

## ARTICLES

# Physician, Cover Thyself

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### *Why every doctor needs a personal umbrella policy*

With career success comes more wealth and some unique challenges— like lawsuits. Physicians, as a profession, know we live in a litigious society, but might miss what bearing their professional success could have on asset protection in their personal lives. Simply put, professional success can increase personal exposure.

A personal umbrella policy with adequate limits is a great way to achieve peace of mind, but what factors should you be evaluating when setting coverage limits to ensure they're "adequate"?



### **PERSONAL FACTORS**

When weighing your insurance umbrella's size against the cost of incremental increases to your coverage, start by tallying against the following basic parameters:

**Future income stream** – Future earnings can be taken into consideration during a lawsuit settlement. If you're expecting to earn a lot over the coming years of your career, that potential income will be seen as fair game in a settlement. You'll want it protected.

**Physical assets** – Take a hard look at your assets. What's publicly visible? Are your homes in affluent areas? Are your cars luxury models and/or high-performance vehicles? Notable wealth can prompt bigger claims. Put realistic numbers against those assets - a plaintiff's attorney will do the same.

**Lifestyle** – This includes your occupation(s), activities and family status. Do you work for a public company where your stock holdings or compensation can be found online? Do you sit on a non-profit board? Do you have driving-aged children? Are you in the public eye? Using social media? Any of these can increase the risk of slander or defamation actions. Do you entertain at your residence regularly or host charitable and political fundraisers? Is alcohol served? These increase your liability if someone drinks and drives.

**Tolerance for risk** – This one is fairly straightforward on its face. Simply put, how much cost are you willing or able to pay out of pocket in the event of a lawsuit? The answer can directly affect the ongoing cost of your umbrella policy's premium.

### **RECENT JUDGMENTS**

Precedent is an important part of law and thus should be part of the process in determining the appropriate limit.<sup>1</sup> Here are a few recent settlement examples to consider:

- \$26.2 million – California – A woman was struck in the crosswalk by an oncoming vehicle, resulting in a brain injury and above-the knee-amputation.
- \$50 million – South Carolina – A motorcyclist died after being struck by a vehicle that ran a red light. The driver was sued for wrongful death, resulting in compensatory and punitive damages.
- \$7.7 million – Florida – A man was attacked by his neighbor's three dogs while taking out the trash. The man sustained multiple lacerations.

## **OTHER CONSIDERATIONS**

Excess uninsured/underinsured motorist coverage is a smart part of an umbrella policy. Not all insurance companies offer it, but those specializing in affluent and high net worth individuals and families do.

Be sure to choose a policy with defense coverage beyond the liability limit. Even as jury verdicts tied to personal liability lawsuits increase across the United States, only a handful of insurance companies sell standard umbrella policies with limits above \$5 million. For wealthy consumers facing bigger risks, a customized policy is the only practical protection available.

In sum, as wealth accumulates, insurance becomes as much about risk management as financial coverage. An approach using limits to protect against extreme, atypical cases becomes more practical. At a time when jury verdicts are exceeding \$20 million and increasing in frequency, it makes sense to evaluate your personal risk profile and, using the factors outlined above, establish limits that match your exposures.

**1 Source: Chubb Insurance, February 2016**

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### TAGS:

Health Care

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