

A Good Insurance Program Doesn't Stop With Aviation

By Thomas H. Chappell

Even insurance agents and their families need insurance. This was proven to me vividly when my 82-year-old mother-in-law was involved in an auto accident caused by an uninsured motorist.

I have been an aviation insurance specialist for more than 34 years. I must admit that my insurance skills are focused on the aviation industry and less on other lines of insurance. That is why my agency has on staff a large group of property and casualty specialists to work with the aviation division in servicing our clients' total insurance needs. It is to this end that I have personally benefited.

Ada Bridges, one of the senior account executives in our Private Client Group, handles my mother-in-law's insurance. Like most insurance buyers, I really did not know what my mother-in-law had in the way of coverage. Frankly, I had never thought of Uninsured Motorist protection as a very significant area of insurance. Boy, was I wrong!

As I mentioned, a young man turned in front of my mother-in-law's vehicle causing the crash. At 82, you really don't need to take the impact of a head-on collision. The result was a broken back, a broken leg, a broken heel, six days in intensive care, three weeks in the first hospital, and a move to another hospital for a long recovery and rehabilitation. This is just the beginning. She also endured the long and boring convalescence and more weeks in an assisted living facility before returning home to some semblance of a normal life. The entire process took almost four months and will restrict this little lady's quality of life forever. That quality of life money can't buy.

The medical bills are also a big thing. Even though she was not at fault, the doctors and hospitals want to be paid for their services. If the guilty party can't pay, it falls to the injured party. Fortunately, Mrs. Bridges did her job well. She included \$500,000 of Uninsured (and Underinsured) Motorist coverage on my mother-in-law's family automobile policy. I wondered for a while if this seemingly generous limit would be adequate, especially when we received the first invoice of \$91,000 for six days of intensive care. The cost of medical care is high and best left for another discussion.

The lesson learned here is the true value of seemingly small or insignificant coverages that can be endorsed onto your more traditional insurance policies.

Uninsured Motorist Coverage

Learn from my experience. It seems simple and almost unnecessary, but Uninsured Motorist coverage should not to be overlooked. This is a coverage that is available in most states as a part of the family automobile policy. Although policy wording varies by state, for our discussion, we will say most policies are very similar. Uninsured Motorist and Underinsured Motorist coverage extend your family automobile liability insurance to respond in the event you are injured by an uninsured (or underinsured) motorist. Usually drivers that carry inadequate limits of liability also have very small personal assets. Therefore, these drivers are unable to pay for the damage or injuries they cause.

Why Do Drivers Go Uninsured or Underinsured?

The Uninformed

It is worth noting that several high risk insurance companies advertise and sell only state required financial minimum limits. These limits are usually very low. Although these companies put drivers in compliance, the companies also cause many drivers to assume they are well insured, not realizing how inadequate their limits really are. These well meaning, responsible drivers are significantly underinsured, leaving buyers of adequate insurance to rely on their Uninsured Motorist coverage for protection.

Not All Are Well Meaning

Was my family's experience unusual? Not at all. (Now, I can get on my soapbox about illegal immigrants and other members of our society who ignore rules and laws in complete disregard for right and wrong.)

I am told by automobile insurance company personnel that uninsured motorist claims are on the rise. The "I'm not responsible for my actions" mentality is prevalent. The majority of illegal immigrants don't buy insurance nor do they comply with state financial responsibility laws. They often don't even have valid driver's licenses. If they injure someone in an automobile accident, there is no recourse for the injured party. Once again, the responsible segment of our society must pay for the actions of the irresponsible. Whether caused by an illegal immigrant or an irresponsible citizen who just ignores the law and doesn't buy insurance, there is little hope of recovery of economic loss. The ranks of the irresponsible are growing, and that is why such claims are becoming more prevalent.

Once it is determined that there is insufficient coverage by the at-fault party, your Uninsured Motorist insurance will be activated. Depending upon the insurance company

and the state, your company will pay for medical expenses, disability, and, in some cases, pain and suffering. The company may also provide lost income, future earnings, and loss of life payments. Rarely will Uninsured Motorist coverage pay punitive damages.

When you purchase Uninsured Motorist coverage, you are essentially buying liability insurance for other drivers who are uninsured or underinsured. In most cases, policyholders could expect their coverage to give them a similar result as filing a third-party liability claim.

If the negligent, uninsured party has sufficient assets, the insurance company may require your support in subrogating, in an attempt to recover the money it spent in handling your claim.

The second lesson you can learn from my family's experience is to buy **increased limits** of Uninsured Motorist coverage. Now that we have had this experience and I have had a firsthand look at the cost of emergency medical care and the cost of convalescence, I can tell you that \$500,000 in Uninsured Motorist coverage is not enough. Most companies match your Uninsured Motorist coverage limit to the limit of the liability insurance you carry. Here I must recommend a personal umbrella of at least \$1 million in excess of your primary automobile liability limit. You can then raise your Uninsured Motorist limit up to the limit of your umbrella. (Some companies don't offer Uninsured Motorist excess limits of liability. Some companies restrict the excess liability limits to \$1 million).

Not enough? Buy a bigger umbrella. Many insurance companies will sell you a \$5 million umbrella for a very reasonable premium. You need the increased liability limit anyway. After all, you would not be comfortable with low limits of aircraft liability insurance. Why would your automobile exposures be any different? I still believe you are at higher risk of an accident in your automobile than in an aircraft.

I know this is a bit off the subject of aviation insurance. It is a different type of message than you are accustomed to hearing from me. Call it a public service announcement. If you don't know for sure, I believe you should stop right now and check to see if you have adequate limits of Uninsured Motorist coverage on your automobile policy. Don't leave home without it. →