

Personal Umbrella Coverages

The Personal Umbrella Policy was designed to provide coverage in the event of a catastrophic claim, lawsuit, or judgment. Personal umbrella policies provide excess liability insurance over the insured's basic primary policies, such as the homeowners, personal auto and boaters policies. Coverage is provided on a worldwide basis for the entire family. Umbrella policies pay only after the limits of the underlying primary policies are exhausted. Coverage is usually broader and applies to some loss exposures not covered by the primary policies. A typical umbrella policy will provide coverage on a single limit occurrence basis. Coverage is provided for bodily injury and property damage liability. Defense costs are also covered, normally in addition to the liability limit, and sometimes included as a part of the total limit. A self insured retention must be met when certain losses are covered under the umbrella policy but not covered under the primary policy. The insurer requires the insured to carry certain minimum amounts of liability insurance on primary policies. Coverage under a personal umbrella policy can vary depending on the insurer since there is not a standard personal umbrella policy form.

Personal Injury Liability

Under the personal umbrella policy, the personal injury liability coverage is usually broadly defined to include coverage for bodily injury, sickness, disease, disability, shock, mental anguish, and mental injury. Coverage is also included for false arrest and imprisonment, wrongful entry or eviction, malicious prosecution or humiliation, libel, slander, defamation of character or invasion of privacy, and even assault and battery, when not intentionally committed or directed by an insured.

Property Damage Liability

Under the personal umbrella policy, property damage liability is usually defined as injury or destruction of tangible property, which includes the loss of use of the property.

Self Insured Retention

The self insured retention is the amount of the loss the insured must pay before the umbrella policy would be required to respond. The retention would only apply when a loss is excluded from coverage under the primary policy, but not excluded under the umbrella policy.

Required Underlying Limits

This is a requirement of the insurer, it requires the insured to have certain minimum amounts of primary liability insurance before the umbrella policy can be written. Usually the required limits are \$250,000 per person and \$500,000 per occurrence on bodily injury liability and \$50,000 for property damage liability under the auto policy. The personal liability insurance limits must be at least \$100,000 under the homeowners policy. Insured's that have a watercraft liability exposure are usually required to carry at least \$300,000 in liability coverage. However, these required underlying limits can vary among insurers.