

Not All Umbrella Policies are Created EQUAL

Protect your clients from liability lawsuits that could substantially deplete their net-worth and future income with the superior coverage provided by an ***Umbrella Policy***, an essential component to any comprehensive financial plan.

The threat from personal liability lawsuits

The more your clients have, the more attractive they are as a target for a liability lawsuit, and lawsuits can be very expensive. Personal liability awards and settlements can reach into the tens of millions of dollars, far exceeding limits in basic Home and Auto policies and perhaps even their current Umbrella coverage. From 2000 to 2006, the highest personal injury award was \$326 million, 13 percent of all personal injury claims exceeded \$1 million, and 4 percent exceeded \$5 million.

Here are just a few of the cases that lead to large awards or settlements over the 2000 to 2006 time period:

- ***\$8.0 million:*** Male plaintiff suffered an aggravated vertebra injury requiring fusion surgery as a result of a fall from a porch at a residence owned by the male defendant.
- ***\$4.6 million:*** A two-year-old child suffered anoxic brain damage, which resulted in diminished mental capacity, total blindness, and spastic quadriplegia when he wandered into a swimming pool after squeezing between the boards of a surrounding fence at the defendant's home.
- ***\$9.5 million:*** A 14-month-old child became permanently paralyzed as a result of an auto accident when the defendant's vehicle stalled in the middle of the roadway.
- ***\$3.2 million:*** A 5 member non-profit board was sued for self dealings and conflict of interest, mismanagement of operations & misrepresentation. The \$3.2 million was assessed to each board member after the non-profit's D&O Policy limits of \$1,000,000 were exhausted. Each board member was responsible for \$640,000
- ***\$1.8 million:*** A physician and his wife (corporate attorney) fired their live-in nanny for allegedly stealing personal property. The suit was dismissed and the nanny filed a counter-suit claiming wrongful termination.

Fortunately, such occurrences are rare, but an affluent lifestyle can put your clients at a higher risk. Swimming pools, trampolines, tennis courts, recreational vehicles, water craft at your homes increase the chance of injury and death. Domestic staff can sue your client for harassment or wrongful termination. If they serve as a volunteer board member of a non-profit organization, they could be held personally liable for the actions of the organization. Since your clients are either professional athletes, entertainers and high net-worth individuals, they require customization of risk management programs to reduce their exposure and liability to a financial loss.

As a trusted advisor, I encourage you to engage your clients and inquire about their property & casualty insurance and risk management program they currently have in place. Once the discussion begins, please consider using our firm to evaluate your client's property & casualty insurance portfolio to determine if they are properly covered. Please feel free to contact me anytime.

Regards,

*Dan Verdun
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