



Protecting Personal Assets Against Lawsuits

Lawsuits and judgments associated with common accidents, injuries and accusations are a real threat to financially successful families. The more assets you own, the more vulnerable you may be. That's why Personal Excess Liability (PEL) coverage is a highly efficient way to transfer risk and help protect your assets.



THE PURE SITUATION ROOM™
Visit puresituationroom.com for the latest loss prevention and risk management resources.

The following advice is intended to help you assess your risk level and guide you to select the proper coverage. As always, your independent insurance broker can help you in this process.

1. Make sure you have enough coverage to properly protect your assets.

PURE recommends that members have a minimum of \$5,000,000 in liability coverage; however, more is often the prudent choice, especially if you have a higher net worth.

PURE's PEL policy provides a great deal of coverage for the price. For a typical PURE member, the policy costs about \$880 per year for \$5,000,000 in coverage, or \$1,520 per year for \$10,000,000 in coverage. Coverage limits start at \$1,000,000 and go up to \$50,000,000.

What's more, PURE identified that it's common in the insurance market for PEL pricing to increase dramatically for limits greater than \$10,000,000. So we set out to solve this problem and introduced a new, straightforward approach to pricing that's reflective of each family's individual risk, which reduced the premium for existing members with limits above \$10,000,000 by an average of more than 40%.

2. Make sure there are no gaps between your underlying coverage and your Personal Excess Liability coverage.

This issue is most common among individuals who have multiple insurance advisors. The problem occurs when the liability limit in their underlying insurance policy (most commonly Automobile) does not protect up to the limit where their PEL policy picks up. Having one advisor responsible for managing your entire personal insurance portfolio greatly reduces the likelihood that you will have gaps in coverage.

For PURE members who maintain the minimum requirements for Automobile, Homeowners and Watercraft insurance, our Personal Excess Liability policy provides seamless coverage if and when your underlying policy's liability limits are exceeded.

3. Make sure you are protected from uninsured or underinsured motorists.

Excess Uninsured/Underinsured Motorist (UM/UIM) coverage can protect you if you are involved in an automobile accident with someone who does not have insurance—or does not have enough insurance—to cover

Unfortunately, accidents and lawsuits happen, even to the most responsible people. And sometimes a relatively small, seemingly ordinary “mishap” can quickly turn into a huge financial loss.

MEMBER STORIES

A PURE member’s teenage daughter was driving a car owned by her parents when she became distracted and rear-ended another vehicle. She was unharmed; however, the other driver and his passenger sustained injuries, and both required surgery and hospital stays. PURE paid \$3,000,000 to settle the claim on the member’s behalf.

A PURE member was driving at a low speed through a neighborhood when she struck a pedestrian with her vehicle. The pedestrian fell to the ground but did not appear to be injured. Later, the pedestrian claimed that a neurological defect he had just begun experiencing was the result of the accident. PURE paid \$5,000,000 to settle the claim on the member’s behalf.

A PURE member was walking through a parking lot when she was hit by a car. She sustained serious but non-life-threatening injuries. The driver was uninsured and could not afford to pay her costly medical bills. PURE paid her medical bills and other related expenses, which exceeded \$900,000.

your costs. This is critical, as one in seven people in the U.S. does not have insurance, and a greater number don’t carry enough to cover them in a significant accident. The issue is greater in Oklahoma, Florida, Mississippi, New Mexico, Michigan and Tennessee, where it is estimated that one in five drivers is without adequate coverage.

4. If you employ domestic staff, you may need the added coverage of Employment Practices Liability Insurance (EPLI).

EPLI can protect you from a lawsuit brought on by a housekeeper, nanny, chef, gardener or other domestic employee claiming their legal rights have been violated.

5. If you serve on the board of a not-for-profit organization, you may benefit from Directors & Officer Liability Insurance (D&O).

Not-for-profit board members can be held liable for the actions or inactions of the organizations they serve. If you serve on such a board, consider adding Not-For-Profit Directors and Officer Liability Coverage.

6. Make sure all of your assets are protected.

If you have established one or more Trusts or Limited Liability Companies (LLCs) for personal tax, privacy or asset protection purposes, ensure that the assets of these entities are protected by your PEL policy by listing the entity as a named insured, or, if you want to keep clear separation, consider a separate PEL policy in the name of the Trust or LLC.

REDUCING YOUR LIABILITY RISK

Following are some of the most common factors that can increase your liability risk, as well as advice to help manage these factors.

Teenage Drivers

Unfortunately, teenage drivers are a very common factor in liability claims. We have seen several tragic incidents, most involving cell phone use and/or alcohol, and some simply reflect their lack of experience. To help minimize your exposure, and to help keep your teenage drivers safe:

Reduce distracted driving. Consider a device or app that disables their smartphone while driving; some will even alert you to unsafe driving patterns (such as speeding and stopping short).

Restrict night driving. Most young drivers’ nighttime fatal crashes occur between 9 p.m. and midnight, so teenagers should avoid driving after 9 p.m. The problem isn’t just that night driving requires more skill behind the wheel. Late outings tend to be recreational, and even teens who usually follow the rules can be easily distracted or encouraged to take risks.

Restrict teenage passengers. Teenage passengers riding in a vehicle with a newly licensed driver can distract the driver and/or lead to greater risk-taking. About six of every ten teenage passenger deaths occur in crashes with teen drivers. These crashes happen during the day and at night, so the best policy is to restrict teen passengers at all times.

For additional advice to help keep your teenage driver safe, visit puresituationroom.com/teen-driver.

Domestic Staff

Personal assistants, nannies, housekeepers and other domestic workers frequently assist in running and maintaining our members’ homes. They also pose multiple liability risks. To help manage your risk:

Limit their access to your vehicles. Be aware that you could be held financially accountable for accidents or injuries that are caused by another person driving your vehicle.

Conduct background checks. Background checks can help to uncover a poor driving history or a criminal record. PURE has a relationship with a national risk consulting company to provide background screening services for domestic employees at a discounted rate. PURE members can contact a Member Advocate® at memberadvocate@pureinsurance.com or 888.813.7873, to learn more.

Other common risk factors that could contribute to a liability claim include: owning a dog(s), serving on a board of directors, travel (especially international), children away at college, college-aged children studying abroad, and owning recreational vehicles such as golf carts and jet skis.