

The Advisor

Private client: To protect your family, consider personal umbrella coverage

There's a major gap between people's fears about being sued and the steps they're taking to protect their assets.

In a recent wealth report survey conducted by insurance company Chubb, 92 percent of respondents said they were concerned about the size of a verdict that could be awarded against them in a potential liability case. But only 36 percent of those respondents had purchased any additional liability insurance – and among those who had, most of them only had limits between \$3 million and \$5 million.

Additional liability protection often is secured in the form of umbrella coverage, which adds an extra safeguard to your personal risk management program and provides broad, worldwide liability protection that goes above and beyond your underlying policies.

Here's more information about how the coverage works and recommendations from our advisors on who needs it.



Umbrella coverage picks up where your existing homeowner, auto or watercraft policy limits end.

What does umbrella insurance do?

Umbrella coverage – which sometimes is referred to as personal excess liability insurance – offers additional financial protection in the event someone accuses you of causing them injury or damaging their property.

Umbrella coverage picks up where your existing homeowner, auto or watercraft policy limits end. It provides funds for legal defense and, if you are found liable, for covering resulting losses that would exceed the limits of your underlying policies.

Typically, excess liability insurance offers broad coverage and provides protection wherever you go in the world. In addition to an overarching umbrella policy, there also are special liability coverages available that offer protection for those who serve on a nonprofit board of directors; those who employ household workers; or those who would like additional coverage in the event they are involved in a situation where the at-fault person doesn't have enough insurance coverage to cover the cost of the incident.

What increases your risks?

There are a host of everyday circumstances that can increase your family's risks of experiencing a costly liability claim. They include:

- Having teenage drivers
- Posting photos or comments on social media
- Hiring workers to help at your home – such as a nanny, landscaper or housekeeper
- Owning a pool or a trampoline
- Entertaining at your home
- Serving on a nonprofit board of directors
- Having a boat or other recreational vehicle
- Walking your dog in a neighborhood or a park
- Coaching or umpiring youth sports
- Owning multiple residences

The most common causes of personal injury claims include auto accidents, slips and falls, and dog bites, according to legal information site AllLaw.

Why is this coverage important?

Ultimately, umbrella coverage can be an important layer of a personal risk management program because it helps protect your family's financial legacy. If there is an accident that is deemed to be your fault, and the awarded damages exceed your policy limits, your assets could be at risk.

Adding to the risk is the fact that people are becoming more litigious. Nationwide, the personal injury market was valued at more than \$53 billion in 2022, a recent client outlook by Hub International shows. And in Ohio, the average personal injury verdict is about \$304,000, and 3 percent of all verdicts top \$1 million, according to data from the Lawsuit Information Center.

When it comes to umbrella coverage, best practice usually is to secure enough liability protection to cover your net worth and future earnings. Your private client advisor can help you determine whether your existing coverage is sufficient or whether you should consider adding excess liability insurance to your risk management program.

If you'd like to discuss this issue further with a member of Schauer Group's advising team, please reach out to our private client division.

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SOURCES

[The wealth report: Closing the protection gap in a time of increasing risk | Chubb](#)

[Personal Excess Liability Insurance | PURE Insurance](#)

[Personal Umbrella \(Excess Liability\) Insurance | Chubb](#)

[15 every day activities that suggest you need an umbrella policy | The Hanover Insurance Group](#)

[Common Kinds of Personal Injury Cases | AllLaw](#)

[Private Client Outlook 2024 | HUB International](#)

[Ohio Average Personal Injury Verdicts](#)