

THE CIRCLE OF SAFETY

UMBRELLA POLICIES: MAXIMUM PROTECTION FOR NEXT TO NOTHING

(PROTECT YOURSELF AND YOUR FAMILY IF YOU GET SUED AND WHAT
TO DO BEFORE YOU GET SUED!)

By Amy Vollmer, CSC Insurance Options Personal Insurance Manager

What you'll discover in this report:

- How easy and common it is to be the target of a lawsuit!
- How to get massive protection for just pennies a day
- What you should know about what's *not* covered with Umbrella Insurance
- Tips on how to SAVE MONEY
- Insurance jargon demystified! What are you really getting? Find out here... ..and much, much more!

If insurance is for a rainy day, umbrella insurance is for a storm! A day when someone hits you with a lawsuit for hundreds of thousands, even millions, of dollars.

Think it can't happen to you? Do you know how lawsuit-crazy this country is? You can't pick up a newspaper these days without reading about somebody suing somebody else for . . . what? You read the article and say, "That's crazy. There's no way somebody should be able to sue for that."

Well, guess what? The courts are clogged with these "crazy" lawsuits, and sometimes the person bringing the lawsuit wins. Do you really need coverage for these crazy lawsuits? Maybe not.

But remember that a lot of lawsuits aren't crazy at all. Some get settled. Actually, most get settled. Often, the person being sued winds up paying something to the person who brought the lawsuit. And that doesn't even include the fees the defendant in the lawsuit has to pay to his or her attorney.

How Far Will Your Current Protection Really Go to Protect You?

* **Example.** Say you're at fault in an auto accident that causes serious injuries to the driver and/or passenger(s) in the car you hit. Your auto insurance has liability limits of \$100,000 per person and \$300,000 per accident. (Which are pretty common limits, by the way, even for people with a lot of assets.)



How far do you think \$100,000 will go, particularly if the person or persons involved suffer injuries that keep he/she/them from working for months, even years? The accident victim(s) could sue you for his/her/their medical bills, lost income, even pain and suffering. In this scenario, \$100,000 is not nearly enough coverage.

Guess what happens if, say, you are hit with a judgment in the case of \$250,000 for one person involved in the accident? Your auto liability insurance will cover the first \$100,000 -- and you're stuck for the rest. And that doesn't even include the legal fees you have to pay to your attorney. In addition, in some cases, you might have to pay all or part of the legal fees the other party or parties incur. Ouch.

Umbrella insurance is for these very rainy days. While it may seem unnecessary, it really isn't, particularly for people with homes and other significant assets to protect. Do you really want to hand over your house and/or gains in the stock market to someone you injure in an auto accident? It could happen. But it doesn't have to.

Umbrella Insurance: Massive Protection for Pennies a Day

Because it is designed for those really rare rainy days, umbrella insurance is cheap. It is also versatile. Umbrella insurance provides additional coverage not only for your auto policy, but also your homeowners or renters policy. Further, umbrella insurance covers things auto, homeowners and renters policies don't.

Such as? In the insurance world, there's something called "personal injury." This is not damage to someone's body, but to his or her career or reputation.

* **Example.** Imagine you say in public that a certain person is a lying, no-good so-and-so. Maybe you really believe this to be true, but the person is very offended. He or she can sue you for slander (if you say it) or libel (if you write it). If this happens, your umbrella policy will provide coverage, including legal fees, up to the limits of the policy.

Umbrella insurance also covers personal injuries such as invasion of privacy, wrongful entry, wrongful eviction, false arrest, false imprisonment and malicious prosecution. Some umbrella policies will provide coverage if you are sued because of your service on the board of a civic, charitable or religious organization.

* **Note. Umbrella insurance doesn't cover everything.** For example, if you are sued and the court assesses punitive damages against you, those damages won't be paid by your umbrella insurance. What are punitive damages? They are damages awarded to someone in order to punish the person being sued. Punitive damages are awarded for outrageous, totally reckless conduct -- at least what a judge or jury perceives to be outrageous, totally reckless conduct.

You can usually buy umbrella policies with \$1 million limits for \$200 to \$300 a year. If you need more than \$1 million limits, you can usually buy each extra \$1 million of coverage for \$100 to \$200. Think about this. For only a few hundred dollars, you can increase your per-person liability limits 10 times, 20 times, even 30 times -- and it applies to both your auto and homeowners or renters policies as well.

Umbrella Coverage: How It Works...

Umbrella insurance actually “sits” on top of your auto and homeowners or renters liability coverage. Say you have a per-person liability limit of \$100,000 on your auto policy. Say also that you cause an accident in which a driver or passenger in the other car is ultimately awarded \$250,000.

Your auto policy will pay the first \$100,000, and your umbrella will kick in the remainder. Well, almost the remainder. Like auto policies, umbrellas have deductibles. Usually anywhere from \$250 to \$2,500. But a deductible of even \$2,500 is a small price to pay if you’re hit with a \$250,000 judgment.

Because umbrellas are over the top of the auto, homeowners or renters liability limits, some insurers offering umbrella policies require you to have your auto and homeowners with these companies as well. But that’s not really a problem because most insurers are positively tickled to be able to provide someone’s auto, homeowners or renters, and umbrella insurance.

In addition, most insurers offering umbrella coverage require you to have liability limits of a certain amount on your auto and homeowners policies. Typically, this minimum is \$100,000 for homeowners and \$100,000 per-person for auto.

Yes, you could chose to increase your auto and homeowners liability limits to, say, \$1 million for each policy. But not every auto and homeowners insurer offers such high limits.

*** Tip. Your umbrella policy is usually a *cheaper* option than increasing the limits on your auto and homeowners insurance.** Plus, you get the additional “personal injury” coverage that is not available in your auto and homeowners or renters policies.

Be a smart consumer...but don’t try to be your “own agent.” Protection for you and your family requires constantly vigilance and a partnership between you and your professional agent. For the latest information on how to save money AND get the best protection for yourself and the people you care most about **call CSC Insurance Options at 724-929-2300 or 1-800-734-2727.**