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More Personal Umbrella Mythbusting

by April Pitz, Big "I" Umbrella Program Manager



In our first installment of personal umbrella mythbusting back in April, we busted the myth that a personal umbrella is something that agents only need to offer to wealthy customers. In fact, because anyone can be sued, everyone needs a personal umbrella. Check out [the first of the mythbusting articles](#) here.

In the second installment, we'll tackle another myth:

MYTH: Millions of dollars in liability coverage must be really expensive.

TRUTH: A personal umbrella liability policy is a very affordable way to obtain a lot of coverage.

Since other kinds of policies that provide a few hundred thousand in coverage can cost thousands of dollars per year, it seems logical to assume that a policy which provides millions of dollars in coverage must be even more expensive. In fact, the opposite is usually true when it comes to a personal umbrella.

The purpose of a personal umbrella policy is to provide coverage only once a customer's underlying policy (homeowners, auto, watercraft, etc.) has paid out at the full minimum required limit, and has been exhausted. Since a personal umbrella isn't meant to provide coverage from the first dollar, and usually only comes into play when the injury costs several hundreds of thousands of dollars, claims (though very costly) are infrequent, relative to home or auto claims.

For that reason, and others, umbrella rates for the average household tend to be quite affordable. For a household with 1 home, 2 cars, and 2 drivers with clean driving records, \$1 million of personal liability coverage can cost just \$150-250 annually. Households that present greater risk will pay more but arguably have a greater need for the coverage as well. Examples would be households with a teen driver, a DUI, multiple jet skis, an international seasonal home, or those who live in a particularly litigious region.

Having a personal umbrella is vital to protecting a customer's assets (including future earnings), in the event that they are sued. A personal umbrella also covers defense costs. In light of what it can cost a customer who doesn't have the extra liability from a personal umbrella, agents should be quoting a personal umbrella to every client. It's also wise to document that offer and if the customer declines the coverage. Visit [the BIM RLI page](#) for a form which makes it easy to offer an umbrella and document your customer's decision.

Keep in mind that you have access to the IIABA-endorsed RLI Personal Umbrella, which offers limits of up to \$5M (\$1M in NM) and excess UM/UIIM nationwide. Obtain a quote today at www.bigimarkets.com or at <https://www.independentagent.com/umbrella>.