

WHAT IS THE DIFFERENCE

*By Richard Poling, Program Manager
Security America Risk Retention Group*

Security America Risk Retention Group (Security America) now offers both an umbrella and an excess liability option to provide higher limits above the standard Security America General Liability and Professional Errors and Omissions (GL/E&O) policy with \$1 million per occurrence/\$2 million aggregate limits.



But how do you choose which is best for your company?

Both an umbrella and an excess liability policy fulfill one unique function:

They serve to increase the limits of liability available to you in the event of a claim to provide extra coverage above the \$1 million limit in the underlying Security America GL/E&O policy.

These additional limits can be purchased in \$1 million increments until a total of \$5 million of coverage is provided.

However, at this point the similarities in the two products end. An umbrella policy is broader (hence more expensive) than an excess liability policy, because it provides two additional functions:

First, an umbrella will also provide additional coverage above any scheduled underlying commercial auto liability, and/or the employers' liability portion of a workers' compensation policy.



As a result of this extended coverage, Security America needs information about these other policies. For example, typical information needed on auto insurance would include vehicle identification numbers and driver information, along with the policy numbers and premiums. For the workers' compensation carrier, the policy numbers and premiums would be required.

Excess insurance options are available to every Security America customer with no additional underwriting information required. An umbrella quote requires more information and time to process.

The second difference between excess and umbrella is that an umbrella policy will drop down to replace any scheduled underlying coverage after those limits are used up.

For example, if:

- you have a large claim on another insurer's policy and those limits are exhausted by payment of claims, and
- the Security America umbrella policy lists that primary policy as underlying coverage, then
- the umbrella policy would respond from the first dollar of any future additional claims, subject to a deductible.

While an umbrella policy provides additional protection, and that is always a good idea, we do not recommend our customers purchase umbrella solely based on entering a contract with another party where umbrella is required. It is highly likely that the other party only wishes you to have high GL/E&O limits, and is not really asking that you have the additional auto liability or employers' liability coverage provided by an umbrella. In this case, if you choose to save some money, you could convince the other party to just require excess liability and save yourself a few dollars.

However, an umbrella policy may be worth the additional cost to protect against the possibility of large auto or employers' liability claims. This is a decision that only you can make based on your specific business.

Security America, the insurance company owned by NBFAA and its members, assists its customers with loss control, claims management, contracts, and other insurance-related issues of importance to the alarm installation and monitoring industry. For a quote, or additional information, please visit www.securityamericarrg.com or call (866) 315-3838 to speak with a representative. ☐