



Maryland
INSURANCE ADMINISTRATION

CONSUMER ADVISORY

WHAT IS UMBRELLA INSURANCE AND DO I NEED IT?

An umbrella insurance policy provides extra liability insurance protection above the policy limits of the policyholder's homeowners and automobile insurance policy. Liability coverage pays for personal injury or property damage to a third party due to the negligence of a policyholder or insured person under the terms of the policy. If the amount of the liability claim exceeds the limit of the underlying automobile or homeowners insurance policy, then the umbrella policy will pay up to its policy limits. The umbrella policy typically pays for medical expenses and the lost wages of the injured person as well as the insured's legal fees. For example, if you were at fault in an automobile accident and caused \$250,000 in bodily injury, lost wages and pain and suffering, but only had automobile bodily injury liability coverage limits of \$100,000, you could still be held liable for the additional \$150,000, which would have to be paid from your other assets such as savings accounts, investments, property, etc. However, if you purchased an umbrella policy with limits of \$1,000,000, the excess \$150,000 would be paid by the umbrella liability insurer. Therefore, an umbrella policy provides an additional level of protection for your assets.

For more information on what an umbrella policy covers and how much it will cost, contact your insurance company or insurance producer (agent).

“An umbrella policy provides an additional level of protection for your assets.”

