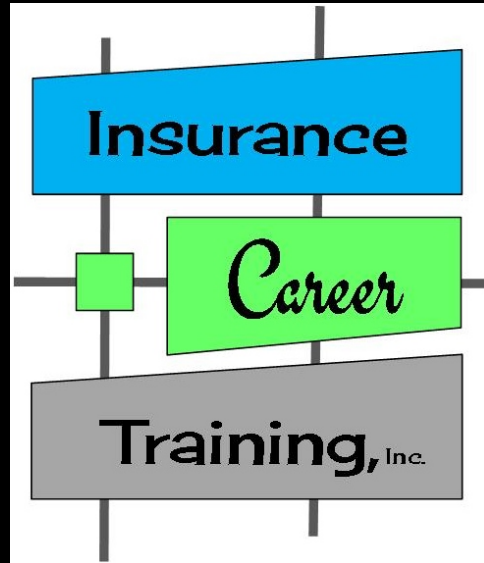


# WELCOME TO CLASS!




## Educational Webinar


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# The Personal Umbrella Policy

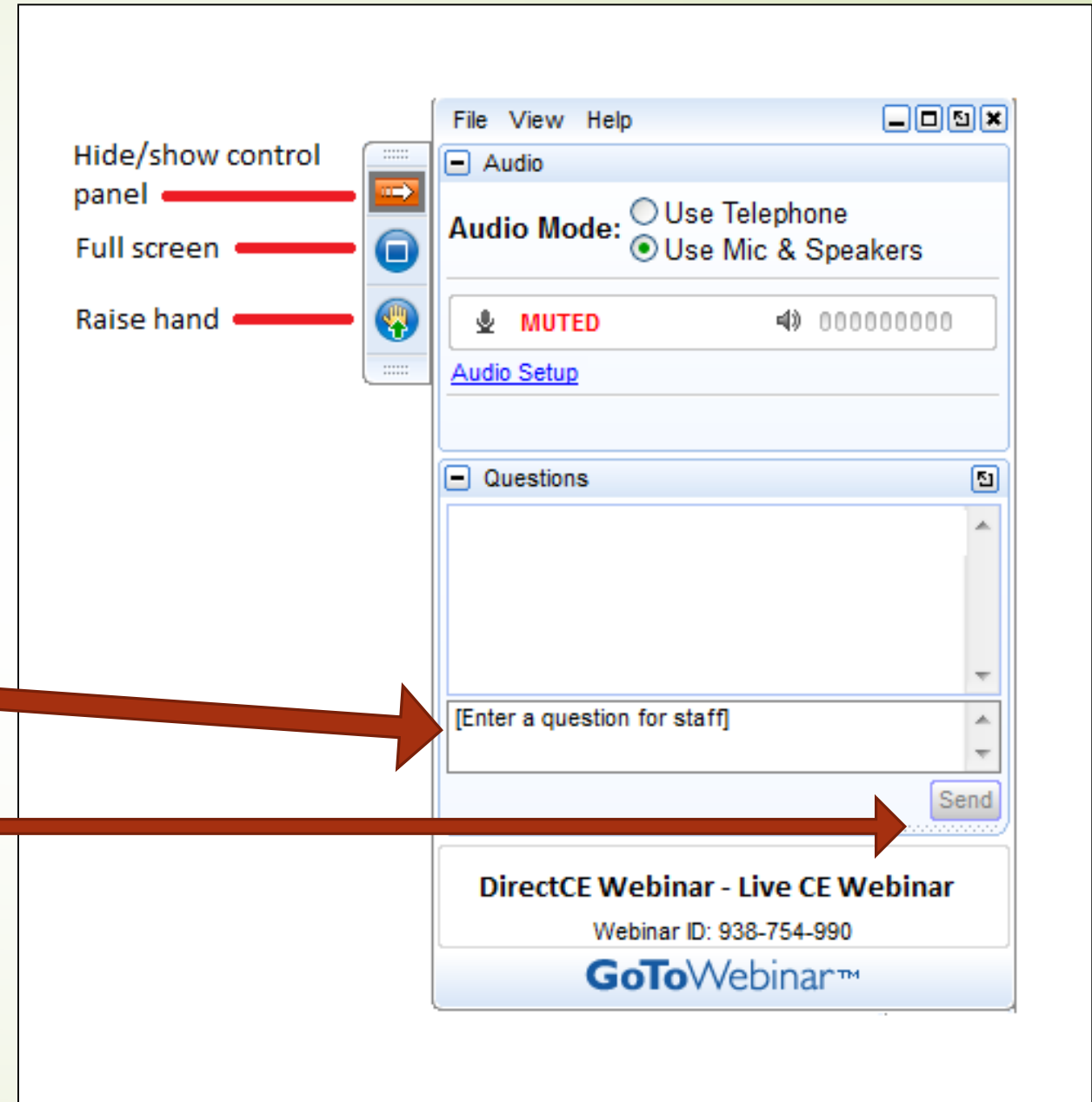


Eric Martlage – Director of Operations  
Insurance Career Training



Open the control panel by clicking on the orange box with the white arrow.

Click your mouse on "Enter a Question For Staff" and type your questions. Then click SEND



The screenshot shows a GoToWebinar control panel window with a menu on the left and a main content area on the right. The menu includes 'Hide/show control panel' (with a red arrow pointing to an orange box with a white arrow), 'Full screen' (with a red arrow pointing to a blue square icon), and 'Raise hand' (with a red arrow pointing to a blue hand icon). The main content area has two sections: 'Audio' and 'Questions'. The 'Audio' section includes 'Audio Mode' with radio buttons for 'Use Telephone' and 'Use Mic & Speakers' (selected), a 'MUTED' status indicator, and a volume slider. The 'Questions' section has a text input field containing '[Enter a question for staff]' and a 'Send' button. A red arrow points from the text 'Click your mouse on "Enter a Question For Staff"' to the input field, and another red arrow points from the text 'Then click SEND' to the 'Send' button. At the bottom of the window, it displays 'DirectCE Webinar - Live CE Webinar', 'Webinar ID: 938-754-990', and the 'GoToWebinar™' logo.

# What Is A Personal Umbrella Policy

- Provides **additional** liability coverage over and above other policies
- May provide coverage that is not in the policies that the policyholder already owns, known as “drop down” coverage



# What Is A Personal Umbrella Policy

- Helps **protect** assets of the policyholder
- Doesn't cover direct damage to your property, is a **liability policy** that provides coverage to assets that have been acquired
- Umbrella can provide an additional amount of liability coverage, as well as defense costs





# Key Terms

- ▶ Drop Down Coverage
  - ▶ Part of the umbrella that “drops down” to act as primary insurance
- ▶ Duty to Defend
  - ▶ Insurer has the duty to defend the insured in the event of a covered loss
- ▶ Umbrella Liability
  - ▶ A liability contract with high limits covering over top of primary liability coverages and subject to a self-insured retention (deductible), often covering exposures otherwise uninsured



# KEY TERMS Cont...

- ▶ Underinsured Motorist Coverage
  - ▶ Coverage for the insured and passengers whenever the other driver in an accident has auto liability insurance with lesser limits than the insured's
- ▶ Underlying Limits
  - ▶ The limits of liability of the policy(ies) underlying an umbrella excess policy
- ▶ Uninsured Motorist Coverage
  - ▶ Coverage for the insured and passengers whenever the other driver in an accident has no liability insurance



# What Is Covered

- ▶ **Bodily Injury (BI)** - Physical injury, sickness, disease, or resulting death
- ▶ **Property Damage (PD)** - Physical injury to, destruction of, or loss of use of tangible property
- ▶ **Personal Injury Liability Claims** - Injury inflicted by way of false arrest, invasion of privacy, malicious prosecution, libel, or slander
- ▶ **Legal Fees**



# IT CAN HAPPEN TO ANYONE!!!!

- 6 MILLION - Average number of auto accidents every year in the US.
- 3 MILLION - People are injured each year in the US from auto accidents
- 90 PEOPLE - Die each day in the US from auto accidents

➤ Source: [www.driverknowldedge.com](http://www.driverknowldedge.com)





# At-Fault Auto Accident

- Umbrella policy will cover above and beyond the limits of the Personal Auto Policy
- Covers for bodily injury and property damage
- Separate Deductible or “retained” limit may apply
  - Ex: PAP with limit of \$300,000 and “retained” limit of \$250 on umbrella policy
  - Umbrella will take over after first \$300,250 of auto claim is paid



# Uninsured and Underinsured Coverage

- ▶ On average - 1 in 4 drivers on the road are UNINSURED
- ▶ Not every umbrella policy offers uninsured and underinsured coverage
- ▶ Uninsured and Underinsured, Umbrella coverage will start after the PAP's uninsured and underinsured limits are exhausted.
  - ▶ Separate deductibles may apply

# Problems At Home

- ▶ 18,000 - Average number of American's that die each year in accidents at home
- ▶ 21 Million - Number of medical visits each year that have resulted from an accident at home

▶ Source: [www.asecurelife.com](http://www.asecurelife.com)





# THE WHOLE FAMILY

- ▶ **LIABILITY INSURANCE** covers the “Other Guy”
  - ▶ Umbrella forms generally exclude bodily injury or personal injury to an insured, or damage to an insured’s property
- ▶ **Umbrella Liability** covers the named insured and household members
  - ▶ Can also cover “students away at school”
- ▶ Personal umbrellas respond to covered occurrences **anywhere in the world**



# How it Works

## Excess Coverage

- ▶ Coverage that is above and beyond the limits of liability in an underlying policy
  - ▶ Example: Home Policy has 300,000 in liability, umbrella has 1,000,000 in liability. Coverage up to 1,300,000 is available

## Drop-Down Coverage

- ▶ Coverage that is available as EXTRA coverage that the underlying policy does not cover
  - ▶ Example: Home Policy does not cover slander. Umbrella policy offers 1,000,000 in liability coverage for slander.

# Social Media Concerns

- ▶ Most homeowners policies don't cover **Personal Injury**
  - ▶ Some "deluxe" policies will offer coverage for personal injury through a rider or amendment
  - ▶ Coverage is still limited to the limit of liability on the homeowner's policy
- ▶ A **Personal Umbrella Policy** will not cover **Business Related Activities**
  - ▶ Better covered under a commercial umbrella or commercial policy







# Exclusions

- ▶ Workers Compensation
  - ▶ Commonly viewed as a business exposure
  - ▶ Depending on state law, an insured might be required to provide work comp coverage for a domestic employee
- ▶ War or Nuclear Incidents
  - ▶ We have bigger problems!
- ▶ Intra-Family Occurrences
  - ▶ Similar exclusions appear in the Personal Auto Policy
  - ▶ Due to the unfair burden on the insurer to determine collusion between family members



# Exclusions Cont...

- Intentionally caused bodily injury or property damage
- Exclusions do not allow for any exception for actions taken either in self-defense, or to protect others
- Punitive damages
  - Damages that a court awards to PUNISH someone
- Pollution
  - Can cover some types of "sudden and accidental" pollution



**QUESTIONS?**



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