



How Can I Extend My Liability Coverage?

In this litigious society, no one is immune from potential lawsuits. Anyone with significant assets might need protection from the devastating effects of a liability lawsuit.

Elected officials and members of boards may be especially vulnerable. It's not uncommon for plaintiffs to name everyone involved in an incident who has any perceived authority, responsibility, or ability to pay.

Personal liability lawsuits sometimes award the future earnings of the defendant. This makes many self-employed people, and some corporate officers, vulnerable to personal liability suits.

Fortunately, there is a way to help protect yourself. You can supplement both your auto and homeowners policies with excess liability insurance, or an "umbrella policy." For as little as a few hundred dollars per year, umbrella liability policies may provide between \$1 million and \$5 million of protection from negligence claims, libel, slander, or defamation for you and your household members. And by buying your auto, homeowners, and excess liability policies from the same company, you may be able to reduce the total cost by as much as 15%.

Most individual liability policies, however, don't cover occupational risks such as professional malpractice. In many cases, professional organizations such as the American Medical Association and the American Bar Association offer group policies for their members. The state equivalents of these organizations are usually quite aggressive in finding group providers to protect their members. In some professions, a local member may take the additional responsibility of helping to administer the group insurance for the state's participants — overseeing and monitoring the coverage and costs and helping watch for abuses.

Because liability is an area connected with ongoing litigation, it changes often. Professionals should closely follow developments in their own fields in order to avoid expensive mistakes. In many businesses and professions, there are watchdog groups appointed to provide current information. Large groups often evaluate competitive policies annually to assess the performance of their group's insurance company. Such an organization may change insurance companies on a regular basis, as this is a very competitive area.

When evaluating your personal liability, consider the following:

- Everyone in your household should be covered, including those who don't live at home.
- Your policy should cover physical injuries, libel, slander, invasion of privacy, malicious prosecution, wrongful eviction, defamation of character, and discrimination.
- Shop around for the lowest number of exclusions. For example, many policies will not help you if you are sued as a result of your participation on a board or less formal committee.
- Be aware of wording that limits coverage to exclusive causes of injury.

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