

# HOUSEHOLD EMPLOYMENT BEST PRACTICES

By Mark Battat

Affluent families with large households have sometimes had a substantial domestic staff to help maintain their homes and lifestyles. A typical staff would include a butler, several maids, a cook, chauffeur, laundress and gardeners.

Some staff members were retained by the same family for decades, others would come and go. In years past, staffing needs were handled by a specialized agency or by word of mouth. While duties for each staff member were structured, the practice of employer security was non-existent, and insurance products for household staff were not available.

Today, hiring and managing a household staff requires the same acumen as running a business. The following best insurance practices will help ensure your personal safety as well as the safety of those in your employ.

## SCREENING EMPLOYEES

Whether you hire your employees through an agency or by word of mouth, the first step is to do a background check of the candidate who meets your qualifications. This can be done through a highly qualified household employment management company. Chubb and AIU Private Client Group Insurance also offer complimentary background checks for their clients' prospective employees.

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# MITIGATING THE RISKS OF HOME INVASIONS

By Paul Michael Viollis, Sr., Ph.D.

The nationwide escalation in home invasion robberies targeting affluent individuals, sports figures and celebrities makes taking precautions to protect one's home and family imperative. According to the FBI's Uniform Crime Report, there were over 1.4 million home invasions in the U.S. last year, and household robberies increased by approximately 8% over the previous year.



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Personal residences remain attractive to criminals targeting the affluent. The responsibility to protect home and family continues to rest primarily with the individual homeowner. This issue is exacerbated by the ever-increasing personal information available on the internet, which can provide a snapshot of an individual's net worth and lifestyle.

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If you have a household staff, you may wish to work with a specialized household staff management company that can oversee budgets, risk analyses, employee screening and discipline.

## THE BASICS: INSURANCE PROGRAMS FOR HOUSEHOLD EMPLOYERS

If you are a household employer you need to have the right insurance programs for your domestic employees. At a minimum, the “big three” need to be in place before a domestic employee crosses the threshold of your home:

### EMPLOYMENT PRACTICES LIABILITY INSURANCE

Let’s say you terminated your cook’s employment. A few weeks later you are served with papers for a lawsuit from said cook claiming wrongful termination. Maybe the cook sues for discrimination or alleged sexual harassment. Whatever the reason, EPLI insurance provides liability coverage for you as an employer up to the dollar limit of your policy, generally subject to a deductible. EPLI insurance also includes attorneys’ fees.

### EXCESS EMPLOYMENT PRACTICES LIABILITY

Excess EPLI limits are available; limits vary by carrier. The Excess EPLI coverage does not come into effect until the underlying EPLI limits are exhausted. With some companies, there may be a deductible involved.

### WORKERS’ COMPENSATION

Workers’ Compensation insurance is designed for employees who injure themselves on the job. Workers’ Compensation laws vary by state, so it’s important that you know how an employee qualifies for compensation in your state. Generally, this coverage does not cover disease unless it is caused or aggravated by the conditions of employment.

## FISCAL STEWARDSHIP

A well managed household includes establishing best practices for fiscal stewardship. For instance, if you have a cook who is allowed to charge groceries to your account, a personal assistant who is allowed to purchase goods on your behalf using a check or credit card or a bookkeeper who is authorized to pay household bills, you need to have well defined checks and balances to safeguard your assets and prevent any alleged fraud or embezzlement. But should such a situation arise, you need to have insurance coverage in place to limit your losses. Some insurers offer an Enhanced Identity Theft coverage that includes fraud as an endorsement to a Homeowners policy; some offer limits up to \$100,000.

## SAFEGUARDING VALUABLE ARTICLES

Whether you have full-time or occasional workers in your home, it is very important to make sure that your valuables are properly secured and insured. First and foremost is to purchase a Valuable Articles policy that allows you to schedule individual jewelry, fine arts, silver, collectibles or other objects that are valuable and can be easily stolen.

This special policy features no deductible and many insurers include an extended replacement cost feature to provide additional coverage should the replacement item cost a bit more than it is presently insured for.

In addition to the policy, consider these other safeguards:

- Keep all jewelry in a safe system and keep the combination between you and your spouse only
- Keep your silver in a lined and locked cabinet which can only be opened by yourself or your spouse

Make sure both the safe and the silver closet/cabinet are connected to your home’s security system.

## CONSIDER HIRING A COMPANY TO OVERSEE YOUR DAY-TO-DAY MANAGEMENT

Many families, especially those with homes in more than one location and extremely busy lifestyles, have turned over the management of their long-term and day-to-day operations to professional household management companies. These are specialized companies that not only coordinate staff hiring, but can handle additional tasks, including budgets and health insurance. See your Private Client Advocate for further assistance.



*Home Invasions continued from page 1*

The horrific lifetime ramifications of a home invasion robbery can be greatly reduced through a variety of security measures. However, the cookie-cutter approach to security only works in the most fundamental cases; it is seldom based on an evaluation of an individual's full and unique dimension of risk. Installing a comprehensive security system, hiring security guards or surrounding property with high gates and guard dogs may be effective, but not necessarily the best solution.

A security specialist can identify all vulnerabilities and develop a holistic security solution based upon the risks attending your entire family. This individual should be able to devise a solution which protects the family through a combination of proven mitigation strategies and cutting-edge technology.

## RECOMMENDED PRACTICES

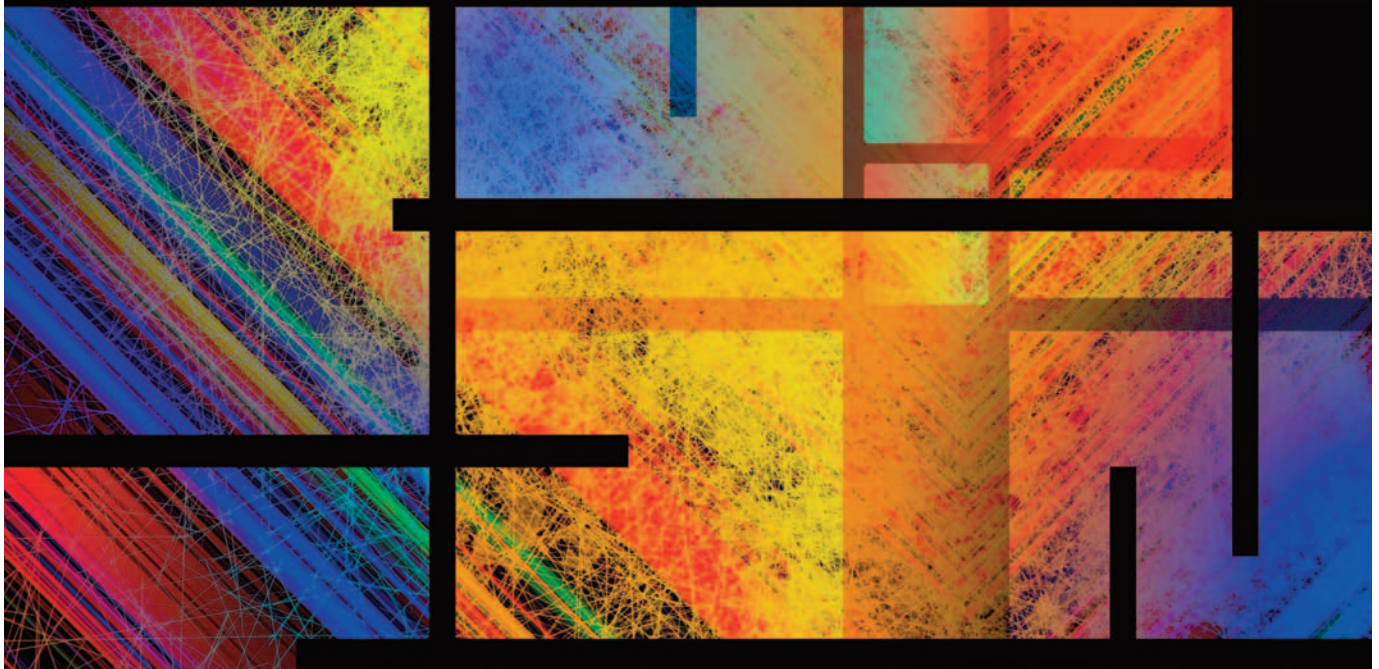
- Conduct a professional "Lifestyle Risk Assessment."
- Install a layered and integrated preemptive physical security system. This provides an early warning that an intruder is on the premises prior to reaching the residence.
- Conduct thorough background investigations on all those in your inner circle.
- Protect all communications through a secure server within the residence.
- Never open an access door unless you know and can see who is there. Use of a voice/intercom and CCTV will assist with this.
- When building and/or renovating a home:
  - Never allow your building plans to be left on display at the site
  - Conduct thorough background investigations on all contractors, companies and key individuals taking part in the project
  - Conduct security sweeps of location upon completion of the project

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## DID YOU KNOW THAT...

- Residential robberies/home invasions increased 19% from 2006 to 2007?
- 80% of the crime perpetrated against the affluent community can be traced to a source from within?
- A home with a security system is three times more likely to be burglarized than one without?



# TOP 10 CONSIDERATIONS WHEN STORING YOUR ART, ANTIQUES OR COLLECTIBLES

By Howard Goldman

Whether you're moving, taking an extended vacation, have inherited a house full of antiques, or simply cannot fit another painting into your home, you need a place to keep your valuable collections safe and secure. There's no shortage of fine art storage facilities out there, but if you're not sure what to look for, it can be hard to gauge which ones will truly take care of your collection. When choosing who will be keeping your art safe while it's out of your hands, look for:

**1. FLEXIBILITY** – With all of the finely calibrated elements required to ensure the protection and preservation of your valuable collection, one might think it impossible to find a storage company that could accommodate the specific needs of every individual. But the ideal facility must do just that. Find a storage company with customizable options in all areas that apply to your collection. Be sure that they work directly with their customers to develop crating and storing options that best fit each collection.

**2. CLIMATE CONTROLS** – One of the biggest dangers facing your fine art, antiques or collectibles is moisture and uncontrolled temperature. Paintings can deteriorate, furniture veneers can warp, collectibles such as comic books or photographs can be totally destroyed by moisture. Be sure your storage company has complete control of their facilities' humidity and temperature, and a proper ventilation system (including an air purifier).

**3. FACILITY SECURITY** – Most fine art storage facilities will claim to be secure, but it's up to you to find out exactly what they mean by that. A steel door is great, but how thick is it? How thick are the walls and the ceiling? Recorded surveillance and alarms on the vault door are excellent features, but are there measures, such as motion or audio sensors, to alert staff before humans or objects get that close to your vault? You also might want to consider access controls. It's often wise to require two keys and two people to open a vault door.

**4. MONITORING SERVICES** – Security and climate controls are important, but without the means to monitor these elements 24 hours a day, something could still go wrong. Make sure the vaults are equipped with sensors that alert staff at the first sign of questionable moisture or heat. Also, be aware that a few storage facilities allow their clients to view their vault from home through their digital security cameras. And, of course, nothing beats on-site, trained security around the clock.

**5. VAULT CONSTRUCTION** – So many factors come into play when considering a secure and temperature-controlled vault, it can be daunting to capture all the loose ends. Keep your eye on some of the most important aspects, such as fire ratings and accessibility. Not sure what to look for? Ask your storage facility if they have been certified by a qualified insurance firm, such as AXA.

**6. INSURANCE** – Chances are your artwork is already insured through your personal or business property insurance company, but if it isn't, the facility most likely has an insurance plan you can purchase. Also, don't be afraid to ask the facility about their own insurance.

**7. CONTROL YOUR VARIABLES** – A storage facility adjacent to another building does not have full control of their security or safety. While your collection could be perfectly safe, a close neighbor adds variables into the equation that are unnecessary and simply increase the risk factor. Be sure your art, antiques or collectibles are stored in a stand-alone building.

**8. PROPER PREPARATION, CRATING AND TRANSPORTING** – If you need to transport your art to the facility, you should look for a comprehensive package. Fine art storage and fine art transport are not mutually exclusive fields; both require expertise in climate control and security. With a company that specializes in both transport and storage, you know that from the moment the mover arrives, your art is in good hands.

**9. VIEWING OPTIONS** – Your art should be secure, but that doesn't mean you shouldn't be able to access it. You should be able to easily view your collection using private viewing rooms, or through secure, online access to your inventory.

**10. THE VALUE OF YOUR ART** – When all of the above factors are in place, what makes the difference in your choice of a storage facility is this: how much your art is worth to you. An item shouldn't have to be worth six figures to be protected and preserved with the utmost care. Whether your painting is worth \$500,000 or \$500, when you put your item into storage, it should be treated as precious. Make sure your storage facility feels the same way.

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*Howard Goldman is COO of Mind's Eye, a fine art vaulting and transportation company in the greater Boston area. You can learn more about Mind's Eye by visiting on the web at [www.imaginemindseye.com](http://www.imaginemindseye.com) or by emailing [hgoldman@imaginemindseye.com](mailto:hgoldman@imaginemindseye.com)*

## PERSONAL SECURITY

by Steve Robinson

Changes in the area of personal security over the past decade have been dramatic and the challenges associated with those changes are substantial. To meet them and safeguard your personal security in today's environment, you must be flexible, alert and, most importantly, understand that these things are not happening only to a select few, but pose a genuine risk for a growing percentage of the population. Fallout from the depressed economy, criminal and terrorist activity, technological and cyber advances – all pose threats to privacy and security that won't wait for you to catch up.



## HELPFUL HINT

### CELL PHONE DOS AND DON'TS

Recently, a client's purse - which held her bank information, credit cards and her cell phone - was stolen. The thief used her cell phone to text her husband for their bank account's pin number and then withdrew money from their checking account. Right after she called the insurer and her mobile phone provider, she called her husband.

"Didn't you receive the pin number text I just sent you?" he asked.

Some lessons learned:

- Avoid using such names as "Home," "Husband," "Wife," "Mom and Dad" as contact names.
- Never, ever store any personal information in your cell phone.
- Whenever you receive a text message requesting sensitive information, **DO NOT RESPOND!**
- You may wish to set your mobile phone to automatically lock on power-up. You would have to manually unlock the phone to make an outgoing call, but you would save yourself time and loss in the event it is ever stolen.

You have to be ready now to protect your wealth and the well-being of those you love.

Your personal security is vulnerable on many fronts.

- Physical threats and intimidation can arise from an altercation, being in the wrong place at the wrong time or being targeted as a result of a business dispute or grievance.
- Perceived or recognized wealth can attract sophisticated criminal elements that are prepared to go to great lengths to penetrate your personal security.
- The public domain and social networking sites offer access to your personal information, such as your social circles, business domain, spending habits or wealth management arrangements/partners.
- Piracy presents a risk to yacht owners, depending on where they sail. The French yacht attacked by pirates off the coast of Somalia earlier this year is a case in point.
- Extortion threats or the kidnapping of a family member are more prevalent in other countries, but certainly not unknown in the U.S., with an increasing number of incidents in states bordering Mexico. As criminals become more sophisticated, we expect to see more wealthy individuals, heirs and heiresses kidnapped with more sizeable ransoms demanded.

Kidnapping and extortion constitute a significant revenue source for drug cartels, criminal gangs, guerrillas and other corrupt elements. Continuing its long history as a kidnapping hotspot, Latin America is host to nearly 50% of all global kidnappings, most notably in Mexico, Venezuela, Colombia and Brazil. Other vulnerable locations include Honduras and Guatemala in Central

America, Haiti in the Caribbean, Nigeria and Somalia in Africa, Iraq, Pakistan, India, Afghanistan and the Philippines in the Middle East and Asia. Targets vary in these countries from expatriates or local nationals of foreign corporations to local businessman and the independently wealthy. In the last year we have seen wealthy individuals targeted in Bulgaria and Greece, proving that you don't have to be in a hotspot to be at risk. And in Finland, as recently as June 2009, the 26-year-old heiress of a billion dollar manufacturing company was held for 17 days and released for a reported ransom of EU 10M (U.S.\$14M).

The traditional planned kidnapping, which in the past most often targeted the ultra-high-net-worth individual, has evolved into faster, rawer forms affecting a wider swath of society and presenting lower rewards but less risk to the kidnapers and fewer logistics for them to manage. So-called *express* kidnapping is prevalent in Mexico and Brazil, particularly in the densely populated Mexico D.F. and Sao Paulo. Kidnappers simply go "fishing," identifying a victim in public by their perceived wealth (clothing, car and/or high-end shopping bags). The victim is accosted and held for a short period. Most likely, they will be relieved of their possessions, forced to withdraw cash from ATM machines and driven around for a few hours to disorientate them, heighten their anxiety and possibly to physically assault them. This is a short but potentially traumatic ordeal. The perpetrators will be keen to extract what they can in a matter of hours and then put distance between themselves and the victim, moving on to their next target.

When travelling outside the U.S., whether on business, vacation or to a family residence, you should be aware of potential dangers and behave accordingly. Physical security at the hotel or your residence is likely to ensure your safety while there. When you are mobile, however, you are at greater risk and more of the responsibility for your safety is in your own hands. Remember, personal security should complement, not compromise lifestyle. Remain alert at all times and be mindful of your movements and visibility. Ways to alter your physical appearance to blend in may be limited; however, you can

control your behavior to increase or reduce the attention you draw to yourself. You can avoid the wrong parts of town at the wrong time of day, take care when arriving or leaving the airport, the hotel, residence, restaurant or shopping mall. All of these things will help you avoid some very unpleasant encounters, and if developed as good habits, will stand you in good stead wherever you are.

Phantom kidnapping is also on the rise. Calls are made, often randomly by someone claiming to hold a family member captive. They may put a hysterical child on the phone to create the illusion they have your son or daughter. They will demand a sizeable sum of money – but an amount small enough so that you can access it in haste. They work inside a small window of opportunity, perhaps when they have ascertained that your child is out of cell range – maybe at the movies or a nightclub. Be ready for this scenario so that you can keep a clear head. Response to initial telephone demands is critical. To determine if this is a hoax, you need to create time to verify the safety, or otherwise, of your family member.

## A SPECIAL RISKS PROGRAM

This enables you to comprehensively manage the risks of kidnap, extortion, detention, hijack and physical threats facing you and your family. It offers access to prevention consulting services, secures crisis response consultants should an incident arise and provides insurance protection for defined costs incurred in securing resolution of an incident and post event. This combination of insurance and consulting services is typically provided for an annual or three-year period. Such a program will help you in the following ways:

### SECURE CRISIS RESPONSE CONSULTANTS IN THE EVENT OF AN INCIDENT

This coverage guarantees they are present to assist you throughout the ordeal. Their objective is to support you in securing the safe and timely release of the victim while discouraging future targeting. There are a small number of crisis response firms with

expertise in this specialized area; consequently, the field of insurers is limited to those with underwriting expertise and a retainer arrangement with a crisis response firm. While involvement of the response consultant is crucial, their role is advisory; you determine the direction and make the decisions throughout.

### ACCESS PREVENTION CONSULTANTS TO IDENTIFY AND REDUCE YOUR RISK EXPOSURE

Given the faster forms of kidnapping that have evolved, prevention consulting is particularly invaluable in sharpening your awareness of the risk to help you avoid it, and should the worst still occur, be ready with the wisest response to ensure a good outcome.

### TRANSFER THE FINANCIAL COST INCURRED TO RESOLVE AN INCIDENT

Traditional kidnap and extortion cases are best handled with the support of an experienced crisis response consultant. The most cost-effective route to securing such assistance is through Special Risks insurance, which provides immediate and priority response and covers their fees and expenses to an unlimited extent.

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*Special Contingency Risks (SCR), a division of Willis, is a global leader in developing Special Risks programs that provide insurance and security solutions to address kidnap, extortion and related security perils. SCR serves an extensive client base of corporations, organizations and wealthy families and is dedicated to providing consultation with absolute discretion and confidentiality. With 40 Associates and offices in London, New York and Miami, SCR is well positioned to serve Willis clients, accessing all available insurers and crisis responders in the U.S. and London. Beyond insurance, SCR delivers prevention consulting services through a team of six security specialists, formerly of the British Special Forces (SAS), Metropolitan Police and the private security sector. Contact Steve Robinson (steve.robinson@willis.com or 212 915 8630) or your Willis Client Advocate® to discuss a consultation with SCR.*

**Security as a state of mind requires an innate sense of vigilance with the least intrusiveness on lifestyle.**

**Nevertheless, to be effective, it requires a 24/7 commitment on the part of all family members who must be made aware of potential threats and remain alert to suspicious activity or behavior.**

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