

Understanding Umbrella Insurance

This guide explains the concept of umbrella insurance, identifies the target group that benefits most from it, and outlines the extended protection it offers beyond standard policies.

Step 1: Define Umbrella Insurance

Explain that umbrella insurance is a type of personal liability insurance that goes above and beyond the limits of the insured's homeowners, auto, or watercraft insurance policies. It offers an additional layer of security to those who are at risk of being sued for damages to other people's property or injuries caused to others in an accident.

Step 2: Identify Target Group

Identify and describe the individuals who need umbrella insurance. Typically, it includes those with significant assets to protect, those who are at risk of legal action due to their line of work, people who engage in activities that could increase their liability risk, such as owning rental property, coaching youth sports, or being a public figure.

Step 3: Outline Coverage

Detail the additional coverage provided by umbrella insurance, emphasizing that it kicks in when the limits of other insurance policies are reached. Highlight that it covers a broad range of scenarios, including bodily injury liability, property damage liability, and legal defense costs. It may also provide coverage for claims that

may be excluded by other liability policies, such as false arrest, libel, slander, and invasion of privacy.

General Notes

Policy Exclusions

It's important to note that umbrella insurance policies do have exclusions; they typically do not cover personal belongings, intentional or criminal acts, or business losses.

Policy Costs

Inform that the cost of an umbrella insurance policy can vary depending on the amount of coverage, the insured's personal risk factors, and the insurance company providing the policy. Generally, these policies are sold in increments of one million dollars.