

Why have an Umbrella policy?

For defense coverage

Often, the umbrella annual premium is about the cost of one hour of legal defense. The umbrella will defend the policyholder even in case of a groundless suit, as long as there is coverage in the PUL policy.

For possible large PD/BI losses

The additional umbrella coverage is well worth the extra cost. In the event of a large loss, without this coverage, the policyholder may have to use personal assets to pay defense and suit costs. For example, if the insured causes an accident to a very expensive auto, tractor trailer truck, or school bus, the costs to repair or replace one of these vehicles may be higher than the required auto property damage limits. In a collision with a school bus or another car with several passengers, **bodily injury** claims could quickly surpass the policyholder's BI limits. If the insured has a swimming pool in his/her yard, there is an exposure for possible injury or drowning. The umbrella can provide excess coverage for this exposure.

For civic activities and volunteer work

Civic associations and churches may have their own liability coverage, but if an individual were to be sued for his/her activities as a volunteer, the umbrella would provide coverage. Many people buy the umbrella for directors-and-officers coverage for their personal volunteer work. If the insured is an officer with a homeowners association, he/she could be sued individually, as well as with the homeowners association. Note that the directors-and-officers coverage is for non-profit organizations.

For sports

If an insured coaches, referees, or umpires a little league team or plays on a recreational softball or baseball league, he/she may want additional liability coverage. If the policyholder is a golfer, skier or hunter, he/she may want the extra liability protection offered by the personal umbrella.

For teenage drivers or transporting children

If there is a teenage driver in the insured's household, or if the insured transports other children (car pools, etc.), there are additional liability exposures involving bodily injuries. The auto policy covers youthful drivers and others who have permission from the insured to drive the covered vehicle. This could be a huge exposure.

For protection of large assets

If the insured is known to have large assets, a claimant may perceive the possibility of a large settlement. Business executives, professional people, community leaders, and others who appear to have large assets may be targets for large lawsuits.

For teachers, beauticians and barbers

Teachers, beauticians and barbers can secure additional professional liability coverage if they purchase a Personal Umbrella Policy. However, they must have professional liability coverage in a listed underlying policy (usually a homeowners policy).