What is umbrella insurance? Your guide to extra liability coverage.

Insurance is meant to give you peace of mind. In some scenarios, an additional layer of protection is needed. That's where umbrella insurance comes in — providing an extra layer of liability protection to keep you, your family, or your business financially secure. (What is umbrella insurance, you ask? Read on as our experts answer the most frequently asked questions.)

What is umbrella insurance?

Just like a rain umbrella protects you from a sudden downpour, an umbrella insurance policy covers you from unexpected liability events that could be financially devastating. It provides additional coverage above the limits of your existing policies. Umbrella insurance doesn't replace your home, auto, or business insurance — it enhances them.

The idea is simple: When your primary policy isn't enough to cover damages or claims, an umbrella policy kicks in to cover the difference. This can include legal fees, medical bills, or damages you're found responsible for, depending on the situation.

How does umbrella insurance work?

Let's say your standard coverage has a limit of $300,000, but an incident results in $1 million in damages. Without umbrella insurance, you'd be responsible for the remaining $700,000 out of pocket. An umbrella policy would cover that gap, protecting your savings, assets, and peace of mind.

Why you might need personal umbrella insurance

Even careful individuals can face unexpected events. A personal umbrella policy can help in situations like:

- Being found at fault in a serious car accident, where damages exceed your auto insurance limits
- A guest at your home getting injured, and the resulting lawsuit exceeds your homeowners' coverage
- Accidental property damage, like an unattended bonfire causing damage to a neighbor's home

In short, it's about having a safety net for life's "what ifs."

Why businesses benefit from commercial umbrella insurance

Businesses face risks every day. Sometimes small, sometimes catastrophic. Commercial umbrella insurance provides an added layer of liability protection when claims exceed your primary business policies.

Scenarios where it can help include:

- A customer slips and falls in your store, resulting in medical bills higher than your standard liability coverage
- An employee causes a car accident while on the job that exceeds your business auto insurance limits
- Your product causes injury or damage, and while your general liability insurance covers the claim, the settlement is greater than your limit

For businesses, umbrella insurance helps ensure that one accident doesn't jeopardize your company's financial stability. Read more: How commercial umbrella insurance can help protect your business.

How much coverage do I need?

Coverage needs vary by person or business. Many personal umbrella policies start at $1 million, while commercial umbrella policies can go up to $10 million. Your independent agent can help determine the right level for your situation.

How much does it cost?

Personal umbrella policies typically start around $150 per year, making them a relatively affordable way to secure significant additional coverage. Commercial policies vary based on your business type and risk factors.

Is it worth it?

Life is unpredictable, so in our expert opinion — yes. Especially when you consider the cost of a major liability claim. Umbrella insurance provides protection that could save you hundreds of thousands, or even millions, in out-of-pocket expenses.

How do I get it?

Now that we’ve answered “what is umbrella insurance,” our local, independent agents can help you understand how it fits into your overall coverage, giving you that extra layer of protection when you need it most.

To learn how umbrella insurance can complete your insurance package and provide peace of mind for you, your family, or your business, find an agent today.

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