

## Umbrella Coverages - Part 1

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### Are You Getting Excessive?

Okay, you have a policy for your home and the cars driven by your family. You have just the right policy for the apartment you rent out to others as well as special coverage for your boating excursions. Your homeowner's policy even has a special, added coverage to handle the business that your spouse runs out of your home. Yes, it looks like you can breathe a sigh of relief and be confident that you have all the coverage you need. Or should you have an umbrella? An umbrella is the term for a liability policy that fits over your primary policies on an excess basis (and sometimes provides protection that is not available under your primary coverage).

### Doesn't "Excess" Mean Too Much?

Not in the case of carrying umbrella coverage. Umbrellas are designed to be carried over a person's primary or underlying liability coverage. A person's primary coverage is typically part of his or her personal automobile and homeowner's coverage. Primary refers to the fact that in the event of a loss, the liability portion of your auto or homeowner coverage is the first to respond. Umbrellas or excess liability policies respond to an eligible loss only after the primary insurance has paid its limit.

It's quite possible that your primary insurance limits provide more coverage than you'll ever need. However, circumstances could involve a type of loss that is not completely covered by a primary policy. For instance, your newly licensed child is driving the family car and slides on an icy highway. He ends up causing a chain collision damaging several cars and injuring a dozen drivers and their passengers. Or maybe you often volunteer to help transport members of your son's first grade class on field trips and you have an accident because you tried to beat a yellow light. If you don't have enough primary coverage, any shortage may have to come out of your personal assets.

Umbrellas generally provide additional liability coverage for the following underlying policies:

- Personal Automobile
- Homeowners/Farmowners
- Recreational Vehicles
- Watercraft
- Personal Liability

The additional coverage may often extend to providing for related expenses, also on an excess basis, such as the cost of providing a court defense. Please see Umbrella Coverages - Part 2 for more information.

Revised 03/02

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