

# Umbrella liability insurance helps protect from rain on financial parade



LOCAL

Steven Podnos

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Q: My advisor suggested that I buy “umbrella liability” insurance. What does that mean

A: Umbrella liability insurance is a great name for insurance coverage that acts to protect you from a variety of lawsuits and other claims against you. You can think of it as something that covers you (like an umbrella!) from many different legal (non-criminal) attacks.

[Most of us already have some specific liability insurance that will help protect our assets from our home or automobile use.](#) The umbrella coverage both increases that coverage and adds coverage from many other potential threats. For example, an ex-president used his umbrella liability coverage to pay for defense of a sexual harassment charge while in office! This coverage might protect you from a charge of slander or for causing an injury while on your bicycle and so much more.






This coverage is usually sold in increments of one million dollars and starts to pay once you have exhausted your auto and/or homeowner's underlying coverage (most umbrella policies require you to have a certain amount of liability coverage on your dwelling and your automobiles). For instance, if your auto policy has three hundred thousand dollars of liability coverage, the umbrella would cover claims from that level up to the limit that you bought. The usual cost if you don't have a lot of traffic tickets or prior claims is around \$300-\$500 per million dollars coverage per year. Most of the families we work with have \$2 million to \$5 million in coverage, especially with risks like teenage drivers. Although most families obtain umbrella liability coverage through their homeowners or auto insurance agents, some independent companies provide coverage as well (especially for amounts over \$5 million). These policies will usually cover claims for bodily injury, property damage, legal fees and even potentially claims arising from worldwide travel.

Note that umbrella coverage will not usually include business liability — and you need separate coverage for this (you can buy umbrella business coverage also). For example, physicians need separate malpractice insurance while lawyers need "errors and omissions" coverage. Some umbrella policies will not cover rental property you own. It will also not usually cover intentional damage you cause or injuries to yourself or your property that you are responsible for. Some policies exclude coverage related to high-risk activities such as skydiving and any criminal behavior on your behalf.

For families that are well before retirement, we often recommend adding a underinsured motorist rider to umbrella liability policies. Usually issued in 1-million-dollar increments, this coverage has your own insurance company stepping in for claims against someone that injured you and who does not have adequate coverage themselves.

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 Financial planner Steven Podnos: "Umbrella liability insurance is a great name for insurance coverage that acts to protect you from a variety of lawsuits and other claims against you."

A particular point of controversy (referred to above) is the coverage of teenage drivers and their generally increased liability for auto accidents. Many but not all policies will automatically cover all members of a family (especially if under 18 years old) but they must be listed to the insurance coverage. Some policies will have exclusions, especially for teenagers found to be driving recklessly or under the influence of drugs or alcohol. It is very important to review coverage and exclusions with your insurance company to avoid unpleasant surprises.

In general, we recommend almost every family has some umbrella liability coverage. There are some very rare times that we find a person or family with very low liability exposure (elderly non-drivers for example) that can be safely covered with their usual underlying homeowner's insurance alone.

Steven Podnos, MD, is a fee-only financial planner in Central Florida. He can be reached at [Steven@wealthcarellc.com](mailto:Steven@wealthcarellc.com) and at [www.WealthCareLLC.com](http://www.WealthCareLLC.com).



SEP 2025

**SENIORS BORN  
1939-1969 RECEIVE  
11 BENEFITS THIS  
MONTH IF THEY  
ASK**

0:00 / 0:56

A video thumbnail featuring three soft-serve ice cream cones. A red semi-transparent box on the left contains the text 'SENIORS BORN 1939-1969 RECEIVE 11 BENEFITS THIS MONTH IF THEY ASK'. A white box in the top right corner says 'SEP 2025'. The video player interface shows a play button, a progress bar at 0:00 / 0:56, and volume, full screen, and menu icons.

Just Add 1 Drop Of This Household Item To  
Any Dark Spot and Wait 3 Minutes

Learn More

0:00 / 0:56

A video thumbnail showing a close-up of a hand with a dark spot on the skin. A white semi-transparent box in the center contains the text 'Just Add 1 Drop Of This Household Item To Any Dark Spot and Wait 3 Minutes'. A yellow box in the bottom right corner says 'Learn More'. The video player interface shows a play button, a progress bar at 0:00 / 0:56, and volume, full screen, and menu icons.

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