

# Maximize Your Book with Personal Umbrellas

Plus 5 Simple Steps to Follow When Writing Coverage



Bradley

By **Michael A. Bradley**

Do your insureds live in a house? Do they drive? Do they entertain? Do they have boats, motorcycles or other toys? Do they have rental property? Of course they do and because of that, they're at risk. So why haven't you offered them a personal umbrella? Do you think they don't need one because they earn an average income? The stereotypes are stubborn, but it's time to meet the new personal umbrellas.

Without a personal umbrella, an insured is extremely vulnerable, even if they are not a high-net worth client. You don't have to be a millionaire to be sued like one. Let's take a look at what might happen in a hypothetical scenario involving a middle-income earning teacher driving to work, striking and severely injuring a pedestrian who is a single

mother of two. The teacher earns \$40,000 a year, owns a home worth \$400,000 with 50 percent equity and has a \$250,000 auto limit. The pedestrian sues the teacher for \$800,000 for hospital, lost wages, child care and suffering.

What happens without a personal umbrella? The teacher's auto carrier will probably agree to release the \$250,000 policy limit and then the pedestrian's attorney will pursue the rest from the teacher. The hospital wants their money. He may need an attorney paid out of his own pocket. Will he declare bankruptcy? Sell his home? Get a second job? Sue the broker who didn't offer the umbrella?



What happens with a personal umbrella? With a \$1 million personal umbrella policy (with an average premium of \$300), the umbrella's insurance company adjusters

will work with the primary auto carrier and the pedestrian's counsel to settle the pedestrian's costs and demands. The policy limits are available in addition to defense costs. The best news is that the umbrella adjuster

is familiar with handling large, complex and lengthy legal claims and settlements. The adjusters know which attorneys are better in different case types and jurisdictions. They help to manage a catastrophic financial event for the teacher.

## 5 Simple Steps to Write Personal Umbrellas

**1. Quote an umbrella, earn more business.** If you don't control one or more of an insured's underlying policies, quoting a standalone personal umbrella gives you the opportunity to learn more about their coverage and bring in that business, too. It will demonstrate that you are proactive and doing the job they have trusted you to do.

**2. Make it the standard.** Your personal lines team should offer a personal umbrella policy to every client who receives a home or auto policy. Presenting a personal umbrella policy to each insured is critical to protect the agency from errors and omissions claims, and for the insured's own protection.

**3. Get open.** You need a broad, healthy mix of options, not just one carrier. What's more, most standalone umbrella companies are admitted, offer direct bill and can be quoted and bound in minutes.

**4. Go to the max.** Many clients are looking to the distressed real estate market and are buying income properties. Rental properties may be showing a pencil profit, but contain much larger liability concerns than an owner-occupied home. These individuals are particularly exposed and need an umbrella. Even if these insureds have an umbrella, they might want to consider stepping up the limit. Many standalone personal umbrella carriers offer limits starting at \$1 million and going up to \$10 million, sometimes even higher.

**5. Don't forget excess UM/UIM.** You may be missing a critical opportunity by not presenting excess uninsured motorist (UM) and underinsured motorist (UIM) coverage. What if the person who caused the accident was only carrying minimum state limits? What if your insured will be out of work for a year? This coverage quickly becomes priceless.

### The New Umbrellas

The business case is clear, but all that time and paperwork? Think again. The new standalone umbrellas are processed painlessly. Applications are now quick and easy.

Each time a client comes to you with a new insurable item, they are counting on you for personalized professional advice. Offering an umbrella at each opportunity allows more knowledge of all the client's insurance — a prime opportunity to cross-sell. You can place the homeowners with the best carrier for coverage and price for that client. The auto maybe better with another carrier, the boat with another and the rental home with yet another.

You can place a simple personal lines client with the best markets for their varying needs. Doing so makes you — the independent broker — better than the all-in-one direct captive agent. So what are you waiting for? Get out there and embrace the new umbrellas. I'm sure you have the time. ■

Bradley is president, CEO and co-founder of PersonalUmbrella.com Insurance Services Inc. He's also president and director of Tamalpais Assurance Co.