

Umbrella Coverage

The Smart Move for Your Business



The reasons to purchase insurance are well known, but what about umbrella coverage? It's not just for catastrophes anymore. Please review the following list and see if you agree that having an umbrella policy is a cost-effective way to further protect the business you've worked so hard to build.



Umbrella Losses Affect Small Businesses

- Regardless of the business type, companies of all sizes can experience losses that call for an umbrella policy.
- According to the U.S. Chamber of Commerce, small business owners pay more than \$35 billion per year in out-of-pocket court costs for claims that exceed what their primary insurance covers.¹

Top 10 Reasons to Buy Umbrella Coverage

- 1**  **It Protects What's Most Valuable**
An umbrella policy is smart business and provides greater peace of mind. It protects your employees, assets, hard work, reputation, and future.
- 2**  **A Million Dollars Isn't What It Used to Be**
Original ISO policy limits were set at \$1 million in 1985. In 2015, the coverage equivalent of that limit was just \$226,000. The cost of inflation reduced coverage by 77%!
- 3**  **Losses Are Increasing**
Multimillion-dollar settlements are becoming much more common. Advances in medical technology and prescription drugs have increased the costs of medical care, and new exposures with no historical loss experience (e.g., technology, foreign liability, identity theft, global warming) are on the rise.
- 4**  **It Safeguards Against Auto Exposure**
Auto crashes are the leading cause of umbrella claims. In the U.S., there's one auto-related injury every 13 seconds and one fatality every 15 minutes. Cars are just as likely as large trucks to cause a severe accident, and driver distractions are growing due to interactions with phone calls, texting, and GPS.
- 5**  **The Worst Can Happen**
Every business has a severity exposure:
 - Retail – premises safety
 - Restaurants – foodborne illness
 - Manufacturers – past, present, and future products
 - Warehouses – what is stored and how
 - Hotels – fire, carbon monoxide, crime
 - Contractors – falls from heights, noise, high property values



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Are You Buying Enough Umbrella Coverage?

Consider an accident with four injuries and no one returns to work.

Each injured person earns **\$50,000** per year and is 35 years old.

Each has **30** years left in the workforce.

This could amount to at least **\$6 million** in lost wages and between **\$15 million** and **\$20 million** in potential loss.

6 Settlement Awards and Tort Costs Are Rising

Today's primary limits may not be enough for claims that take years to settle. Even though a claim may take several years to resolve, a jury will often consider an award in "current" dollars.

7 Contractual Requirements Must Be Met

Umbrella policies allow you to respond quickly and more affordably to changes brought about by lease, job site, vendor, and municipal requirements.

8 It Ensures Business Continuity

Legal costs, judgment awards, and settlements outside existing policy limits can cripple a business. Consider who will pay defense costs, manage a large claim, manage a claim in a faraway jurisdiction, and find the right legal experts to handle a complex claim.

9 It's a Great Value

Umbrella policies offer additional protection at a reasonable cost. Here are some sample losses compared to annual premium:

Type of Loss	Loss Amount	Umbrella Premium
Auto liability	\$3.4M	\$1,845
Hotel fire	\$5M	\$4,400
Warehouse fire	\$7.5M	\$8,900

10 Deep Pockets Attract Claims

Your business's prominence can make it a target for legal action, even when there's a small percentage or question of actual liability.

Not All Umbrellas Are Alike

You'll be best served by an umbrella provider, like Liberty Mutual, that knows the ins and outs of large legal and medical scenarios and adds value by showing you how to reduce risk or offering crisis management support.

Questions? Contact your independent agent for more information about how an umbrella policy can help protect your business.

¹ U.S. Chamber Institute for Legal Reform. "Tort Liability Costs for Small Business."
<https://www.uschamber.com/tort-liability-costs-small-business>

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