

SPECIAL REPORT

AN UMBRELLA IS NOT AN UMBRELLA— “BUT I THOUGHT MY UMBRELLA WOULD COVER FIRE DAMAGE TO MY BUILDING, AS WELL AS . . .”

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Don't be misled by the word “Umbrella” in the title of an Umbrella policy.

This was the name that the industry started using years ago when the Umbrella was, in most cases, broader than the primary Commercial General Liability and Automobile policies.

Today, nothing could be further from the truth.

First of all, an Umbrella should be looked at as providing excess liability insurance over a primary Commercial General Liability and Automobile policy, at best.

The real key is to be certain that the “Umbrella” (correction, Excess Liability policy) needs to be at least as broad as the primary policies.

This is not, typically, always the case.

Let's take an example:

The underlying Commercial General Liability policy does provide \$100,000 in fire legal liability coverage for a building that is leased from others.

The Umbrella policy does not provide any additional coverage in this area.

The primary Commercial General Liability policy may, without an absolute pollution exclusion, provide products pollution coverage.

The so-called “Umbrella” policy will exclude this.

Let’s stop providing any assurance to our clients that the Umbrella policy is doing anything other than providing some additional liability insurance over a Commercial General Liability policy and over an Automobile Liability policy.

It is not an “Umbrella” that will fill the holes of an inadequately designed insurance program.

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