

# Guaraldi Agency – Insurance Tips & Advice

## Umbrella Insurance

An umbrella insurance policy works in a similar fashion to an umbrella when it is raining outside and you are caught in the rain storm.

If you have a raincoat on then you will not get very wet. If you have a rain hat on then you will be even better protected. If you have an umbrella then you are better protected still. An umbrella provides you with an extra layer of protection from the rain. An umbrella insurance policy provides you with an extra layer of protection beyond the limits of your auto and homeowners' insurance policy.

It can be an important part of your insurance coverage. Here is how it can help. It can:

- Provide expanded liability coverage over and above your primary liability protection
- Increase the amount of coverage beyond that of your auto insurance and homeowners'/renters' insurance

There are some myths about umbrella insurance coverage that are worth stating: Here are the most common:

- It is just for the rich.
- It is too complicated to coordinate with your existing insurance.
- The premiums are too expensive.

Let's examine each of these myths.

The premiums of a umbrella policy can be less expensive than raising the limits on your individual policies. This can be very important as high coverage limits such as those provided by an umbrella policy can be very important if you have significant assets to protect such as a nice home or your business.

An umbrella policy can also sometime be issued in higher amounts than your auto or homeowners' insurance company is willing to provide. You will still need auto and homeowners' or renters' coverage, as insurance companies require certain minimum levels of underlying coverage before they will consider issuing an umbrella policy.

Also, The expense of an umbrella insurance policy is not expensive as it comes into play only after primary levels of insurance have been exhausted, Therefore, an insurance company views the risk of an umbrella insurance policy coming into play a being far lower knowing that the primary insurance policy will cover the initial claim level and also all of the legal work if there is a claim.

An umbrella insurance policy is not complicated to apply. The Guaraldi Agency can help you define the insurance coverage you need and also mesh it perfectly with your existing insurance coverage.

### **Guaraldi Agency**

21 Bank Street

Lebanon, New Hampshire 03766

603-448-3250

[www.Guaraldi.com](http://www.Guaraldi.com)

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Here is a case where an umbrella policy could help using an auto accident as an example.

## Details:

- You have an auto insurance policy that provides \$100,000 /\$300,000 in coverage. The first figure is the amount of coverage liability for any one person injured and the second figure is the total for any given accident.
- You have also purchased a 1,000,000 umbrella insurance policy.
- There is an accident and your 17 year old daughter is found to be at fault.
- Someone is seriously injured and requires hospitalization and surgery.
- The medical bills for the injured person are \$342,560.

Results **without** the Umbrella Policy:

Your primary insurance policy would pay up to the \$100,000 limit and you may be responsible for the remaining \$242,560.

Results **with** the Umbrella Policy:

Your primary insurance policy would pay up to the \$100,000 limit and the umbrella policy would cover you for the remaining \$242,560.

Without umbrella coverage, you could be personally responsible for covering the injured person's medical bills over and above your \$100,000 policy limits. An umbrella policy provides you with an additional layer of protection that would pay those added amounts, up to the limit of the umbrella coverage. And it is less expensive than you might think.

Contact the Guaraldi Agency to review your current risks and coverage and we may be able to add another layer of protection to your coverage and perhaps even save you some money. The extra peace of mind that an umbrella insurance policy can bring can worth a great deal. If your ever need it in the event of an accident then it will be well worth the investment.