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New Research Examines How Wealthy Families Protect Their Assets

*Family Office Exchange and Frank Crystal & Company
produce first study on how wealthy families approach insurable risk*

CHICAGO and NEW YORK, Sept. 14, 2010 – Family Office Exchange and national insurance brokerage firm Frank Crystal & Company today announced the release of a nationwide study of insurance practices among wealthy families and family offices. Much has been written in the past few years about managing the risks to a family’s investment assets, but little has been said about the substantial risks to a family’s assets from lawsuits, natural disasters, identity theft, and other insurable exposures.

“Our family office clients often ask us how other family offices approach insurance,” says Jonathan Crystal, executive vice president of Frank Crystal & Company. “This study provides our clients and other family offices with benchmarks from which to compare their practices with those of their peers and with tools to assist them in adopting the best practices that are most relevant to their unique circumstances.”

The six-month study entitled “Insurance Matters: A Case for Strategic Insurance Planning” – the first of its kind – surveyed more than 100 participating family offices to assess their attitudes and behaviors toward insurance, as well as the ramifications for sustaining wealth across multiple generations.

“Families and family offices take a wide range of approaches to insurance. Those that are strategic, however, achieve significant benefits – enhancing their coverage, reducing the potential for loss and lowering their costs,” says Bill Fride, research analyst for Family Office Exchange and lead author for the study.

Four best practices for managing non-financial risk among families and family offices that approach insurance strategically:

- *Develop a systematic process for aligning risk exposures with risk management strategy.*
The risks perceived by families and their advisors often do not align with the severity of family risk exposures. This means family office executives must develop new techniques for assessing the risks facing families, continually monitor changing family circumstances and enlist the support of third-party experts in assessing and mitigating non-financial risk.
- *Leverage the buying power of the family.*
Wealthy families can improve their overall protection and receive more favorable pricing by leveraging group purchasing strategies. The recession and heightened cost-consciousness present an opportune time for family offices to motivate family members to reconsider the benefits of a group purchasing strategy and to take action.

- *Extend insurance coverage and services to the next generation.*
The behavior of younger family members can put an entire family's assets at risk. Effective risk management requires office executives and insurance advisors to have a deep, multi-generational understanding of the family's financial and personal situations.
- *Outsource insurance to an expert.*
While data suggest that many family offices relegate their broker to a limited support role, a good broker is able to identify the best insurance structures for complex and diverse family groups, and recognizes the insurance implications of changing family situations. Family offices should serve as insurance service coordinators and rely on their insurance advisor for issue expertise and support.

"Every family office is charged with the dual responsibilities of preserving and enhancing family wealth," says Paul Funk, executive managing director of Frank Crystal. "While investment and financial planning has long been a central focus for almost every office as a key means of wealth enhancement, we are hopeful that more offices and families will recognize the full value of insurance as an essential tool for wealth preservation."

To request a copy of the study please visit www.foxexchange.com/insurance/ or <http://www.frankcrystal.com/InsuranceMatters/>.

About Family Office Exchange

Family Office Exchange is a definitive source of knowledge and best practices associated with the business of managing family wealth. Founded in 1989, FOX provides industry knowledge and wealth owner education to more than 500 members in 22 countries from offices in Chicago and London. For more information, visit www.familyoffice.com.

About Frank Crystal & Company

Founded in 1933, Frank Crystal & Company is one of the largest privately held insurance brokerage firms in the United States. Headquartered in New York City, the company has more than 400 employees and regional offices in Miami, Houston, Palm Beach, Philadelphia, Portland, San Francisco, Southampton, and Washington, DC. As the alternative in insurance brokerage, Frank Crystal provides industry-leading insurance services, solutions, and counsel to corporations as well as individuals. The company provides a highly consultative approach, leveraging its insurance advisory, claims management, risk control engineering, and administrative expertise to the benefit of its clients. For more information, please visit: www.frankcrystal.com.

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