

# Group Personal Excess

## Group Personal Excess Policies Give Businesses and Employees Added Protection

By John J. Allen

As the economy continues to languish, and competition for revenue becomes fiercer, it is important for companies to retain and protect their key talent. Beyond financial incentives, businesses must consider the full measure of an employee's lifestyle and needs when contemplating remuneration. One component that should be standard in any benefits portfolio, particularly for executives, is a group personal excess program.

Group personal excess provides participants access to higher limits of excess liability than are typically available in the individual marketplace, with little to no underwriting scrutiny. The assets of high net worth individuals are always vulnerable to lawsuits, but in difficult economic times, the perception of "deep pockets" can increase this exposure. Because of the strict underwriting most insurance carriers apply to high-limit excess policies, a group personal excess program may afford better compensation the only means by which to attain the necessary degree of financial protection.

Consider the following loss scenarios for which a group personal excess policy might respond:

- While driving, an insured's daughter crosses the lane into

oncoming traffic, causing a head-on collision with another vehicle. Severe injuries are sustained to drivers and passengers in both vehicles, and a multi-million-dollar lawsuit is filed.

- A worker removing leaves from the insured's gutters is severely injured in a fall, suffering neck and brain injuries. A claim of dangerous work conditions was cited as a factor. A lawsuit is filed and a settlement is reached.
- An insured's son posts disparaging comments about his high school principal on a blog he maintained, resulting in a lawsuit for defamation of character.
- A family friend dives unknowingly and unwarned in the shallow end of the swimming pool at the insured's house and suffers paralysis. A lawsuit is filed.

### Benefits for Businesses

For companies, there are several advantages to introducing a group personal excess program.

First, it represents a value-add to a benefits portfolio as it enables employees to shore-up a potential vulnerability in their financial planning and asset protection process.

Second, it provides a measure of organizational stability as it enables companies to retain the investment they've made in their human capital, even in the event of a catastrophic claim.

Lastly, it recognizes and addresses the continually blur-

ring line separating work and personal time.

While there is a widespread recognition of the need to maintain a diversified portfolio and purchase life insurance as risk management measures in the wealth-building process, excess liability can sometimes be overlooked. Yet it should represent a key component in financial planning. Be it the result of ignorance of liability's importance or an inability to obtain adequate limits, a deficiency in this area can result in financial calamity.

Group personal excess can complement benefits such as 401(k) plans or other wealth-building instruments, long term care insurance and group life, as well as provide much-needed coverage for employees.

Risk and randomness converge at an incalculable number of points. In an instant, all that one has worked for can be taken away by an incident arising from carelessness or misfortune. While no degree of planning can ever completely eliminate such threats, proper coverage can mitigate the impact of loss.

For companies, a liability loss suffered by a key employee can remove services to the enterprise for a considerable period. The all-consuming distraction that

attends the possibility of losing one's assets can destroy productivity, resulting in a material impact to a business' bottom line. While no one can remove the



psychological impact of loss, providing financial security certainly blunts the impact. For little or no cost to the organization, the revenue produced by more senior members can be better protected by providing them a bulwark against financial disaster.

Putting forth benefits that address the needs of both employer and employee is an important strategic consideration for businesses. Group personal excess is the rare product that provides value to all stakeholders in an organization, and is a welcomed addition to any competitive benefits portfolio. **■**

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