

March 12, 2008

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## Cover your assets with insurance

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McClatchy-Tribune News

Insurance is one of those financial musts that unfortunately provides a false sense of security for many Americans. Even though a policy is in place, many are underinsured.

While 86 percent of Americans are concerned about protecting their assets, only 13 percent buy a policy to protect those assets to the fullest, according to a survey sponsored by The Hanover Insurance Group in Worcester, Mass.

Take for example auto insurance. Minimum limits are grossly low in many states, posing financial duress for many who will find they will actually have to pay more out of pocket than they expected after an accident. Some states have a minimum coverage for liability at just \$25,000. Hitting a Mercedes clearly will illustrate that \$25,000 is not enough to replace one of those.

Second, when not enough insurance is carried, those who are liable in an accident may find the damaged person coming after their assets in a lawsuit. Once insurance pays out its limits, the rest is from the insured's assets. If the insured does not have enough money, bankruptcy is the only option.

One way to prevent a financial crisis is, of course, to have higher limits. But how much is enough?

The answer depends on how much of your money you want to protect. A family with \$25,000 in assets may just want the minimum to protect that money. But someone with more money may want more. Take for example a family with \$375,000 in assets. A limit of \$500,000 may be in order. However, again, damages for higher than that, say through a medical bill of the injured party, the family may face bankruptcy if the amount sued for is higher.

One product that does cover big claims is umbrella insurance. Adding that on to a current policy provides up to \$1 million of coverage and protects against claims not only from auto accidents but personal claims.

An umbrella policy can also add coverage neither your auto or homeowners may provide. These include coverage against libel, slander, invasion of privacy and other personal lawsuits. It will also provide coverage while out of the country, something auto insurance rarely does.

To add umbrella, you need a policy with higher limits, such as \$300,000 or \$500,000. The cost for increasing it to \$1 million in protection is reasonable -- less than \$20 more a month if you have a tidy driving record.

"With the average lawsuit award at about \$1.4 million, a family's hard-earned assets could be wiped out without an umbrella policy to protect them if someone is injured on their property, in a car accident, or under many other circumstances," said Jim Hyatt, personal lines president at The Hanover. "Most people just don't believe they will be sued. But, unfortunately, our society is more litigious than ever and many people have much more to lose than they even realize."

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