

Personal Excess or Umbrella Liability

At Gulfshore Insurance, we are committed to protecting our clients' assets and lifestyles. That's why the foundation of our Personal Risk Management Program is Personal Liability protection. Typically, insurance policies (e.g. homeowners, automobile, and watercraft) include initial limits of "primary" liability that respond to legal judgments against you or your family members. However, these are commonly limited to \$300,000 or \$500,000, making them inadequate in today's litigious society where multi-million-dollar judgments are all too common.

An Excess Liability or "Umbrella" policy kicks in when a lawsuit judgment exceeds the limit on your homeowner's and auto policies. We recommend clients consider the maximum net worth they are willing to risk should such a lawsuit occur. We can place up to \$100,000,000 in personal umbrella, and our recommendation is to maintain Excess/Umbrella Liability protection at minimum limit of \$5,000,000.

There are two key components that should be included in a comprehensive Excess/Umbrella policy:

1. **Uninsured/Underinsured Motorist** – This important protection is provided under most primary Automobile policies. It ensures that a household member will be covered for injuries he/she receives from a negligent driver. In the event of a qualifying accident, the insurance company will pay the difference between what the uninsured/underinsured driver can pay and what the injured driver would be entitled to as if the uninsured motorist had proper insurance in effect (coverage also applies in "hit-and-run" accidents). We encourage every client to purchase additional limits of protection, which are available as an endorsement to the Excess/Umbrella policy. This additional protection covers the bodily injury damages they cause you or a family member.
2. **Ensuring a Proper Defense** – Most clients are unaware of how their defense would be managed by their insurance company in the event of a lawsuit brought against them or a family member. Three specific items to request include:
 - **Outside the Limits** – All covered defense costs are "outside" the limit of Excess/Umbrella coverage, thus preserving the full Excess/Umbrella coverage limit for judgments against you.
 - **Expanded Defense** – A sub-limit of coverage will apply to the reasonable expenses for your preferred law firm to review and consult on the defense offered by the policy.
 - **Reputational Damage** – Some policies will also provide a sub-limit to cover the fees of a public relations firm to protect your reputation within your community.

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Remember, coverage needs evolve over time. It is critical to inform your insurance advisor of any related exposures that you or a family member may have to any of the following:

- **Trusts, Estates, & LLC's** – If your properties, vehicles, watercraft, or aircraft are owned in the name of an entity created for tax or liability purposes, be sure the entity is named on your Primary and Excess/Umbrella policies as an Additional Insured.
- **Employment Practices Liability** – Covers lawsuits brought by private household staff for sexual harassment, discrimination, and wrongful termination.
- **Non-Profit Director's & Officer's Liability** – Protects unpaid board members or trustees of charitable organizations against lawsuits involving a variety of wrongful acts such as sexual harassment, discrimination, libel, slander, invasion of privacy, wrongful termination, and plagiarism.
- **Family Trust Liability** – Covers damages resulting from a negligent act, error/omission, or breach of duty while serving as a trustee of a family trust.

Liability Coverage: Why Coverage Limits Matter

Type of Loss	Loss Description	Verdict and/or Settlement
Liability	19-year old attending family 4th of July picnic at sister's home and was injured by a firework. Eyesight lost in one eye; facial disfigurement.	\$3,600,000 <i>*Injured party (brother) sued sister and brother-in-law for damages.</i>
Liability	Worker handling renovations at insured's home fell 12 feet from a ladder, suffering serious head and brain injuries.	\$11,000,000 <i>*Plaintiff alleged dangerous work conditions as contributing factor to fall.</i>
Liability	A neighbor was leaving a neighbor's yard and tripped and fell over tree roots protruding through the ground. The fall caused a fractured hip, necessitating surgery and the use of a walker for the rest of his life.	\$2,100,000
Liability	Child injured in swimming pool accident; resulted in permanent paraplegia.	\$13,000,000
Liability	During a party at insured's home, female suffered multiple dog bites to face resulting in severe permanent disfigurement.	\$3,700,000
Auto	DUI driver hit car with mother and child killing the child and severely injuring the mother.	\$15,500,000
Auto	Four year-old boy injured in vehicle accident; suffered debilitating spinal cord injury.	\$29,000,000
Auto	While test driving a new car, driver lost control and crashed, killing the salesman who was the passenger in the vehicle	\$13,700,000 <i>*Wrongful death lawsuit by salesman's family.</i>
Auto	Single mother, passenger in car at time of crash, suffered brain trauma and loss of cognitive functions.	\$5,500,000 <i>*Insured was under-insured with \$3,500,000 primary & excess limits. Held personally responsible for \$2,000,000.</i>
Watercraft	Insured's boat collided with another boat, killing a passenger in the other boat. The passenger was a co-owner of a successful business and high income earner.	\$6,500,000 <i>*Insured's \$5,500,000 limit was inadequate and held personally responsible for \$1,000,000.</i>

These real life claims examples illustrate why your insurance policy coverage limits matter. The Team at Gulfshore Insurance can help you determine what coverages and limits you need so you can face the unexpected with confidence.