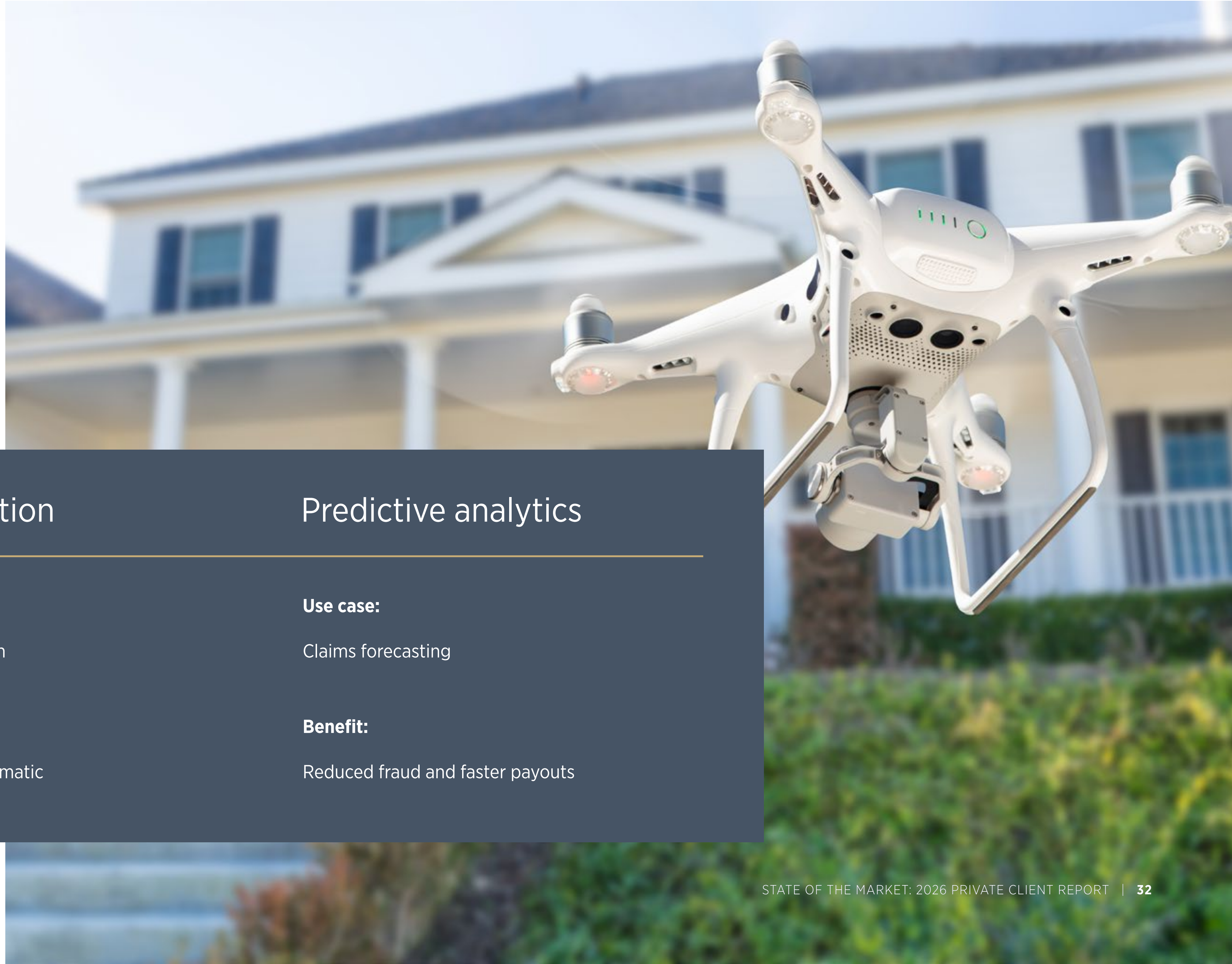
[8,9,10] Deloitte Private | Family Office Insights Series Report

# 8 TO PROTECT AND PREVENT

Artificial intelligence (AI) is becoming an important extension of traditional HNW insurance capabilities, providing tools that improve precision, speed and visibility across key workflows.

These technologies support underwriting and claims teams by enabling more accurate inspections, earlier detection of loss events and stronger data integrity for complex properties and high-value assets.

Nonetheless, there is no substitute for personal expertise and service. AI delivers the most meaningful results when used as a tool, strengthening the relationship building at the core of HNW work.



| Drones | IoT leak detection | Predictive analytics |
|---|---|---|
| **Use case:** | **Use case:** | **Use case:** |
| Property inspections | Water damage prevention | Claims forecasting |
| **Benefit:** | **Benefit:** | **Benefit:** |
| Speed, safety and accuracy | Real-time alerts and automatic valve shutoff capabilities | Reduced fraud and faster payouts |

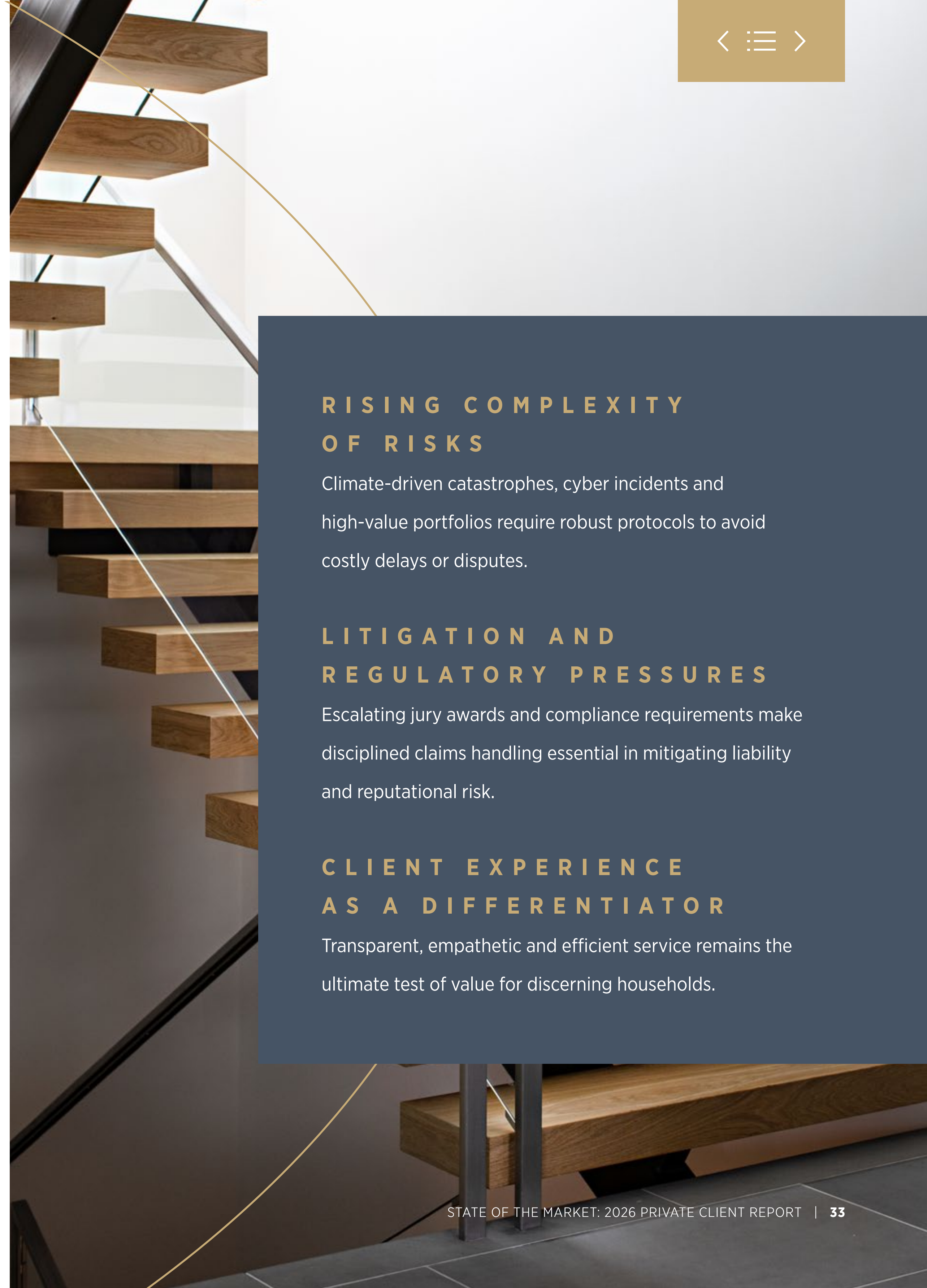
# 9 CLAIMS MANAGEMENT

## FOR CLIENTS WITH EXCEPTIONAL ASSETS, CLAIMS AREN'T BACKOFFICE — THEY'RE FRONT AND CENTER

For most people, claims management is a back-office function. High-net-worth clients, of course, are not most people.

And for them, claims management is the core component of their insurance experience. To that end, Gallagher Private Client provides dedicated claims specialists who manage complex, high-value losses with speed, expertise and discretion. Whether the claim involves a luxury home, fine art collection, yacht, aircraft, classic car or cybersecurity situation, clients receive a claims advocate to partner with them through resolution of the claim.

This level of effective claims management is a strategic advantage. It preserves financial stability, strengthens trust and differentiates Gallagher Private Client from would-be competitors.



### RISING COMPLEXITY OF RISKS

Climate-driven catastrophes, cyber incidents and high-value portfolios require robust protocols to avoid costly delays or disputes.

### LITIGATION AND REGULATORY PRESSURES

Escalating jury awards and compliance requirements make disciplined claims handling essential in mitigating liability and reputational risk.

### CLIENT EXPERIENCE AS A DIFFERENTIATOR

Transparent, empathetic and efficient service remains the ultimate test of value for discerning households.

# THE BEST CLAIM IS THE ONE YOU NEVER HAVE

Clients who treat mitigation as a strategic investment — and go beyond the basics of mere compliance — enjoy less claims and, correspondingly, better outcomes (rates, coverages, etc.) from the market.

Insights from RPS's Mid-Year State of the Personal Lines Market (2025 Mid-Year State of the Personal Lines Market | Risk Placement Services) show that flexibility and risk differentiation are critical. Carriers are watching loss trends closely and reunderwriting books and making rapid adjustments. Staying ahead of the renewal dates and demonstrating mitigation efforts strongly influence capacity, pricing and long-term insurability.

**Key mitigation efforts include:**

- Wildfire and storm hardening
- Smart home monitoring and sensor adoption
- Updated appraisals for homes, collections and specialty assets
- Organized pre-loss documentation and inventory management
- Liquidity planning for climate-driven disruptions

> We partner with our clients to prepare for the unexpected, should the unfortunate occur.

**LAILA BRABANDER**

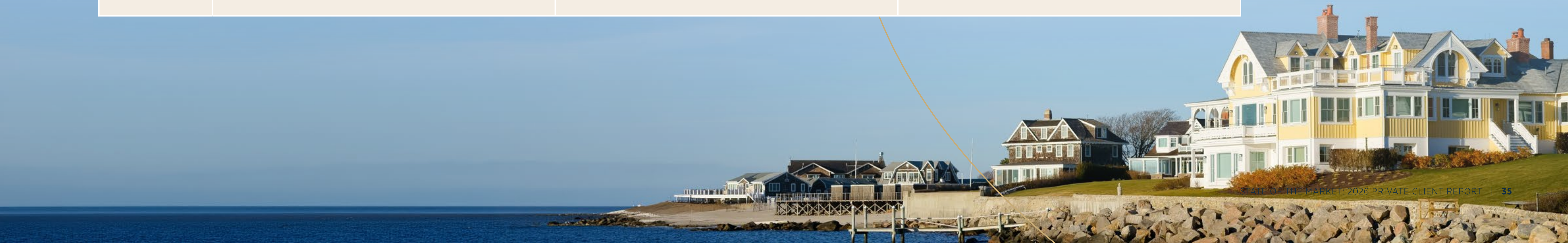
**President, Gallagher Private Client**

This mindset separates the clients who secure favorable terms from those who face preventable coverage gaps. Gallagher's Claims Advisors partner with our clients to improve claims outcomes and prevent them through risk mitigation as well.

Carriers are also expanding requirements around water-leak detection. The three market-leading water-leak detection solutions are now standard recommendations, particularly for secondary or high-value homes where water losses drive a large share of claims.

# CLAIMS OVERVIEW 2023-2025

| | Top categories | Insights | Impact on HNW portfolios |
|---|---|---|---|
| 2023 | – Catastrophic hailstorms<br>– Regional flooding<br>– Burst pipes/interior water loss<br>– Post-pandemic auto claims | – Weather-driven volatility surged<br>– Water remained top non-CAT claim<br>– Repair inflation accelerated | – Higher homeowner claim frequency<br>– Elevated water-loss severity<br>– Rising auto repair cost pushed claim cost higher |
| 2024 | – Elevated hail activity<br>– Fire and lightning losses<br>– Auto parts and labor shortages | – Hail remained above historical levels<br>– High-value homes vulnerable to fire/lightning<br>– Auto frequency stabilized, but severity did not | – Continued upward pressure on property claims<br>– Increased rebuild costs for fire-exposed homes<br>– Auto severity driven by inflation |
| 2025 | – Hurricanes, floods, hail and wildfires<br>– EV and advanced-technology auto claims<br>– Social inflation and litigation funding<br>– Growth in personal cyber incidents | – Catastrophe losses remained elevated<br>– Automotive complexity increased repair times and costs<br>– Liability verdicts and settlements grew sharply<br>– Digital lifestyles expanded exposure | – Higher property claim severity across all perils<br>– Larger liability and umbrella payouts<br>– Increased demand for cyber coverage and response planning |



> High-net-worth clients require tailored insurance solutions that combine empathy for personalized service, carrier influence, superior coverage and analytics for proactive risk management — delivered through trusted advisors with technical and relationship management expertise to obtain optimal claim outcomes, ensuring peace of mind, trust, and protection for their assets, lifestyle, and legacy."

**ROLANDO ORAMA**

**Gallagher Regional Claims Advocacy Leader**
**Northeast Region**

## Personal insurance categories with the most claims submitted in 2025:

### AUTO INSURANCE

The highest number of personal insurance claims arose from auto-related incidents — covering collisions, theft, weather damage, and technology-related accidents.


A notable 14% spike in electric vehicle claims year-over-year.

### HOMEOWNERS INSURANCE

Heavy weather events like hurricanes, hailstorms, floods and wildfires contributed to a surge in homeowner claims.


Between January and March 2025 alone, over 160,000 claims were filed in Texas, representing roughly 20% of all US homeowner claim submissions during that timeframe.

[11,12]Gallagher | Top personal insurance claims in 2025, whatyou need to know

# 10 FORTUNE NOW FAVORS THE PREPARED

2026 presents a market reshaped by climate realities, global capital movements and the increasingly complex ways affluent families live, work and invest. Yet the market has also shown amazing resiliency in response to these challenges. Moving forward, stability for HNW clients will depend on disciplined preparation, accurate documentation to ensure clients are insured to value, and the thoughtful use of data-driven insight across property, portfolio and lifestyle decisions.

Families who approach risk as a strategic discipline rather than a transactional necessity will be better positioned to preserve higher limits and broader coverage through market cycles. With guidance from Gallagher Private Client advisors, their futures are protected with clear and confident advice that protects them and generations to come.

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