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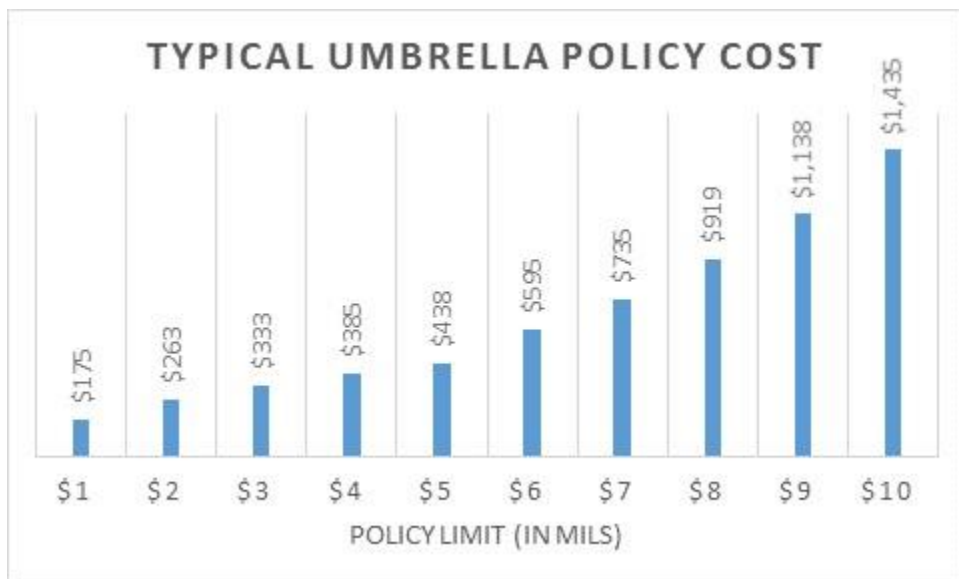
STUDENT OF THE INDUSTRY PARTING SHOT

Umbrella Limits and Policy Premiums-What Limits Do You Sell?

By Paul Buse, President of Big I Advantage®

Recently I noticed an increase in filed limits for Personal Umbrella Policies (PUPs) by Erie Insurance Exchange. Changes are coming online in April of this year. They are increasing available coverage limits up to \$10 million from \$5 million. We at the Big "I" of course have our endorsed market, RLI, available to you for limits on standalone umbrellas of up to \$5 million and we have our alternative market with A&M that will provide limits up to \$10 million (www.iiaba.net/umbrella).

The question for you is, "What limits do you see placed in your agency?" Below is a graph created from the rate filing of the cost difference based on a typical umbrella in the state where the filing was obtained. I estimate that a "typical" umbrella is about \$175 for \$1 million PUP (in this state). This chart may help you or your team in having that conversation with your clients.



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SOURCE: Erie Insurance Exchange, Rate/Rule Filing (Date Submitted: 01/11/2017, Disposition Date 01/13/2017), "Tennessee Rules", Page 8.

If you are interested in recreating the chart above with a different "typical" PUP, [email me](#) and I'll send you the worksheet and table below. "Typical" premiums for a \$1 million policy vary by state and you can easily change the \$175 to a different figure and the rest is automatic. Increased Limits Factors (ILFs) could vary by state or by insurer from this example but for purposes of a conversation, probably not significantly enough to not be a useful example.

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Policy Limit	ILF	% Incr. Next \$1 MIL	% Incr. From \$ 1 Mil	Typical Policy Cost
\$1	1	N/A	N/A	\$175
\$2	1.5	50%	50%	\$263
\$3	1.9	27%	90%	\$333
\$4	2.2	16%	120%	\$385
\$5	2.5	14%	150%	\$438
\$6	3.4	36%	240%	\$595
\$7	4.2	24%	320%	\$735
\$8	5.25	25%	425%	\$919
\$9	6.5	24%	550%	\$1,138
\$10	8.2	26%	720%	\$1,435

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