



October 2015 

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Why Basic Insurance Is Not Enough: Real Life Personal Umbrella Claims

Insureds need RLI's Personal Umbrella Policy

A Personal Umbrella Policy (PUP) is a necessary addition to insurance protection for most insureds. Are you aware of the importance of this valuable coverage? One of the best ways to understand the need for a personal umbrella is to review actual claims examples. It is very clear that an incident arising from just normal daily activities can expose all of us to the potential for a large claims suit.

Listed below are actual RLI PUP claims. These claims show the very real consequences of situations that quickly exhaust underlying liability limits and threaten the net worth of the people involved.

Excess UM/UIM Claim Scenario

The Insured was driving legally on a highway when she was rear ended by another driver. The collision caused the Insured's vehicle to hit a barrier and bounce into a light pole. The other driver attempted to flee the scene on foot but was apprehended. He was uninsured, does not have a driver's license, and was cited for numerous violations.

The Insured sustained two broken ribs, three broken teeth, contusions to her lungs, and lacerations to the head. After the insured's primary insurance company tendered its full Uninsured Motorist limit, the insured was still left with \$260,000 in medical expenses. The RLI Personal Umbrella Excess Uninsured Motorist coverage paid the remaining expenses.

Auto Liability Claim Scenario

The Insured was driving southbound down the road. The insured passed two orange construction signs,

the first saying "Road Work Ahead" and the second "Shoulder Work Ahead". At this point, the road proceeds uphill and curves slightly to the left. There were then six barricades along the fog line with a construction water truck parked just ahead of the sixth barricade. The insured just missed the sixth barricade and then struck the front bumper of the water truck. She continued on, hit a barricade and then struck the claimant (laborer who had just exited the water truck). After impacting the worker, she struck several other barricades, and corrected back onto the roadway. The claimant was thrown between 20 to 30 feet and sustained a fractured sternum; and brain and spinal injuries. RLI PUP Policy paid out policy limit of \$1 million.

Watercraft Liability Claim Scenario

Our insured was operating his ski-boat with 2 friends along as passengers on a lake in Texas. An inner tube attached to a rope was being held down by a cooler at the rear of the boat. The cooler became dislodged and flew out of the boat. When the insured attempted to turn the boat around to retrieve the cooler, the wind blew the inner tube out of the boat and the rope began to uncoil, catching one of the passengers around the leg, launching him into the air and landing him on the boat deck.

The Passenger's injuries included complete tears of his right knee ligaments and tendons requiring surgery. In addition, he sustained a substantial injury to his right hip. He was totally disabled for approximately 6 weeks, unable to drive and has additional lost

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business income. The primary insurance company tendered its full policy limit which was \$500,000 short of the total claim amount. However, the insured was also covered by the RLI Personal Umbrella and payment was made for the remaining amount of \$500,000.

Premises Liability Claim Scenario

The insured engaged a contractor to replace and install a new dock for the lake behind his house. After beginning the work, the contractor pointed out to the insured that a tree needed to be removed in or-

der to get the old dock out of the water. The insured had a backhoe and proceeded to knock the tree down, allowing for the dock to be placed on the ground out of the water. As they were leaving the lake, the contractor pointed out another tree that was dead and should be knocked down. The insured told the contractor that he was too close to the landing area and had him move further away to a safer area. While knocking down that tree, a limb hit the contractor on the head and neck. The underlying insurance coverage limits were paid out, but there was still a balance of \$800,000 for this claim. The RLI Personal Umbrella ultimately paid the \$800,000.

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