SEIA
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The SEIA Report

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Beyond Standard Coverage: The Essential ABCs of Property & Casualty Insurance

By David A. Robertson
JD*, CFP®
Partner

For individuals and families with significant assets, protecting what you've built requires more than standard insurance policies. Property and Casualty (P&C) insurance is a cornerstone of comprehensive wealth protection, yet its nuances are often misunderstood. In a time marked by increasing climate volatility, highlighted by events like the devastating California wildfires and other natural disasters, understanding and optimizing your P&C coverage is not just prudent—it's critical. This guide breaks down the essentials into the ABCs, helping you navigate this complex landscape and take steps to better shield your assets and lifestyle.

A is for Assets
Protecting Your Valuable Property

The 'Property' component of P&C insurance is designed to help protect your physical assets against damage or loss from various perils such as fire, theft, vandalism, and natural disasters. For many individuals, "property" extends far beyond a primary residence. It encompasses large estates, custom-built homes, secondary or vacation properties worldwide, and significant collections of personal possessions.

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*Licensed attorney, not currently practicing. SEIA is not engaged in rendering legal, accounting, or tax services.

"I believe successful wealth management is the result of an ongoing collaboration between investor and advisor, built upon trust and maintained according to the highest standards of integrity and knowledge."

Brian D. Holmes
MS, CFP®, AIF®
CEO

ABOUT SEIA

Signature Estate & Investment Advisors, LLC® (SEIA) is an investment advisory firm offering Investment Management and Financial Planning Services. Our experienced team of professionals collaborates with you to create customized investment, estate, or financial plans that address your unique goals and objectives. Our commitment to successful wealth management is built upon deeply-rooted and meaningful client relationships, a key driver in our 25 years of delivering client-centric wealth management solutions.

Hampton Adams Promoted to Partner

Hampton C. Adams III
MBA, AIF®
Partner

We're excited to share that Hampton Adams has been promoted to Partner at SEIA!

Hampton has been a part of the SEIA family for over 12 years and brings more than 30 years of experience in financial services. He specializes in economics, research, and portfolio management, advising a diverse range of clients. He's led seminars, consulted with notable individuals and corporate groups, and has been featured in the press for his market insights.

Hampton has also been instrumental in growing SEIA's footprint in Southern California, helping to expand the firm's presence and deepen its client relationships throughout the region.

Hampton holds a BS in Engineering from the University of Southern California and an MBA from the University of Virginia's Darden School of Business. He also holds the Accredited Investment Fiduciary® (AIF®) designation, demonstrating his commitment to fiduciary best practices.

We're thrilled to celebrate this milestone in his career and look forward to his continued leadership and contributions to SEIA's success.

SAVE THE DATE

Q3 2025 Investment Roundtable Webinar

Thursday
August 21st
1pm PT

Please check with your advisor for further details.

2025 Tax Brackets

The tax items for tax year 2025 of greatest interest to many taxpayers include the following dollar amounts:

Married – Filing Jointly
The standard deduction for married couples filing jointly for tax year 2025 rises to $30,000, up $800 from the prior year.

Married – Filing Separately / Single
For single taxpayers and married individuals filing separately, the standard deduction rises to $15,000 for 2025, up $400.

Head of Household
For heads of households, the standard deduction will be $22,500 for tax year 2025, up $600.

Marginal Rates
For tax year 2025, the top tax rate remains 37% for individual single taxpayers with incomes greater than $626,350 ($751,600 for married couples filing jointly).

The other rates are:

35% for incomes over $250,525 ($501,050 for married couples filing jointly)

32% for incomes over $197,300 ($394,600 for married couples filing jointly)

24% for incomes over $103,350 ($206,700 for married couples filing jointly)

22% for incomes over $48,475 ($96,950 for married couples filing jointly)

12% for incomes over $11,925 ($23,850 for married couples filing jointly)

The lowest rate is 10% for incomes of $11,925 or less ($23,850 or less for married couples filing jointly)

Source: Internal Revenue Service. SEIA is not engaged in rendering legal, accounting, or tax services. We recommend that all investors seek out the services of competent professionals in any of the aforementioned areas. This tax information does not constitute personalized financial or tax advice. Each individual's financial situation is unique and you should consult a tax professional to understand how these tax brackets apply to your specific situation.

Navigating Uncertainty: Is Healthcare's Weak Start to 2025 an Opportunity for Investors?

By Carlos Sanabria
CFA®
Investment Specialist

As of the end of May, healthcare was one of the worst performing sectors of the US stock market year-to-date, driven by policy uncertainty under the new administration and potential reforms targeting prescription drug pricing. Does this represent an attractive entry point for investors, or is there more pain to come for the sector?

This article looks at key factors influencing the sector: significant spending adjustments within the Department of Health and Human Services (HHS), the ripple effects of tariffs on medical device supply chains, and ongoing executive efforts to manage drug pricing.

Deep Dive: Factors Shaping the 2025 Healthcare Landscape

Spending Adjustments and Workforce Realignment

The Department of Health and Human Services (HHS) is navigating a period of significant fiscal restructuring. The administration's budget proposals for 2026 aim to streamline operations and reduce federal expenditure, which has direct implications for various facets of the U.S. healthcare system.

Recent announcements indicate substantial changes, including a proposed 26.2% reduction in HHS's discretionary spending compared to 2025. This translates to a potential $40 billion cut, bringing the discretionary budget to approximately $80.4 billion from around $121 billion. A significant component of this strategy involves workforce reductions, with plans for around 10,000 employee layoffs through voluntary separation programs, projected to save taxpayers $1.8 billion annually. Specific agencies like the Food and Drug Administration (FDA) could see its workforce decrease by approximately 3,500 full-time employees. Furthermore, HHS has been directed to reduce spending on contracts by 35% across all its divisions, including the Centers for Disease Control and Prevention (CDC), National Institutes of Health (NIH), and the FDA. These agencies face potential funding cuts of 44% (CDC), 40% (NIH), and 19% (FDA), respectively.

The stated rationale for these measures includes enhancing efficiency and combating fraud, waste, and abuse. However, these adjustments raise concerns about potential impacts on public health infrastructure, the pace of medical research, and the nation's leadership in scientific innovation, potentially delaying breakthroughs in areas like mRNA technology and AI-driven diagnostics. For investors, this environment may introduce short-term volatility, especially for companies heavily reliant on federal grants and funding, such as those supplying labs or research organizations. Conversely, an increased focus on efficiency could create opportunities for companies adept at navigating a shifting funding landscape.

The Impact of Tariffs on Medical Device Supply Costs

International trade policies, particularly tariffs, continue to exert pressure on the medical device manufacturing sector. With a significant portion of medical devices used in the U.S. being manufactured abroad (with heavy reliance on countries like China, Mexico, and Canada), import duties have a direct impact on supply chain costs and, ultimately, healthcare affordability.

The current tariff landscape includes a universal 10% baseline tariff on many imports, with potentially higher rates on specific goods or imports from particular countries, such as China, Mexico, and Canada. These tariffs affect a wide array of critical medical supplies and equipment, including syringes, medical masks, respirators, gloves, diagnostic machines, and surgical robots. The U.S. medical equipment market, valued at $197.8 billion in 2023, is thus highly sensitive to these cost pressures.

The consequences for medical device manufacturers are multifaceted. Increased input costs can squeeze profit margins or be passed on to healthcare providers and patients, potentially leading to higher healthcare expenses. For example, some health systems anticipate annual cost increases ranging from $10 million to $25 million due to tariffs. While some larger manufacturers are exploring strategies like supply chain diversification and investing in domestic production, the overall sector faces uncertainty. For investors, this dynamic highlights the importance of companies with resilient supply chains and the potential for opportunities in domestic manufacturing or innovative cost-mitigation technologies.

Executive Actions and the Pursuit of Lower Drug Prices

Efforts to manage and reduce prescription drug prices remain a prominent feature of the healthcare policy landscape. Various executive actions and legislative initiatives aim to enhance affordability and accessibility of medications for American consumers.

Key measures include establishing Most-Favored-Nation drug pricing for consumers to buy high-cost drugs direct from manufacturers, implementing caps on out-of-pocket expenses for Medicare beneficiaries, and enforcing penalties for drug price increases that outpace inflation. Enhanced price transparency is also a focus. While specific new executive orders detailing sweeping changes for 2025 might not be at the forefront of recent announcements, the underlying administrative goal of reducing healthcare costs, including pharmaceuticals, continues. The administration's broader agenda of reducing fraud, waste, and abuse within HHS programs may also indirectly influence drug pricing strategies and enforcement against Health Insurers and Pharmacy Benefits Managers (PBMs).

For pharmaceutical companies, these policies can exert pressure on revenues and profit margins. However, the industry is also responding with heightened focus on innovation, particularly in specialty drugs and personalized medicine, where new therapies can command premium pricing and address unmet medical needs. This dynamic encourages a shift towards value-based products. Administration policies may also benefit US based drug manufacturers, at the expense of foreign rivals.

We are keenly monitoring both the potential regulatory headwinds and the robust pipeline of innovative treatments that continue to drive value in the pharmaceutical sector.

Overall Outlook: A Bullish Stance Tempered by Caution

Despite the outlined challenges, the broader outlook for the healthcare sector in 2025 remains largely positive. This optimism is underpinned by several factors:

- **Demographic Tailwinds:** Aging populations and the rising prevalence of chronic diseases create sustained demand for healthcare services and products.
- **Technological Advancement:** Breakthroughs in areas like gene therapy, AI-driven diagnostics, treatments for obesity and diabetes, and telehealth continue to open new markets and improve patient outcomes.
- **Attractive Valuations:** Following periods of underperformance or market correction, certain healthcare sub-sectors may offer attractive entry points for investors.
- **Mergers and Acquisitions:** Increased M&A activity and private equity investment signal confidence in the sector's long-term prospects.

While our positive outlook is supported by strong fundamentals like persistent demand, ongoing innovation, and attractive valuations in certain areas, it is crucial to maintain a balanced perspective. Policy uncertainty related to potential administrative changes and their impact on federal programs also warrants careful attention. A balanced approach, focusing on companies with strong fundamentals, innovative pipelines, and adaptive business models, will be key to navigating this complex but promising environment.

Understanding Coverage Needs for Unique Assets

Standard homeowners policies often have sub-limits for valuable items like jewelry, art, antiques, or wine collections, which are typically far below their actual worth. A more comprehensive insurance policy can address this gap by offering:

- **Higher Coverage Limits:** Sufficient limits to cover the full value of custom homes, extensive estates, and multiple properties.
- **Replacement Cost Coverage:** Allows damaged or destroyed property to be rebuilt or replaced to its original standard, using materials of like kind and quality, without deduction for depreciation. Guaranteed or extended replacement cost coverage offers an additional buffer to account for unexpected cost surges after widespread disasters.
- **Scheduled Personal Property:** Specific “scheduling” or “floating” items like fine art, jewelry, collectibles, or high-end electronics helps ensure they are covered for their appraised value.
- **Coverage for Other Structures:** Adequate protection for guesthouses, custom pools, extensive landscaping, and other structures on your property.
- **Luxury and Collector Vehicles:** Policies tailored for high-end automobiles, classic cars, recreational vehicles, yachts, and private aircraft.

B is for Being Liable
Shielding Yourself with Casualty Insurance

The ‘Casualty’ portion of P&C insurance focuses on liability – protecting you financially if you are found legally responsible for causing injury to another person or damage to their property. This coverage handles legal defense costs, settlements, and court judgments. For many individuals, personal liability exposure is significantly elevated due to factors like owning multiple properties, employing domestic staff, hosting events, serving on non-profit boards, and owning assets like pools, watercraft, or exotic cars.

Why Standard Limits Fall Short

In some cases, the liability limits included in standard homeowners (typically $300,000-$500,000) or auto policies are often grossly inadequate to protect substantial assets. A major lawsuit could potentially exceed these limits, putting personal wealth at risk.

The Crucial Role of Umbrella/Excess Liability Policies

A personal umbrella or excess liability policy provides an essential additional layer of protection. It sits “over” your underlying policies (home, auto, watercraft) and kicks in once their liability limits are exhausted.

C is for Comprehensive & Custom Coverage
Tailoring Protection to Your Unique Needs

Standard, off-the-shelf insurance products are designed for the average consumer and often do not adequately address the complex risks and needs of more affluent individuals and families.

> In today’s environment of increasing risk and complexity, standard insurance simply won’t suffice for many individuals and families.

Ensuring your property and liability coverage is both comprehensive and customized is a critical step in safeguarding your lifestyle, legacy, and loved ones. If you haven’t reviewed your P&C coverage recently, now is the time. Partner with your advisor to evaluate current policies, identify potential gaps, and design a protection strategy tailored to your unique needs.

Signature Fund for Giving Partner Spotlight: LA Strong's Wildfire Relief Efforts

SEIA remains committed to supporting local communities impacted by the wildfires earlier this year. We are proud to partner with the LA Strong Foundation, a local nonprofit founded by philanthropists and venture capitalists Maxi Kozler Koven and Drew Koven. With a long-standing commitment to service—as Executive Directors, Board Members, and donors—the Kovens launched LA Strong to rally compassion and cooperation in times of crisis.

LA Strong is a grassroots, boots-on-the-ground organization providing and coordinating essential supplies, services, financial aid, and vital resources for individuals and communities in need. In response to the 2025 LA Fires, the group has distributed between $600,000 and $800,000 in aid to nearly 7,000 people. Backed by hundreds of volunteers and smart use of technology, they've acted as first and fast responders—simplifying access to urgent aid and helping those impacted begin the path to recovery.

Beyond direct relief, LA Strong has supported the launch of five community-based recovery centers throughout Los Angeles and awarded grants to partner organizations that share their commitment to kindness and collective action.

We applaud Drew, Maxi, and the entire LA Strong team for their tireless efforts to support the wellness of Los Angeles. Their work exemplifies the power of leadership, empathy, and community—values that resonate deeply with our team at SEIA.

To learn more or get involved, visit **lastrongfoundation.org**.

LA STRONG FOUNDATION

If you have any questions regarding our fund or how to participate, we invite you to contact Hayley Wood Bates at (310) 712-2323 or hwood@seia.com