



## Wealth Design Group

### Prepare for a Rainy Day with an Umbrella Policy



Umbrella liability insurance is typically recommended to business owners and landlords. In truth, however, any person who has significant assets should consider umbrella liability coverage. It covers those unlikely, but awful events that are catastrophically expensive. So, for instance, if you were at fault for a terrible auto accident, or if someone injured themselves severely while in your home or on your boat—or if your usually lovely dog were to attack someone—medical and legal bills could easily exceed the liability limits on your standard insurance policies. And that's when an umbrella liability policy kicks in. Going without could put your personal assets at risk.

While you may be focused on accumulating assets, it's equally important to protect them from unforeseen events that could wipe out all you've managed to build. Umbrella insurance exists for just that reason. According to the Insurance Information Institute, \$1 million in coverage costs \$150 to \$300 per year.<sup>1</sup> The next million may cost about \$75, and every million after that will cost approximately \$50.

Talk to your advisor about whether you should consider a personal liability policy. Some

things to discuss: If you're on the board of an organization, or engage in public service, you could be at risk of being sued. An umbrella policy could cover legal costs.<sup>2</sup> In addition, if you engage in somewhat risky sports, such as waterskiing, or if you have a swimming pool on your property, an umbrella policy will cover bills for others you could potentially injure, but not you.<sup>3</sup> Business owners will most likely need a separate policy for their firm.<sup>4</sup>

Liability is something you hope to never have to deal with. By investing in personal and/or business umbrella coverage, you can avoid putting your assets at risk in case of an accident or lawsuit. If your financial advisor does not offer insurance, ask for a referral to a knowledgeable insurance agent.

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**Sources:**

[1] <http://go.efficientadvisors.com/e/91522/ricle-what-umbrella-liability/3wnysx/202777201>

[2] <http://go.efficientadvisors.com/e/91522/surance-coverage-faq--25573599/3wnysz/202777201>

[3] <http://go.efficientadvisors.com/e/91522/ella-insurance-complete-guide-/3wnyt2/202777201>

[4] Ibid.

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