
C H A P T E R 8

Personal Umbrella Insurance

Umbrella insurance provides liability coverage above the base limits of your personal insurance policies such as auto, home and property.

If you watch television, read the newspaper, or listen to the radio, you know that lawsuits are an all-too common part of life in America. People sue each other for all kinds of silly reasons. Some reasons are not that silly. Often, people sue and win, and if you find yourself in this situation, it can ruin you.

I don't want that to happen to anybody. That's why I'm telling you about personal umbrella insurance. It's called personal umbrella insurance because it covers the top of your other types of insurance, protecting you over and above their limits, just like an umbrella keeps the rain off you.

You may think nothing like a lawsuit could ever happen to you, but unfortunately it can. Take Judge Judy and Judge Mathis on cable television: they've made lifetime television careers out of lawsuits, and people love to watch their shows.

The point is, if you are sued and do not have enough insurance coverage, you could spend the rest of your life paying off the costs if a person sues you and he or she win the case in court.

Be Sure the Limits of Your Policies are Enough

Let's walk through a possible situation. It is scary to think about, but it would be much worse if it happened to you and you found yourself unprepared. You have a wreck with another car and the driver in this case is a 35-year father and the passengers are his two children.

The limits of your policy are higher than those required by law, set at \$250,000 maximum per person and \$500,000 per accident. You really wanted to play it safe because you know how expensive medical bills can be. Thankfully, the two children only suffered minor injuries, but the father is critically injured and has to stay in the hospital for over a month, with months of rehabilitation to get better. He definitely will not be able to work during that time.

Your auto liability insurance covers the \$250,000 maximum for him and you are responsible for anything over that. His wife sues you for \$500,000 because his hospital bills and rehabilitation and physical therapy

alone are going to cost \$400,000.

The other \$100,000 is for their loss of wages, since neither of them can work. He is physically unable and she must take care of him. When they win the case, since you were at fault in the accident, you will have to find some way to pay them and pay for their lawyer, your lawyer and court costs as well. You may think that the man's health insurance will cover his medical expenses. **His health insurance company will come after you with a lawsuit because you caused the accident.**

It may seem unlikely that this could ever happen, but cases like this *can and do happen all the time*. Umbrella insurance is a necessity for people with homes and property to protect. You don't want to hand over the things you've worked so hard to get, and if you have umbrella insurance, you won't have to do that.

Umbrella Insurance is Flexible

Umbrella insurance covers you in situations that auto and homeowner's policies do not. An example of this is "personal injury," which is not to be confused with bodily injury. Personal injury is when something you say (slander) or write (libel) hurts a person's name or standing in the community. Even if what you say is true, he or she could still sue you. If he or she sues you and the court says you are guilty of causing personal injury, you may have to pay he or she for it. Umbrella insurance covers you in this situation.

