

STUDENT OF THE INDUSTRY PARTING SHOT

Suing Your Own Insurer for Uninsured Motorist?

By Paul Buse, President of Big I Advantage®

Well, hopefully not, but it's possible that is what could happen. As you can see the below situation did end up with an insured of a policy providing underinsured motorist coverage filing a law suit against their own insurer. I know of no easily available data on the number of uninsured motorist claims that involve a law suit but as students of the industry you should be aware of that possibility.



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Source: [Westchester & Fairfield County Business Journals, August 29, 2016, pg. 35](#)

What is the logic in this? Many consider uninsured motorist (UM) and underinsured motorist (UM or SUM for *Supplemental Uninsured Motorist*) a "Reverse Golden Rule" policy. That is, by purchasing this coverage you are insuring you or your family for what the other person DID NOT provide with their own liability coverage. In essence, your insurer steps in "to insure the other guy's liability." That puts the injured person's insurer into a ticklish situation of providing liability coverage for the person that injured their insured. Often this is a straightforward payment from the UM/UIM insurer for the injured party's medical bills and related personal injuries with little fanfare. Sometimes, however, a dispute as to liability or amount of damages arises and that is settled via arbitration, or, as is in the case above, in a court of law.

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Sales Tip: I carry the maximum in UM/UIM on my automobile policy and an additional \$1 million as part of my personal umbrella policy. Why? Because I bike a lot on roads with uninsured and underinsured motorists. Granted I have to get hit by an underinsured or hit-and-run driver to collect but the risk is real. Do you know any avid road bikers? If you do, have you told them they can get high limits of uninsured motorist via a personal umbrella policy like that available to you from RLI? I have never spoken with a biker on this topic who then didn't call their agent to find out how much UM/UIM they have. I assume after talking to me they buy a similar amount. You have access to this coverage via a RLI PUP. Information on RLI Personal Umbrellas is on [Big "I" Markets](#) and readily available from your Big "I" State Association.