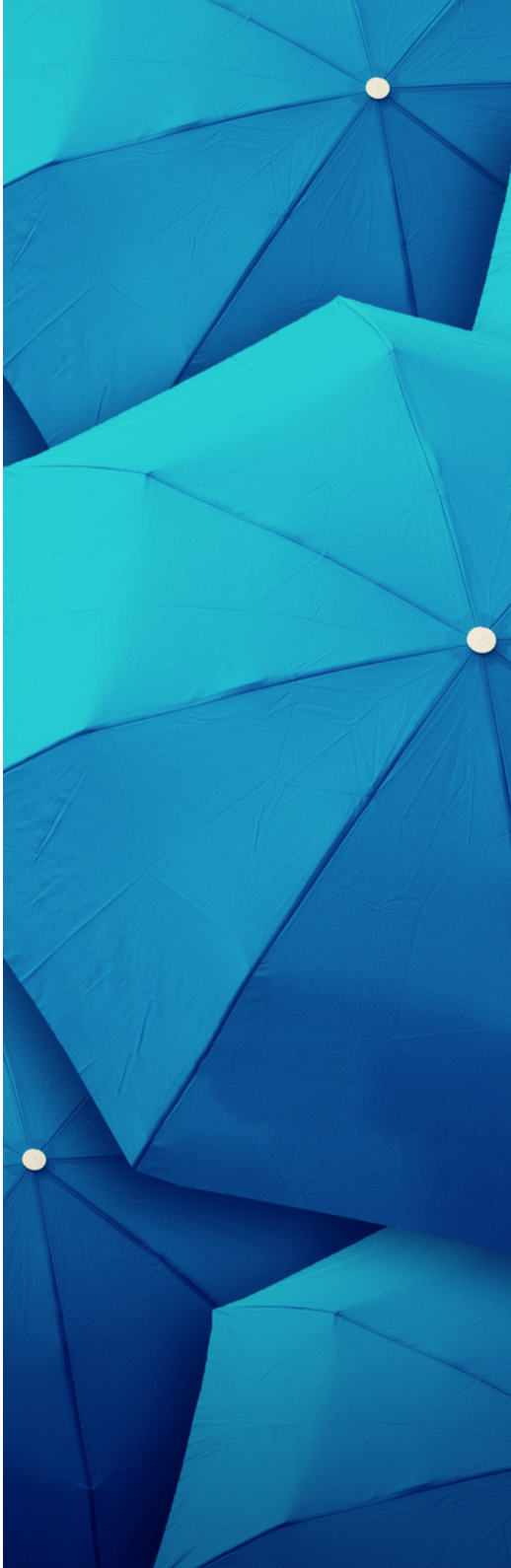


# Umbrella Liability Coverage: Protecting You from More than the Weather



If it seems like you're reading about larger jury awards in civil litigation cases, it isn't a figment of your imagination. When we consider verdicts above the \$10 million mark, [Verisk](#), which compiles insurance data from around the country, reported the average size of [jury awards increased almost 1,000 percent](#) from 2010 to 2018, rising to about \$22 million. And in 2019 alone, there was a [300% increase in verdicts of \\$20 million or more](#), compared to the average from 2001 to 2010.

This dramatic and quick uptick in jury awards led experts to coin the term nuclear verdict. This is when a jury provides an award in a case that's more than \$10 million, an amount so high that it surpasses what most people would consider reasonable. So, what's causing this phenomenon? Nuclear verdicts are closely tied to another trend: social inflation.

[Social inflation](#) is a term that describes the rising cost of insurance claims as a result of societal trends such as increased litigation, plaintiff-friendly legal decisions, broader contract interpretation, and larger jury awards. Public mistrust in large corporations, third-party litigation funding, the erosion of tort reform, and desensitization to large jury awards are the main factors driving social inflation in the United States today.



Social inflation has ushered in the era of nuclear verdicts, and it seems like this trend is set to continue in 2022. Having an umbrella insurance policy as an added level of protection for your assets and lifestyle in the unfortunate event a claim is made against you is more important than ever in these times.

Umbrella/excess liability insurance picks up when underlying liability limits of homeowners, auto, and other policies max out. It's usually sold in increments of \$1 million, and typically covers liability issues where you might be sued for negligence.

**Let's look at a few real scenarios that have happened to people to help you understand how an umbrella policy could apply to you\*:**

While taking items to his trash, a man was attacked by a neighbor's three dogs, which had escaped through an open gate on the neighbor's property. The man sustained multiple lacerations to both legs and a lower back injury.

**Judgment: \$7.7 million State jurisdiction: Florida**

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After completing his work in the attic of a customer, a heating and cooling service technician fell through the floor of the attic, falling nearly 20 feet. He sustained injuries to his back, hand, foot, ribs, shoulder, and wrist.

**Judgment: \$8.9 million State jurisdiction: New York**

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While traversing a crosswalk, a woman was struck by an oncoming vehicle. The impact resulted in a traumatic brain injury and damage to one leg that ultimately necessitated an above-the-knee amputation.

**Judgment: \$26.2 million State jurisdiction: California**

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If you're sued, found at fault, and the settlement exceeds your policy limits, you're responsible for paying the difference. Your future earnings, home, retirement funds, college funds, and other assets could be on the line to make up for the difference. Considering how jury awards continue to become bigger with every passing year, it's not hard to imagine how a settlement can be financially devastating. When we think about this scenario, it's easy to see why umbrella insurance is a worthwhile investment.

**You should also consider purchasing excess uninsured motorist (UM) coverage.**

Excess UM coverage is an endorsement that you can add onto your umbrella policy to cover your personal medical bills in the event that you get into an accident with an uninsured or underinsured motorist, and your medical expenses exceed their car insurance policy limits. Because medical expenses can quickly add up, excess UM has grown in popularity in recent years.

So, how much umbrella coverage should you purchase? The answer really depends on your unique circumstances. This is a highly personal decision, but as a baseline, think about your assets and earning power. The more you have, the greater your risk, and the more protection you'll need. [Take a look at this worksheet from Hanover Insurance Group to help you determine what gaps you may have.](#)

Unfortunately, nuclear verdicts and social inflation feed into each other and create an unsustainable cycle of increased and frequent damage awards that negatively impact both consumers and the industry insurance as a whole. Considering the totality of factors, it's unsurprising that umbrella insurance rates are rising. As of Q1 2022, umbrella rates are [up 10% to 20%](#).

Despite rate hikes, you should still consider purchasing umbrella insurance. Getting hit with a hefty verdict could potentially destroy your livelihood and all you've worked hard to build.

[Contact us today](#) for an assessment of your risk profile and insights into what umbrella insurance limits are appropriate for your unique circumstances.



**AHT**  
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# Let's See if You Should Have Excess Liability Coverage\*\*

## DO YOU?

- ☐ Own a home/second home
- ☐ Drive a car
- ☐ Have a swimming pool, hot tub, or trampoline at your home
- ☐ Have a dog
- ☐ Blog, tweet, and/or post comments or photos online
- ☐ Entertain guests at your home
- ☐ Have teenage children
- ☐ Host your children's birthday parties at outside venues
- ☐ Employ household staff, such as a nanny or housekeeper
- ☐ Travel regularly for business or pleasure
- ☐ Have any of your homes or properties held in a trust or limited liability corporation
- ☐ Own or operate any recreational vehicles, jet skis, jet boats, or other watercraft
- ☐ Serve on a board of a non-profit and/or a for profit organization



**If you check even one of these boxes, you should have Excess Liability Coverage.**

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*\*Sourced from actual court rulings in the noted state jurisdictions*

*\*\*Chubb and Hanover Insurance Group*

