Umbrella Policies In Estate And Asset Protection Plans

Anyone with a net worth of $500,000 or more really should have an Estate and Asset protection plan which includes umbrella insurance. Umbrella insurance is one component of an asset protection plan that is often not considered. In my opinion, umbrella insurance is grossly underused even by the most affluent. I recommend this type of policy when I work with clients to create their asset protection and estate plans. Here's why. Typically, auto and homeowner insurance policies do not provide broad enough coverage against certain types of risks and umbrella policies are very inexpensive.

A No-brainer

Most insurance policies top out at around $500,000 of liability coverage. That may not be enough if you find yourself involved in a lawsuit due to a serious accident. For example, people who get hurt on your property may seek much more than $500,000 in damages. That's where an umbrella policy can make a big difference. An umbrella policy kicks in when your other liability policies hit their limit. Another example is an automobile accident. What if you are being sued for $1 million but your car insurance only covers $300,000? Without an umbrella policy you would have to use personal assets to make up the difference.

Close The Gaps

Make sure there isn't a gap between your other policies and your umbrella policy. Where your car insurance ends, for example, the umbrella is meant to take over. And if the underlying car insurance policy is not addressing certain risks, then the umbrella policy can also miss covering these risks. The same applies to your homeowner policy and to any policy that covers boats, jewelry, and other valuable assets.

For a few hundred dollars a year, an umbrella policy can increase your liability coverage from the standard $500,000 to $1.5 million. Clearly, then, an umbrella policy can be useful in helping to protect your assets from larger claims and lawsuits.

If you have an estate and asset protection plan without an umbrella policy, you may want to explore the options for including one. Give my office a call and we can explain the details and help you make your estate plan more protective.

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