
PERSONAL UMBRELLA UNDERWRITING GUIDELINES

UG-1300-0117

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General Information

These guidelines, application, wording and rates apply only to ELI-1300-0915.

Purpose	Personal Umbrella Liability is broad, flexible, high limit liability coverage designed to supplement the primary liability protection, with a net effect of creating an "Umbrella" of blanket excess liability insurance protection.
Features of an Umbrella Policy	<p>World-Wide Coverage for Personal Actions:</p> <ul style="list-style-type: none">• Subject to exclusions (underlying policies may have territorial limitations) <p>Excess:</p> <ul style="list-style-type: none">• Provides an extra layer of liability coverage over and above underlying primary personal, watercraft and automobile policies (increases available liability limits)• Increases the limits available under the primary Automobile policy using the End # 1 Excess Automobile Liability which is endorsed on the umbrella wording.• Increases the OPCF44R (SEF 44) – Family Protection Benefits limits of the underlying automobile policy(ies).• Increases the limits of the Uninsured Automobile/Motorist Coverage of the underlying automobile policy(ies) <p>Additional Coverage:</p> <ul style="list-style-type: none">• Personal Injury including libel, slander, defamation of character, invasion of rights or privacy, false arrest• Liability incurred as the result of volunteer work in a Non-Profit organization• Associated defence costs when Umbrella is primary <p>Drop Down:</p> <p>Provides “drop-down” (becomes primary coverage) feature to cover losses and associated defence costs when:</p> <ul style="list-style-type: none">• the underlying primary policy has been reduced or exhausted,• there is a claim resulting from Additional Coverage noted above <p>“Drop-down” is subject to a “Retained Limit” of \$500 or as stated on the “Declaration Page”</p>
Primary Insurance	The failure of the Insured to maintain the underlying insurance does not invalidate the personal umbrella liability coverage, but in the event of such failure, the insurer will only be liability to the same extent as it would have been had the insured maintained the underlying insurance.

Changes to Primary

The Personal Umbrella wording contains an 'Automatic Coverage for Additional Exposures' Clause in the Insuring Agreement to address any changes to the current underlying policy(ies).

New Underlying policy(ies) must be dealt with immediately and additional premium charged as necessary.

Application

- Fully completed 'Personal Umbrella Liability Application' signed and dated by the Insured and Agent/Broker is required.
- The coverage should be reviewed annually (see above note on changes), and a new application is required every three (3) years

Declaration Pages

The umbrella can be written on a separate policy or as an endorsement to the primary residential policy. Member Company must be able to accurately collect and comply with the statistical requirements and reporting.

The liability declaration page that must indicate the follow:

- Policy number
- Retained Limit (deductible)
- Limit of Liability
- Underlying policies and their liability limits
- Plus applicable endorsements

[\(Click here for example of Declaration Page Requirements\)](#)

Not all the vendor systems can accommodate the script necessary to list the schedule of underlying policies on the declaration page. To address this concern, a Schedule of Underlying Insurance has been created.

[\(Click here for example of Schedule of Underlying Insurance\)](#)

Underwriting Guidelines

- Named Insured**
- Personal umbrella coverage can only be written in the name of an individual applicant and his/her spouse
 - Vehicles and property in a company name cannot be listed as an Underlying policy

- Binding Authority**
- Member Company must write the underlying primary residential policy
 - All Primary (underlying) policies must meet underwriting guidelines in accordance with the Member Company's personal property and automobile manuals
 - If the Member Company is not the carrier of an underlying policy, the underwriter must have knowledge and details of the underlying policy/exposure and ensure that it adheres to the Member Company's underwriting guidelines.
 - All underlying policies are insured to a minimum of \$1,000,000 liability limits (including OPCF/SEF 44 – Family Protection Endorsement)
 - All underlying policies must carry the same liability limit
 - No liability losses in the past six (6) years
 - Additional Business Pursuits extended from the homeowners policy with revenue less than \$50,000 and not written as part of the Home Based Business product.
 - Any risks identified in the "Ineligible Risks" section cannot be bound
 -

Ineligible Risks The following classes of business are not eligible for umbrella coverage:

- Any risk that is excluded by your Reinsurance Contracts
- Commercial operations, including farming and Homebased Business insured on a commercial general liability or farm liability policy
- Primary vehicles located outside of Canada
- Primary (principle) property located outside of Canada
- Risks with private aircraft landing strips on the premises
- Any risk where primary underlying property policy includes a designated premises endorsement. (For example, named insured resides in the US and the cottage is insured with mutual)
- Risks where the insured has been sued for libel or slander in the past 6 years
- Persons in the following occupations/professions, unless they have professional coverage (i.e Errors & Omissions Insurance) in place.
 - professional entertainer (i.e. actor, comedian etc),
 - media personality,
 - professional athlete
 - political figure

Risks outside of Binding Authority

Outside Binding Authority There may be situations that present themselves that fall outside the binding authority presented in these guidelines. In such situations the risk must be referred to the Management with in each mutual.

Process It is the expectation that:

1. The Member Company Management will review the risk, supporting documentation, and their Reinsurance Contracts with FMRP to determine if the risk is:
 - a. A class of business they wish to write
 - b. Not excluded in their General Third Party or Automobile or Automotic Cession Contracts with FMRP
2. If not excluded in your reinsurance contracts, the Member Company Management will make the business decision to accommodate the business, provide approval and recommended rating to the underwriter.
3. If excluded in your reinsurance contracts the risk must be submitted as a Special Acceptance to FMRP.

Special Acceptance Process A fully completed “Special Acceptance Request” form must be submitted to FMRP Reinsurance. The form is available in the Members area of the FMRP website under: Departments/Reinsurance/Forms.

FMRP will review the request and provide a written response within four business days. FMRP reserves the right to assign an appropriate premium for any risks which has been referred.

Once a risk has been approved by FMRP, acceptance will continue to apply on subsequent renewals, unless otherwise noted. Should the risk change from the original approval, you must reapply to FMRP for Special Acceptance.

Umbrella Rating

Retained Limit (deductible) Liability exposures not insured by the primary (underlying) insurance but covered by the personal umbrella policy (Additional Coverages) are subject to a retained limit of \$500.

Base Premium Includes: The base umbrella premium includes excess liability coverage for the following:

- Two (2) residences, owned or occupied by the insured
- Incidental office in the residence, owned or occupied by the insured
- One watercraft (excluding personal watercraft or PWC) owned, hired or operated by the insured
 - Maximum length – 26 feet
 - Maximum combined horsepower:
 - outboard - 25hp and
 - inboard/outboard - 50 hp
 - inboard – 50hp
- Two (2) private passenger automobiles (excluding motorcycles and motorhomes) owned or leased by the insured
- One (1) recreational vehicle (excluding motorcycles and motorhomes) owned or leased by the insured

There are no deletions or substitutions allowed in the base premium.

Rating	Premiums:
1 Base Premium: Limit \$1,000,000	\$125
2 Additional Charges:	
Each additional residence or location	10
Residential lots exceeding 10 acres (no farming activity by anyone, not by owner nor by tenant) – Rate per 10 acres	5
Each rental dwelling (maximum 6 rental units)	10
Each additional private passenger automobile (excluding motorcycles)	15
For each driver under age 25 (listed on the underlying policies)	10
Each additional recreational vehicle (excluding motorcycles)	15
Each motorcycle	25
Each motorhome	25
Additional Business Pursuits (if extended from Residential policy):	
Annual Revenue (GAR)	
Under \$10,000	100
\$10,001 to \$50,000	300
Over \$50,001	Refer
Child care in home (if covered in underlying residential policy)	250
Watercraft (max length 50' and max speed 55 mph):	
Motorized	
Outboard greater than 25hp	25
Inboard/outboard greater than 50hp.	30
Inboard greater than 50hp.	50
Sailboats	
Up to 50'	30
Personal Watercraft (PWC)	
Max speed 50 mph	50
All other watercraft	Refer

3	Increased Limits:	Factor
	\$2,000,000	1.40
	\$3,000,000	1.60
	\$4,000,000	1.80
	\$5,000,000	2.00
	\$6,000,000	2.20
	\$7,000,000	2.40
	\$8,000,000	2.60
	\$9,000,000*	2.80
*9,000,000 only available with \$1,000,000 underlying policy		

4 Credits:

If ALL underlying policies carry \$2,000,000 Limits -10
if No underlying auto policies -25

To calculate: Add \$125 plus additional charges multiply by the increased factor, less any applicable credits

Rating Example

	<u>Premium:</u>
Base Premium plus additional charges:	125.00
1 motorcycle	25.00
Third location	10.00
Sub total	\$160.00
If insured wants \$3,000,000 Umbrella apply factor of 1.60	\$256.00
Less credit if all policies carry \$2,000,000 underlying limits (- \$10)	\$ -10.00
Final Umbrella Premium	\$246.00

Rating Notes

For recreational type trailers (i.e. cabin, tent trailers), the rates are included with the towing vehicle. However, the member company may choose to charge additional premium for this exposure if warranted.

Reinsurance Requirements

Reinsurance Requirements

Member Companies are expected to complete and submit an Excess/Umbrella Liability Report twice a year itemizing all policies and premium transactions where liability limits exceeding \$2,000,000 are provided. The yearly input form to complete the report is available on the FMRP website. A screen shot of the report is shown below.

Excess/Umbrella Liability Report

- The report serves as a premium reporting/payment mechanism and provides information on
 - Risk volume by liability limit
 - Claims confirmation
 - Open market Reinsurance placement (renewal) process
 - Excess/Umbrella Liability Program forecasting
 - Year-end information
- The report is due on or before July 15 and December 15 each year
 - July Report to include business with a transaction effective date from **December 1 – June 30**
 - December Report to include business with a transaction effective date from **July 1 – November 30**
- FMRP Underwriting will send a reminder notice by email to Member Companies one month before each due date
- The Excess/Umbrella Liability Report calculates the amount due to FMRP
- Payment to FMRP must be remitted when the report is submitted

Report Example:

Excess and Umbrella Liability Report Input Form
Due July 15th and December 15th

Company: <input type="text"/> Submitted by: <input type="text"/> Date Submitted: <input type="text"/> Total Amount Due to FMRP: <input type="text" value="\$3,000"/> Veh Premium: <input type="text" value="\$3,000"/>	Policy Types Excess: Umbrella: A - Auto UC - Commercial C - Commercial UF - Farm F - Farm UP - Personal N - Non Owned Auto P - Personal	Transaction Codes 1. New Policy 2. Renewal Policy 3. Additional Premium 4. Return Premium 5. Cancel Policy 6. Delete Coverage 7. Reinstatement 8. Add Coverage									
Name of Insured	Policy #	Transaction Code	Transaction Effective Date dd/mm/yy	Transaction Expiry Date dd/mm/yy	Policy Type	Underlying Liability (M)	Premium for Underlying Policy	Excess or Umbrella Limit (above underlying limit)	Excess or Umbrella Premium	Amount Due to FMRP	Veh Premium
										0	
										0	
										0	
										0	
										0	

Declaration Page

Requirements The Umbrella declaration page contains specific elements that are contained within the umbrella liability wording.

There are two options available:

Option 1: The following is required on the declaration page:

- The retained limits and amount of insurance
- The Schedule of Underlying Insurance included on the declaration page
- Endorsement #1 - Excess Automobile Liability must be added if there are underlying auto policies

Below is an example of a layout of a Personal Umbrella (\$3,000,000 excess of \$2,000,000) declaration page incorporating the above elements:

Sample Layout

<u>SCHEDULE</u>				
<u>ITEM#</u>	<u>DESCRIPTION OF ITEMS</u>	<u>RETAINED LIMIT</u>	<u>FORM NUMBER</u>	<u>AMOUNT</u>
99	PERSONAL UMBRELLA	500	ELI-1300-0915	
	Each Occurrence Limit			3,000,000
	Aggregate Limit			3,000,000
	ALL LIMITS ARE IN EXCESS OF UNDERLYING INSURANCE			
SCHEDULE OF UNDERLYING INSURANCE				
Company	Policy#	Limits	Term	
Mutual Insurance	12345A01	\$2,000,000	28/08/2015 - 28/08/2016	
Mutual Insurance	45678P01	\$2,000,000	28/08/2015 - 28/08/2016	
Endorsement # 1 — Excess Automobile Liability Endorsement				

Option 2: The following is required on the declaration page:

- The retained limits and amount of insurance
- The Schedule of Underlying Insurance added as an attachment
- Endorsement #1 - Excess Automobile Liability must be added if there are underlying auto policies

Following is an example of a layout of a Personal Umbrella (\$3,000,000 excess of \$2,000,000) declaration page incorporating the above elements as well as an example of the Schedule:

Declaration Page Sample Layout:

SCHEDULE

<u>ITEM#</u>	<u>DESCRIPTION OF ITEMS</u>	<u>RETAINED LIMIT</u>	<u>FORM NUMBER</u>	<u>AMOUNT</u>
99	PERSONAL UMBRELLA	500	ELI-1300-0915	
	Each Occurrence Limit			3,000,000
	Aggregate Limit			3,000,000
	ALL LIMITS ARE IN EXCESS OF UNDERLYING INSURANCE			
	SCHEDULE OF UNDERLYING INSURANCE – As per attached			
	Endorsement # 1 – Excess Automobile Liability Endorsement			

Sample Schedule of Underlying Insurance Attachment:

Personal Residential Umbrella – Schedule of Underlying Insurance

Insured:

Effective Date: (MMM/DD/YYYY)

Expiry Date: (MMM/DD/YYYY)

Retained Limit:

This Schedule forms part of Policy #:

|

<u>TYPE OF POLICY</u>	<u>INSURER</u>	<u>POLICY NUMBER</u>	<u>LIABILITY LIMITS</u>	<u>POLICY PERIOD</u>	
				<u>Effective</u> MMM/DD/YYYY	<u>Expiry</u> MMM/DD/YYYY

Statistical Requirements

Statistical Requirements Personal Umbrella coverage code uses form number: ELI-1300-(current date). SEF # 7 – Standard Excess Automobile Policy wording is included as part of the Umbrella wording.

Reviewing the Application

Introduction The personal umbrella application is to be reviewed in conjunction with your underlying policies.

Reports If the underlying auto policies are not insured by the mutual, it is highly recommended that the underwriter verify the information presented on the application by ordering the appropriate reports such as Autoplus or MVR's.

The signature line in the application provides the authority to order the necessary reports.

When reviewing reports consider

Autoplus report:

- Prior claims/losses
- Type of losses
- Confirmation of current insurer and policy term
- Confirmation of drivers

MVR:

- Convictions or suspensions
 - License status
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