



Policy Factsheet

Excess Liability Insurance

Overview

Umbrella and excess policies act as a safety net, providing additional protection when primary insurance ends.

For example, if you have a \$1 million general liability limit and a \$5 million umbrella liability policy, the umbrella coverage is triggered when the general liability limit is reached.

What's Covered

This type of supplemental insurance protects the same entities as the primary policies, such as:

- The corporate entity;
- Its subsidiaries and affiliates;
- Their executive officers and directors;
- Their trustees;
- Their employees; and
- Their volunteers.

Your organization should have umbrella and/or excess insurance in place to provide additional coverage for the following policies and types of protection: general liability, clergy pastoral counseling, sexual misconduct (if available), automobile liability, directors' and officers' liability, and employer's liability, among others.

Sometimes the policy language may be even more specific in designating other leaders as additional insureds and the same limitations are applied. Those entities are insured for their actions when furthering the organization's business.

Umbrella and excess policies both contain a schedule of underlying insurance that lists the specific primary liability policies that the coverage is meant to augment. Coverage must be shown in the schedule for it to exist in the excess or umbrella layer.

Organizations should typically confirm that primary liability policies are listed in their schedule and find out whether they must absorb a self-insured retention before excess or umbrella liability policies are activated.

FAQs

Q: *What is the standard limit?*

A: There is no standard limit of liability for excess or umbrella insurance policies. Coverage can range from as little as \$1 million to more than \$100 million, so the level should reflect your organization's perceived vulnerability to catastrophic risk.

Q: *How big should my excess liability policy be?*

A: The more active a church is in the community, the higher the limits that should be considered, because underwriters charge a higher premium for things like automobiles, schools, and extension ministries.

Q: *What significant exclusions are there to excess coverage?*

A: Most exclusions parallel those in the underlying policies, but two additional typical exclusions for umbrella policies are:

- Any obligation imposed by the Employees' Retirement Income Security Act of 1974 or its amendments; and
- Any obligation of the Insured under a "No Fault," "Uninsured Motorist," or "Underinsured Motorist" law.