

Outlook 2025

Private Client

Ever-evolving risk requires proactive strategies to protect affluent families.



What to Expect in 2025

With traditional insurance coverage continuing to become more expensive and less easily available, a more proactive approach to risk management will be required. Affluent families will need to be increasingly cognizant of potential risks in their lives and take proactive steps to safeguard their loved ones, assets, personal data and financial security. Given their dynamic lifestyles and the ever-shifting risk environment, families need to be vigorously engaged in improving their resilience and managing their risk exposures. This will require more frequent, wider-ranging discussions with their risk advisors.

25%

of HNW respondents cited safety as one of their emerging top concerns, up from 15% only a year ago.

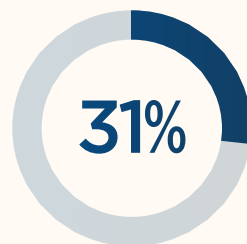
Source: HUB International 2025 Outlook High-Net-Worth Survey

With higher premiums come harder choices.

For many affluent families, risk management has become less a matter of how much premiums will cost and more an issue of how much financial risk they are willing and able to accept. Either by choice or due to lack of a better option, more families are assuming higher levels of exposure, a trend that is expected to continue.

As severe weather events continue to push insured losses to record levels across North America, the cost of coverage continues to rise. Carriers are steadily reducing their exposure to the highest risk areas — some carriers have exited catastrophe-prone areas altogether — rendering some of the highest value homes in regions more susceptible to wildfires and hurricanes all but uninsurable. Not surprisingly, 69% of the respondents to the HUB International 2025 Outlook High-Net-Worth Survey¹ reported that they have faced challenges securing sufficient property insurance in the past year. The solution for some is to redefine what they consider to be “sufficient.”

Most HNW families are already engaging in some level of [self-insurance](#), typically by setting deductibles higher or dropping riders to reduce their premiums. The small but growing number who are choosing to fully self-insure



Only 31% of high-net-worth families are willing to accept greater financial risk to lower their insurance costs, a decrease from 39% in 2023.

face a far more complex set of issues. That's largely because the value of insurance goes well beyond claims settlements. Carriers who work with affluent families typically provide services to improve resiliency, issue warnings when major weather events are imminent and mobilize recovery vendors and contractors to repair damage. Those who self-insure would have to secure those services on their own.

As the trade-offs between the cost and level of coverage become more complex, it will be increasingly important for affluent families to work with a qualified risk advisor to determine the optimal balance.

1. HUB surveyed 200 high-net-worth individuals and their advisors on issues relating to risk tolerance, property and investment insurance coverage.

Case Study

A HUB client who purchased a \$1 million yacht had been declined coverage by several brokers, and the asset was uninsured. Working with a HUB Private Client Risk Advisor, the client was able to secure coverage through HUB's expertise and strong carrier relationships. As a result, the client further engaged HUB to evaluate all of his personal insurance policies.

Protecting the rising value of valuables.

In April 2023, a single pair of Michael Jordan's game-worn sneakers sold at auction for a record \$2.2 million.² While the proud owners would likely be able to secure insurance coverage, the situation may be quite different if the shoes had been damaged or destroyed before their value was documented. What lessons might this hold for other passionate collectors?

The collectibles markets are notoriously volatile, with prices tending to soar and retreat as different types of rarities come in and out of vogue. While there is little protection for market losses, there are important considerations for protecting the value of collectibles through proper storage and handling and for adequately insuring against loss due to damage or theft. For example, a collection of rare bourbon can lose most of its value if a backup generator does not kick in during a power outage, and the storage space temperature exceeds 70 degrees Fahrenheit. It can also easily exceed the standard rider on a homeowner's policy if a few cases go missing.

The best protection starts with a current assessment of the value of the objects you collect, particularly those that have become the latest hot commodity or an iconic status symbol, like Hermès Birkin bags. That value should be documented by a qualified appraiser, and depending on the nature of your collection, you may need experts to provide guidance on display, storage and transportation. Regardless, a risk advisor should be consulted so you understand the limits of your coverage and can determine how best to protect the investments you have made in the objects you value.

2. Sneaker Freaker, "[Michael Jordan's Six Game-Worn Championship Sneakers Sell For Record-Breaking \\$8 Million](#)," February 4, 2024.

Evolving threats at home, away and online.

The HUB International 2025 Outlook High-Net-Worth Survey revealed that affluent families feel an increasing sense of vulnerability. One-quarter of respondents said theft and accidents had a “high” or “very high” impact on their wealth, a 40% increase over the prior year. Nearly a third also cited cybercrime as having a negative impact. It is less clear whether those perceptions are in sync with the nature and magnitude of most likely threats.

Home burglaries in the United States trended down 3.8% from 2023 through 2024, though remained at a high level: 2.5 million burglaries leading to an estimated loss of \$3.4 billion.³ Of course, the threats to any given family are highly localized, and affluent families are well advised to have a thorough security review conducted.

A steady rise in international travel is creating an increasing level of risk for affluent families. Illnesses and accidents are the leading cause of losses, particularly in regions with less developed medical infrastructure.⁴ Insurance that covers rescue and medical evacuation costs is highly recommended for the more adventurous, as costs for those services can run as high as \$100,000.⁵

Cybercrime has become the leading criminal threat to the assets of high-net-worth families. Global cybercrime is projected to reach \$10.5 trillion by 2025, and ultra-high-net-worth families and family offices are prime targets.⁶ In fact, 79% of North American families report that the threat of cyberattacks has “increased dramatically in the past few years.”⁷ In addition to professional cybersecurity reviews, affluent families should consult their risk advisors to determine if cyber insurance policies are warranted.

Social inflation is driving liability claims far faster than can be explained by economic factors, contributing to a 57% rise in U.S. settlements over the past 10 years.⁸ Fifty-three

Case Study

A professional sports team experienced an office data breach, and one of the executives leveraged their relationship with HUB’s Private Client Risk Advisors to step in to mitigate the damage. As a result of HUB’s deep expertise in handling sensitive cyber events, the business was able to quickly resolve the issue, minimize impact and enhance safety protocols to prevent repeat events.

percent of HNW respondents to the HUB survey feel they have adequate liability coverage, yet a significant number of affluent families do not have umbrella liability coverage that covers their net worth, making it essential to review policies and limits with their risk advisor annually.

3. Securiteam, “[US Burglary Statistics 2024](#),” April 23, 2024.
4. Novo-monde, “[The risks of traveling and how to prevent them](#),” April 10, 2024.
5. Global Rescue, [Trip Evacuation Travel Insurance](#), accessed November 12, 2024.
6. Statista, “[Estimated cost of cybercrime worldwide 2018-2029](#),” July 30, 2024.
7. CNBC, “[Family offices become prime targets for cyber hacks and ransomware](#),” May 21, 2024.
8. Swiss Re, “[Litigation costs drive US liability claims by 57% over past decade, reveals Swiss Re Institute](#),” September 7, 2024.

Building resiliency and multigenerational legacy.

Looking ahead, the greatest threat to generational wealth is not wildfires or hurricanes, but the younger generation's awareness of the importance of assessing and proactively mitigating the many risks they will face. This begins with age-appropriate education, as early as elementary school when it comes to personal safety and privacy. As kids get older, increasing participation with family advisors can help make risk management a part of becoming a responsible adult.

There is also a more immediate issue on the horizon. The temporary U.S. federal gift and estate tax exemption, established in 2018, is set to expire in 2026. If no legislative changes occur before then, the exemption will return to its 2018 limits: \$6.03 million for individuals and \$12.06 million for married couples.

This change could affect over a million American households by subjecting them to increased federal wealth taxation. Families planning to transfer assets exceeding these limits should seek advice on minimizing tax liabilities through strategies such as trusts, family LLCs and other financial tools. This is particularly relevant for owners of privately held businesses who can significantly reduce their tax burden with proper pre-sale planning.

Wealthy families should also account for environmental risks in their long-term financial planning. Those wishing to retain primary or vacation properties for future generations should consider how climate-driven losses might affect the cost to maintain prominent homes, as well as their future value.



Navigating Your Next Steps

HUB Private Client Risk Advisors will work with you to develop a tailored strategy to protect your properties and assets and build resiliency for 2025. Here are some initial considerations:

1

Educate the next generation.

Retaining family wealth involves more than good investments and risk mitigation — it also requires preparing the next generation. Educate younger family members on how to manage risk. Ask your broker to participate in the discussion to answer questions and provide a picture of the family's exposures.

From installing wildfire-resistant landscaping and water sensors to upgrading cybersecurity, a little risk reduction can have an outsized impact on increasing your insurability. Don't forget to protect your other assets: Adequately safeguard valuables, store fine art in temperature- and humidity-controlled rooms, and dock your yacht at a marina with 24-hour security.

2

Invest time and money in mitigation measures.

3

Consider unconventional insurance options.

Today's challenging insurance marketplace requires creativity. Don't be afraid to look into options beyond the traditional marketplace, including securing coverage from unique wholesalers. From excess and surplus (E&S) coverage to self-insurance options, your broker can find the best mix to mitigate risk for generations to come.

Let your insurance broker know about any major life changes or planned property purchases to ensure you're as protected as possible. Review exposures and insurance needs at least 90 days prior to your policy renewal to allow your broker to find the optimal mix of coverage for your family's needs.

4

Be transparent with your broker.



Private Client Rate Guide — U.S.

HUB International's rate guidance comprises an analysis of proprietary national survey data and interviews with HUB personal insurance brokers and risk services consultants who specialize in serving personal lines business.

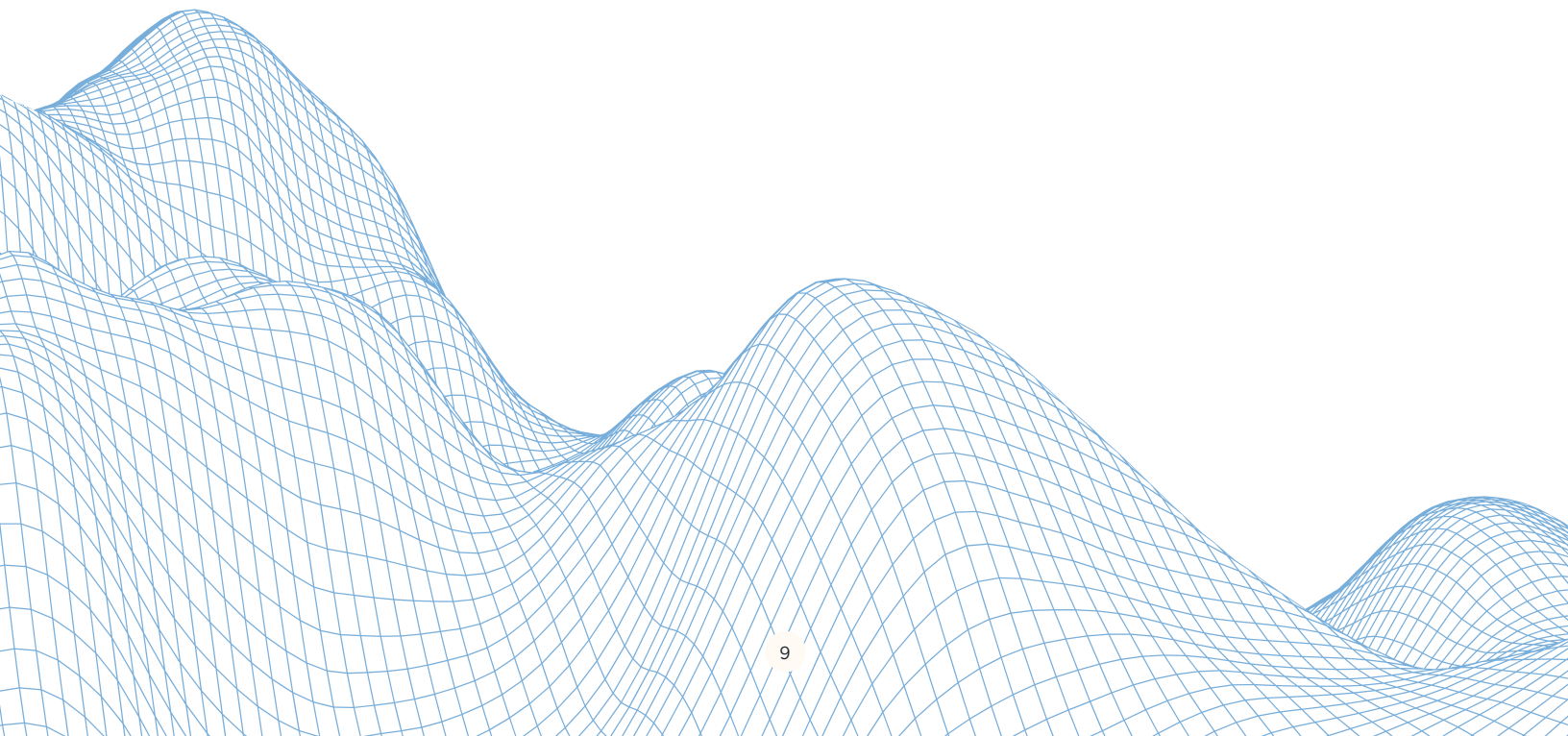
On average, rates for middle- to upper-middle-market companies are experiencing rate increases for nearly all coverages as carriers need additional premium to support increased losses and expenses. Below are projections of rate increases that we anticipate in 2025. It's important to discuss your unique exposure with your insurance broker and understand what to expect well in advance of your next renewal.

Coverage	2024 Private Client Rate Guide	Insights
Auto	+8% to 10%	The market is striving to achieve adequate rate levels within state regulations, a process that is anticipated to take several years. Rate increases for autos persist to counterbalance rising costs for labor, medical and replacement vehicles. The increased use of vehicle technology has also affected the value of replacement parts and influences the need for additional rate. Distracted driving is the main source of claims activity, an underwriting concern for both frequency and severity. The uptick in auto claims from natural disasters (flood, hail, etc.) compared to previous years remains a pain point.
Homeowners	+10% to 12%	Capacity continues to tighten in some regions, including the Midwest, prompting carriers to leave the market entirely than increase rates. Unprecedented challenges driven by natural catastrophes, such as wind, flood, earthquake and wildfire losses, continue to affect the homeowner's market. State insurance funds can offer crucial property insurance where the private market might fall short, providing broader coverage access for owners in high-risk areas. Rates continue an upward trajectory due to increased labor costs and shortages, elevated claims activity and extended timelines for repairs and rebuilds.
Personal Umbrella	+10% to 15%	Social inflation remains a primary underwriting concern for umbrella policies, especially in jurisdictions with a history of high-dollar verdicts. Expect increasing severity and frequency of auto claims to raise personal umbrella premiums.
Catastrophic Perils	+10% to 12%	Underwriters continue to grapple with the onslaught of extreme weather-related events — convective storms, wildfire and the Atlantic wind/hurricane season (June 1 to Nov. 30). Expect rising reinsurance costs to drive rate increases for catastrophic-exposed areas. Fewer traditional homeowner insurance companies are writing risks in CAT-prone areas. Many homeowners may need to tap into state insurance funds or the non-standard excess and surplus (E&S) markets for coverage, which is typically priced 30% to 40% above the standard market.

Private Client Rate Guide — U.S.

Coverage	2025 Private Client Rate Guide	Insights
Specialty; Motorcycle, RVs, Watercraft	+5% to 10%	Much like the automobile market, specialty coverage lines will increase to offset losses driven by labor costs, vehicle replacement costs and medical expenses.

NOTE: *Rate* is typically defined as the amount of money necessary to cover losses and expenses while providing an insurance company with a profit for a unit of exposure. *Exposure* refers to a business' or individual's susceptibility to various daily risks. Carriers evaluate the level of risk an insured faces in calculating insurance premiums.



HUB Private Client

When you partner with us, you're at the center of a vast network of experts who will help you reach your goals. For more information on how to manage your insurance costs, reduce your risk and take care of your employees, talk to a HUB Private Client Risk Advisor.

\$1B+

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