

Umbrella Liability Insurance

By Basil Housewright, Jr.

Stop for a moment to reflect on everything you've worked hard for in your life – your home, your vehicles, and your family's security. You may even have a recreational vehicle, a boat, or a place on the lake or in the country for family getaways. You probably already purchase an insurance policy to protect these assets and the potential liability their use may involve you or your family in.

But have you ever stopped and thought about why you buy liability insurance and how much is enough? In today's society, no one is exempt from large liability losses. Let's face it, people are growing more willing to sue every day and it could happen to you. Your base insurance policies covering your autos, home, recreational vehicle or boats may not be enough to protect you. If you or your family are involved in a serious accident and at fault and someone is seriously injured or killed, how much insurance is enough? Remember you don't need to be a millionaire to be sued like one.

A Personal Umbrella Liability Insurance policy would be a method to protect everything for which you have worked so hard. It can give you additional liability insurance over the limits of your auto, homeowners, recreational vehicle and boat liability policy limits in \$1,000,000 increments. Many insurance companies will sell up to \$5,000,000 limits without specialized underwriting requirements. The cost of an umbrella policy is typically inexpensive in comparison to the amount of coverage offered.

There is a catch though. The insurance company will require you insure all the underlying liability exposures to a specified minimum liability limit in order to qualify for an umbrella policy. The umbrella policy may also have exclusions and limitations, such as business related activities and exposures related to jet skis, jet sleds or other recreational vehicles. It is suggested you check the specific limitations with the company you propose to do business with.

The Personal Umbrella Liability Insurance policy should provide coverage for legal costs, including representation by insurance company appointed attorneys, court costs, interest on judgments and premiums for necessary bonds. The chances of being sued for more than your automobile, homeowners, recreational vehicle or boat liability insurance policies may be small but if this were to happen it could prove to be a financial ruin for the rest of your life. Your current insurance coverage may not protect you against charges of defamation of character, invasion of privacy, libel or slander, but a personal umbrella insurance policy could by making sure your personal liability and umbrella insurance policy include Personal Injury Coverage to cover these exposures.

Many parents think first of lowering their automobile liability limits when their children first start to drive due to the increased costs associated with this new exposure. The reason for the substantial premium increase for insuring youthful drivers is the tendency for new, inexperienced drivers to have accidents, many of which result in serious damages and injuries. It would be advisable for parents to consider higher limits of automobile liability coverage and a personal umbrella policy when they have youthful drivers in their household to protect against this period of higher exposure. The more you own the more you have to lose. Consider a personal umbrella policy to give you and your family extra piece of mind.

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