

What is an umbrella liability policy?

In our litigious society, it's worth considering excess liability protection

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Your standard auto insurance or homeowners insurance will provide you with some liability coverage. If you are sued, those policies will pay up to your policy limits for legal judgments against you, as well as the related attorney's fees.

However, in our litigious society when a lawsuit settlement could very well wipe out your financial assets, you may want the extra protection for your assets that a personal umbrella liability policy provides.

An umbrella policy kicks in when you reach the limit on the underlying liability coverage in an auto, homeowners

, renters or co-op / condo policy. It will also cover you for additional types of claims, such as libel and slander.

Because the personal umbrella policy pays out after the underlying coverage is exhausted, most insurers will want you to have about \$250,000 of liability insurance on your auto policy and \$300,000 of liability insurance on your homeowners policy before they will sell you an umbrella policy.

Next steps: Understand what is covered by a basic auto insurance policy.

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