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MARCH 2010

MARKETING

MUST-HAVE COVERAGE

PersonalUmbrella.com's system helps agents save time and money

By Phil Zinkewicz

It was the Christmas season. A middle-aged married couple in New York City was hosting their annual Christmas party. Because they would be serving alcoholic beverages, they were very careful with the guest list, inviting only those who lived in the neighborhood and who didn't have to drive, those who were near public transportation, or those who came with a designated driver. They safe-proofed the apartment as best they could and readied themselves for an evening of caroling and good cheer.

The couple lived on the third floor of an apartment building with an elevator. It was a particularly warm December, so windows were open in the apartment and window screens were in place. During the evening, a group of guests brought an uninvited Christmas traveler, who was already noticeably drunk.

The couple was unhappy about this but didn't want to embarrass the invited guests by asking the inebriated person to leave. Sometime during the festivities, the drunken man sat on the edge of one of the open windows, pushed the

"We make writing a stand-alone umbrella easier by eliminating the paperwork and speeding up the rating, quoting and binding processes."

—Mike Bradley
President
PersonalUmbrella.com





Founded by Chairman Jim Bradley (seated) and President Mike Bradley (standing next to art), PersonalUmbrella.com's family atmosphere is evidenced by the firm's low turnover.

screen out and nearly fell out. A steady hand pulled him to safety, but the screen fell three stories to the ground.

The party host immediately went down to retrieve the screen, fingers crossed that it hadn't hit anyone. It hadn't. However, if it *had*, that couple might have been facing a serious lawsuit. Of course, the liability portion of the couple's tenants insurance would have provided a certain level of protection.

Nevertheless, with the size of jury awards and court settlements in today's litigious society, chances are very good the primary coverage would not have been sufficient to cover. Here's where personal umbrella protection comes into the picture.

To belabor the obvious for a moment, personal umbrella insurance is over and above primary coverage. The insurance kicks in to cover personal liability claims in excess of the amounts covered by auto, tenants and homeowners insurance policies. Generally, the personal liability claim is the result of some kind of accident—a person injured in a home owner's swimming pool, a child injured playing some sort of game on a person's property, a slip and fall. Most consumers are not aware that personal umbrella

insurance is available and affordable. A policy with a \$1 million limit can cost just a few hundred dollars, for example.

"People should buy umbrella insurance because they can't afford not to," says Mike Bradley, president of PersonalUmbrella.com, a California-based online provider of stand-alone personal umbrella insurance policies. "People can avoid personal liability claims if they don't buy or own property, if they don't have kids, if they or their kids don't drive cars, if they don't operate watercraft, or they don't do anything that we interpret as living a normal life. If they do any of those things, they need umbrella insurance to protect their assets."

Mike and his father, Jim, started PersonalUmbrella.com in 1998. Prior to that, right out of college Mike went to work for an excess and surplus lines broker. His father had already been working for an E&S firm. Mike's firm did some personal umbrella business and, at one point, the owner decided to sell off that book of business. Mike was asked if he wanted to buy it.

"I said I wouldn't buy the business unless I could automate it," says Mike. "I had friends in the dot-com business and we sat down and discussed the possibilities. We

determined that there were two ways to approach the problem. We could attack it from the underwriting side or from the accounting side.

"I decided on the underwriting approach," Mike continues. "Meanwhile, my father knew some people at United National and he talked to them about the prospect of writing personal umbrella insurance online. They went for the idea and PersonalUmbrella.com was born. But we didn't purchase the book of business that was offered. Instead, we started from scratch."

Today, the company writes limits of between \$1 million and \$10 million for standard risks and tough-to-insure clients such as youthful or senior vehicle operators or drivers with a DUI. It also offers stand-alone commercial umbrella coverage.

Mike says that independent agents were enthusiastic almost immediately. "Writing stand-alone personal umbrella in the regular market is not exactly an agent's dream. It's a low premium product and, often, there's a good deal of paperwork involved. What we set out to do was to make it easier for the agent by eliminating that paperwork and speeding up the rating, quoting and binding processes. Within three minutes



PersonalUmbrella.com's underwriting team (from left): Marilen Castellanos, Underwriting Assistant; Eric Stewart, Director of Underwriting; Babette St. Pierre-Casad, Underwriter; and Judith Alemania, Underwriter.



PersonalUmbrella.com is a pet friendly office.

the agent can have a quote, and within three minutes an order is processed."

And, Mike emphasizes, the independent agent and broker is PersonalUmbrella.com's only distribution system. "When we were starting up, some of our Internet people suggested that we write direct, but I was against that idea. Personal umbrella insurance is too difficult for the average consumer to contemplate. People who need personal umbrella insurance the most are those with significant assets. There are questions we have to ask to which average buyers don't have the answer.

"But their agents and brokers have that information at their fingertips," Mike explains. "Agents and brokers are very good at what they do and that is write personal lines insurance. Our target customers are people with assets—boats, motorcycles, rental houses, second homes—all of which can be attacked in the event of a lawsuit. The direct writers are not good at

underwriting these high-end customers. They've tried it and failed. They can write boilerplate auto insurance, but they do not do high-valued homeowners well.

"This is the forte of the independent agent and broker, and we make personal umbrellas simple for them," Mike states. "We do everything an insurance company would do. We quote the risk, set the rate, direct bill the customer and even send renewal notices with suggestions about possibly raising the limits of coverage. Agents and brokers love this. The agent or broker is kept in the loop, but the process is simpler than the old-fashioned way of paper being sent back and forth."

The simplicity of working with PersonalUmbrella.com is what has captured the interest of the independent producer. Robert Volpe, team manager in the Fairfield, Connecticut, office of Avon-based Bearingstar Insurance, says PersonalUmbrella.com's online approach makes for ease of operations,

a fairly priced product with valuable follow-ups at renewal time. "And, when the primary homeowners insurance company is hesitant about writing umbrella insurance coverage, the stand-alone approach is a great way to go," he says.

Janet Lutz of Pennbrook Insurance Services in San Francisco says that the PersonalUmbrella.com product and the services they provide are "fantastic." Says Lutz: "The entire PersonalUmbrella.com team is delightful to work with. When our clients want umbrella insurance but don't want to move to another carrier to get it, the stand-alone policy works beautifully."

And, Steve Brooks of the Westlake Village, California-based Steve Brooks Insurance Services, echoes those sentiments. "I was one of the first retail agencies to do business with PersonalUmbrella.com. Dealing manually with all of the paper applications for a \$200 or \$300 premium policy was extremely time consuming. Everything is done online



Online transactions at PersonalUmbrella.com eliminate manual transactions. From left are: Carmen Cortez, Accounts Receivable; Lisa Robles, Accounts Receivable; and Cynthia Cortez, Vice President of Accounting.

with PersonalUmbrella.com which makes the process more efficient.

“At renewal time for a \$1 million umbrella policy, they automatically send quotes for \$2 million, \$3 million and \$4 million worth of coverage in the case the buyer wants to consider increasing limits,” Steve says. “And, they are willing to look at risks that are outside the box. My agency has about 500 policies in force with them. They’re wonderful people to work with.”

It’s that “outside the box” attitude on which the firm has built a reputation. Mike describes PersonalUmbrella.com’s exposure appetite as “broad, but not crazy.” He says: “We will provide personal umbrella coverage for kids under 21 just starting out, or for the elderly driver who may have had an

accident in the past. We can provide coverage even for the driver who has received a DUI, as long as the incident is the driver’s only blemish.”

The reason his company can take on these unorthodox risks, according to Mike, is that in the umbrella business frequency of loss is low, although severity can be very high. The firm had one claim where a woman bought a hot tub but didn’t have a lid for it. A friend offered to give her a lid, so she put it on top of a friend’s borrowed truck and proceeded to drive it home.

As she was going down the highway, the lid blew off and hit a motorcyclist, resulting in his becoming a paraplegic. The claim was settled for \$2 million.

There was another incident where a man owned rental property

in Florida. Residents were primarily migrant workers who went to work each day while their children remained home. There was a fire that resulted in several deaths and injuries. The settlement was for \$5 million.

“You can’t foresee these types of claims,” Mike says. “You can go along for long periods of time with no claims at all and then one of these types of incidents occurs. It’s part of what makes the business interesting. And, we believe we fill a gap in the personal insurance marketplace.” ■

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