



Rough Notes

PROPERTY & CASUALTY AGENTS

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By Dave Willis

ABOVE ALL, PERSONAL UMBRELLAS OFFER REAL PROTECTION

Make sure your clients' limits keep pace with their asset growth

According to Mike Bradley, president of PersonalUmbrella.com Insurance Services, the driving force behind personal umbrellas today is pretty much the same as it always has been: “People with assets need to protect themselves.”

The threat of lawsuits persists, notes Robert Mackoul, CLU, chief executive officer of The Mackoul Group of Companies. “In certain areas of the country—probably more so on the coasts, and certainly in the New York City area—people look for a reason to sue,” he says. “It’s almost as if they have their attorney on speed dial, in case they trip or fall or are in a car accident.”

Today, the troubled economy has heightened the need for the extra protection umbrellas offer. “People are more likely to proceed with claims during a downturn,” he says. “If they’re injured and their job is wavering or their income is down, they are more apt to take the time, pursue their claims, and go for full judgment.”

Bradley calls auto accidents his “biggest nemesis,” when it comes to umbrellas. “Most primary carriers give you \$300,000 of liability insurance or 250/500 on a split limit basis,” he explains, “and between medical costs, loss of income, and pain and suffering, that’s sometimes just not enough. You could blow through that in an accident that really isn’t that severe.”

Even worse is when a judgment goes beyond current assets. “The courts can attach future earnings,” he explains. “Agents and brokers really need to understand the legal environment and educate their clients.”

Complicating matters, he says, is that clients have grown into wealth but may not necessarily understand

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—Mike Bradley
President

PersonalUmbrella.com Insurance Services



the current exposures to their assets. “Most of us, when we come out of college, don’t really have any assets,” he points out. “Twenty-five years later, that’s all changed.” Too often, insurance limits fail to keep pace with asset growth.

They also sometimes fail to keep up with risk growth. “People with assets—whether they own a business or properties or other assets—also have kids,” Mackoul says. “Despite our best efforts as parents, and as good as our kids might be, they sometimes lose their brains. Take driving and texting. That’s worse than driving drunk, but how many kids do it? How many accidents with injuries or death does this behavior cause? The only solution is a personal umbrella.

“If you look at the limits on automobile, homeowners, boats, any of these things, the underlying policy isn’t going to handle the kind of award a jury might make,” adds Mackoul. “It’s going to blow right through the underlying policy.”

Having access to additional uninsured motorist coverage is another benefit of carrying a personal umbrella. “We provide \$1 million of excess UM and UIM coverage,” Bradley says. “That is a big benefit, because most of the population is driving around with the state financial minimum limits—or no limits at all.”

Agent responsibility

Mackoul believes personal umbrellas provide an opportunity for agents and brokers to serve their clients better. More than that, he says, “It’s probably one of the areas that insur-

ance agents and brokers don’t push hard enough.”

The way to sell umbrellas, he says, is to paint a picture. “Show the potential exposures and then provide a solution whose cost is manageable,” Mackoul suggests. “Especially for people who have worked a lifetime to build their assets, the umbrella is the security that sits on top of all of it, just as the name implies.”

However, agents need to take the lead. “Rarely will the client demand a change,” says Bradley. “They want to keep things as they are and lower their premium as much as possible.” With a little work, agents and brokers can add an umbrella and keep the price in check. “If insureds want to remain cost neutral, they can increase their homeowners and auto deductibles to pay for the personal umbrella,” he says. “Somebody stealing your bike won’t hurt you. A multi-million-dollar auto accident will.”

Selling personal umbrellas can deliver side benefits to agents and brokers. “It’s part of rounding out the account,” Bradley declares. “Any broker can tell you that once you write more than one policy, you’ve got a better chance at keeping that customer.”

It can serve as an entrée, too. “A lot of agents like to write high-end homes,” Bradley notes. “When giving a personal umbrella quote, the agent receives the underlying dec pages for a homeowners or auto prospect. A stand-alone umbrella can be a constant lead generator, because it gives you access to information on products you don’t control.”

Stand-alone personal umbrellas can offer other benefits, too. “They

allow independent agents and brokers to recommend the best product for each individual’s exposure,” he explains. “That’s the broker’s job. It lets them shop and compare and not be stuck with a single carrier that may not offer the best options.”

Another benefit Bradley sees is the defense the insurer provides if something does go wrong. “The beauty of having an umbrella policy is, when something goes wrong, just turn it over to the insurance companies,” he points out. “The customer ends up with two adjusters with lots of experience in handling large claims working on his behalf,” and the client can get on with his life.

Bradley encourages bringing attorneys—well, at least the topic of attorneys—into the sales process. “Focus on the fact that there are a lot of attorneys out there,” he says. “The legal climate is not changing, and attorneys would be the first ones to tell you someone should buy a personal umbrella to protect their assets.”

If that doesn’t work, he adds, “I’ve got over \$100 million of paid claims to show you why it’s important.” In the end, he says, a personal umbrella is “like a reverse lottery. You hope you don’t get hit with a judgment, but you have to buy the ticket just in case.”

Adds Mackoul: “The bottom line is this: The benefits of having a personal umbrella policy far outweigh the cost. It’s really a no-brainer.” ■

The author

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