



# Straight to the Point...

A Quarterly Personal Insurance Publication for Families and Their Financial Advisors



## Inside this issue:

The Personal Umbrella Policy	1 - 2
Insuring Your Jewelry Collection - Covered?	1
Umbrella Risk Factors	3
Real Life Umbrella Scenarios	4

## The Personal Umbrella Policy

*An Invaluable Component of Your Insurance Portfolio*

As the old adage goes, "You do not have to be a millionaire to be sued like one." The fact is - a single lawsuit, even if you win, can end up costing hundreds of thousands of dollars. In today's society, more people file lawsuits for more money than ever before. The personal liability coverage available through a homeowners or automobile policy is simply not enough to protect you. An umbrella policy can offer a higher level of liability coverage that protects you and your family from damages for which you may be held responsible.

The greater your assets, the *more* you potentially have at risk. Umbrella coverage can help protect you against personal liabilities that could attack a substantial portion of your current assets, future assets or future earnings.

### What *is* a personal umbrella liability policy?

A personal umbrella liability policy is an insurance contract designed to increase

the liability protection over and above a standard home and/or auto insurance policy. The personal umbrella extends your liability protection beyond the primary policy limits - usually sold in million dollar increments. An umbrella may be obtained once your home and auto insurance policies meet a minimum "attachment point" (typically, a liability limit of \$250,000 or \$500,000).

Personal umbrella policies provide four elements of coverage:

**Personal injury:** Includes mental anguish, false arrest, wrongful entry/eviction, malicious prosecution, libel, slander, defamation of character, invasion of privacy or negligent infliction of emotional distress

**Bodily injury:** Includes physical injury or death - in some jurisdictions, this includes emotional injury

- Continued on Page 2

## Insuring Your Jewelry Collection - Are You Covered?

*By Dan Glunt*

We understand that most of our clients have insurance needs that cannot be satisfied by a standard homeowners policy. That's why we offer jewelry and collections coverage that addresses the needs of affluent clients.

*Product highlights include:*

**"All-risk" Coverage** - applies to a broad range of losses, theft, lost stones, mysterious disappearance and earthquake.

**Blanket Coverage** - pays up to \$10,000 per item without specifically listing each item.

**Itemized Coverage** - For more expensive items (>\$10,000), itemized coverage specifically lists each piece with a corresponding

dollar value.

**Worldwide Coverage** - your jewelry and other collectibles covered anywhere in the world.

**Deductible** - there is no deductible

**Cash Settlement** - unlike most insurance policies—there is no requirement to replace.

**Price** - typically \$150 for \$10,000 of coverage

**Replacement Cost** - pays up to 150% of the replacement value if the item is underinsured

**Coverage for Newly Acquired Items** - automatic coverage up to \$25,000 for 30 days. This gives you peace of mind while adding to your collection.

Fort Point Insurance Services, Inc.  
Daniel Glunt, Principal  
James M. Corroon, Vice Chairman  
Phone: (415) 781-8800  
Facsimile: (415) 781-8802  
260 California St., Suite 801  
San Francisco, CA 94111  
info@fpins.com  
www.fpins.com

## ...Personal Umbrella Coverage (continued from Page 1)

**“You do not have to be a millionaire to be sued like one.”**

**- old adage**



**Property damage:** Includes destruction of the property of others, cost of recreation, and loss of use. Worth noting – an umbrella policy **does not** provide coverage for your own property (such as not having sufficient limits to cover damage to your own home)

**Defense coverage:** Includes groundless, false, and fraudulent suits, loss of earnings, bail bond costs and other reasonable expenses.

A handful of specialty insurance companies (notably; Chubb, Fireman’s Fund and AIG Private Client Group) offer unique or expanded options, such as:

**Personal injury:** Enhanced coverage for individuals in the public eye –libel and slander coverage is often excluded by most standard insurance companies.

**Not-for-profit directors and officers coverage:** Coverage if you are sued for personal injury or property damage resulting from your volunteer service on the board of a not-for-profit organization and/or homeowners association

**Uninsured/Underinsured motorist protection:** Provides higher limits for uninsured/underinsured coverage and/or property damage from an uninsured driver.

**Employment-Related Lawsuits:** It is not uncommon for domestic staff such as nannies, housekeepers, private assistants, gardeners and other domestic staff to take their employers to court citing claims of wrongful termination, sexual harassment and discrimination.

**High Limits:** Most insurance companies provide a maximum limit of \$3 - \$5 million. Chubb and AIG Private Client Group are the only two carriers with capacity to provide coverage up to \$100 million. These two companies are backed by the highest ratings for financial strength and claims paying ability.

**Unlimited Defense Costs:** Most companies limit the amount of money associated with the cost to defend a lawsuit. With Chubb, AIG Private Client Group and Fireman’s Fund the defense costs are *unlimited* – even if the cost exceeds the stated policy limit.

**“The premium for a \$5 million umbrella for an individual with one home and two autos costs as little as \$330 per year”**

### What does an umbrella cost?

The price of an umbrella policy depends on three main rating factors – the dollar limit of coverage, the number of properties owned/rented and the number of automobiles/watercraft owned. The cost associated with automobiles and watercrafts are much higher than the cost for each property location.

The premium for a \$5 million umbrella for an individual with one home and one auto ranges from \$270-\$550 per year. The cost of a \$10 million umbrella for a family with two homes, one rental property and three autos ranges from \$1,250-\$1,850.

### Consider Increasing or Adding Umbrella Coverage

Umbrella coverage can help protect you against personal liabilities that could attack a substantial portion of your assets or future earnings. For a few hundred dollars, you may add an umbrella policy or increase your policy limits commensurate to your growing assets and “risk factors.” Talk to your personal insurance agent regarding this important coverage.

## Personal Umbrella - How Much Coverage vs. Risk Factors

### *How much coverage do I need?*

While many financial advisors recommend that your umbrella policy be equivalent to your net worth, they neglect to consider *risk factors* that could leave you exposed. A judgment against you may exceed your entire savings. All of your assets are at risk - even your home and future earnings. We recommend that clients review *risk factors* as a measurement of probability. Affluent individuals and families that have five or more *factors* should consider an umbrella policy of, at least, \$5 million. Those with six or more may need a \$10 million umbrella or higher.

### ***Risk Factors:***

- Earn a high income, anticipate an inheritance, have a net-worth over \$250,000
- Own an expensive automobile – accident victims tend to have complicated injuries and are less compassionate when hit by a luxury automobile
- Own a swimming pool, hot tub or spas
- An individual in the public eye - a CEO, senior executive, notable shareholder, government official, celebrity, or sports figure
- Own rental property (wrongful eviction, unlawful entry, slander, malicious prosecution may be included in umbrella policies)
- Dog owners, especially a breed with a high occurrence of biting (even a Pomeranian has killed two over the past twenty years – *source CDC Dog Study*)
- Transport others, particularly children or the elderly
- Own a motorboat, sailboat, personal watercraft or snowmobile
- Employ domestic help and/or occasional workers
- Serve on a homeowners association board or a nonprofit board of directors
- Have teenagers
- Own a vacation home
- Own firearms



***“A judgment against you may exceed your entire savings. All of your assets are at risk - even your home and future earnings. “***



## Real Life Umbrella Scenarios

- Driving down a busy street, you accidentally injure a successful entrepreneur in the crosswalk. Medical costs, lost earnings and damages amount to millions.
- A 15-year-old guest at your son's pool party dives unknowingly into the shallow end of your pool, and suffers devastating paralysis and injuries amounting to millions.
- Your tenant sues you for wrongful eviction, unlawful entry and slander. The cost to defend may be in excess of \$100,000.
- You're having a wide-screen television delivered to your home, a deliverymen slips on your wet steps and fractures his skull. Damages are \$150,000.
- While carrying your umbrella in the rain, you accidentally poke the eye of an executive. The executive loses her eye and the injury causes significant disfigurement. Medical costs, lost earnings and damages amount to millions.



### Fort Point Insurance Services, Inc.

260 California St., Suite 801  
 San Francisco, CA 94111  
 Phone: 415-781-8800  
 Facsimile: 415-781-8802  
 Email: info@fpins.com  
 www.fortpointinsurance.com  
 Or **(new)** www.fpins.com  
 CA License #0E11805

### About Fort Point Insurance:

Fort Point Insurance Services, Inc. is an independent agency serving business and personal insurance. We specialize in the design, placement and servicing of innovative personal insurance programs for affluent individuals and families. Based in San Francisco, we work with clients across the United States.

### The Fort Point Insurance process:

- Consultative review of current coverage
- Recommendations, solutions and services
- Pricing options and alternative quotations
- Continued expert advice and periodic reviews

### Our Principal Carrier Relationships:



### Fort Point Insurance Personal Insurance Solutions and Products:

- Personal liability** – primary, excess and umbrella limits up to \$100 million
- Dwelling** - high-value, standard, historic, multi-state, foreign, rental property and seasonal/secondary
- Automobiles** – high-value, standard, collector, RV and motorcycle
- Collections** - jewelry, fine art, wine and other collectibles
- Vineyards, Ranches and Horse Exposures** – horse mortality, liability, transportation and ranches
- Earthquake, hurricane and flood**
- Kidnap, ransom & extortion**
- Identity theft**
- Aviation** – jets, helicopters and other (private-owned, corporate and/or fractional ownership) aircraft.
- Watercraft** – yacht, small boat, sailboat and personal watercraft
- Family office** coverage
- Employment practices liability** for domestic employees
- Workers compensation** for domestic employees
- Personal Directors & Officers Liability**