



BIG STAKES

Protecting your top clients during their window of opportunity

By Chris Lack & Frank Zuccarello

Time flies. We say it all the time. Last summer we watched Ken Griffey Jr. hand out the MVP trophy at the MLB All-Star Game and instantly flashed back to when he was smashing home runs and climbing walls to snatch potential homers like it was yesterday. We also recently watched Marissa Tomei dazzle in *Spider Man: No Way Home* and flashed back to when she first stole our hearts in *My Cousin Vinny*. We reflect on their brilliant careers and at the same time we look back and say, “Where does the time go?”

These are exceptional talents who took full advantage of their windows of opportunity when they had it. They are superstars in their perspective fields and the exception to the rule as far as longevity goes.

But most people won’t get elected to the Baseball Hall of Fame or win an Oscar for Best Supporting Actress. And those are the people who had better be listening when opportunity knocks.

According to *USA TODAY*, the average career span of professional athletes is:

- NFL: 3.5 years
- NBA: 4.8 years
- MLB: 5.6 years
- NHL: 5.5 years

The entertainment world isn’t much better. For every Rolling Stones there are hundreds of one-hit wonders. For every Samuel L. Jackson there are countless actors who were touted to be “the next big thing,” but who now star in Lifetime TV movies.

Superstars in your arena

But how does all this apply to the corporate world, where the overall career of a CEO or other important

decision-maker usually spans quite a few more years?

First off, let’s discuss what they all have in common: While they are all superstars in their chosen profession, none of them knows when a potentially career-ending disability might hit. If you’re a singer and develop vocal cord nodules just before going on tour ... or you’re an entertainer and you literally break a leg before shooting the next big superhero film ... or you’re a running back and get blindsided by a 300-lb linebacker, you don’t work—perhaps even for a long time. Or forever.

The corporate world is no different; CEOs don’t live in a bubble when they leave the office. Life happens and sometimes it happens hard, whether it’s getting into a car accident after dropping the kids off at school or receiving a life-changing diagnosis. You never know when a career ending injury or serious diagnosis is going to happen.



But if it happens, and suddenly you're out of work during your key earning years, it's going to wreak havoc on your lifestyle. For your exceptional clients, the conversation around disability insurance shifts from maintaining their expenses in the event of a disability to protecting generational wealth and legacy.

Let's use Los Angeles Angels' outfielder/pitcher Shohei Ohtani to help illustrate the point. Being touted as the first potential \$500 million player when he enters free agency at the close of the 2023 season, Ohtani would be putting all his eggs in one basket and hoping the next slide into second base doesn't put him on the injured reserve list. Even though he'll only be 29 years old when he enters free agency, this could be his last big payday as most experts believe a 10 to 12 year deal is imminent.

It's the same for an entrepreneur launching a new business, looking to

have a business acquired, or looking for a takeover. When they go on a road show, they are also putting all their eggs in one basket while looking to make their big deal. If they become disabled or die along the way, that could be a showstopper.

We recently worked with an individual who specialized in designing and managing a chain of successful seaside luxury boutiques located in ultra-high-end hotels. The client sought a private

2. Look at your book. Most likely you already have these clients that hold promise in the top 5% of your book. Review their disability coverage. Does it fully protect their income at a 60% income replacement ratio? Did they receive a big pay increase or bonus in the last year that might not be factored in?

3. Really know your client. Are they spending more each month than what their current disability insurance

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equity (PE) investment of \$50 million to expand his already growing empire, which was valued at \$75 million.

Not taking a salary for three years and reinvesting all profits held up the PE firm from procuring death protection after deploying \$50 million of capital into the operation. We were able to bind \$50 million of accidental death insurance to protect the PE firm while the entrepreneur traveled the world, and the traditional life insurance was underwritten. He had some peace of mind, while taking full advantage of that unique window of opportunity.

It's not unusual for entertainers, athletes, and CEOs to receive an advance, either for a bank loan or, perhaps, to go on tour. For example, an A-list entertainer is about to go on tour and the promoter who wants their services may advance the entertainer \$10 million so they can oversee the tour operation. They inform the artist, "As you make it back, we will get paid back."

What happens if the entertainer goes down and must cancel the tour outright because of either death or a disablement? The promoter would have needed an insurance policy on the entertainer to recoup their advance.

Making an impact

Although it's been said that opportunity knocks, why not take advantage of that open window to allow easier access to good fortune for superstar clients and prospects? Here are four areas you could focus on:

1. Engage centers of influence, attorney groups, CPAs, board members, etc. Connect with these groups on a regular basis, provide them with value, and be sure to reciprocate their referrals by providing referrals back. Note, this is a long game strategy. Trust needs to be established.

would cover in the event they can no longer work? Break down any lifestyle changes that could happen if they become disabled. For instance, would a disability mean no more private school for the kids, no second home, no fancy vacations, etc.?

4. Reposition disability insurance. Advisors may need to change their mindsets when working with high-income-and-soon-to-be-high-net-worth clients and shift their attention to these clients' goals. Some questions to consider for your next meeting: How big do they want to build their estate? How much generational wealth would they like to create? How much do they want in the bank following the sale of their business? When domestic carriers get maxed out, there is a solution through the resources found in the Lloyd's of London marketplace.

Whether clients and prospects are hitting the boards or conducting business in a boardroom, taking the stage or staging a road show, it's important for advisors to keep that window of opportunity as wide open as possible. Because once it closes it rarely opens again. ■

The authors

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