

INSURANCE LIABILITY EXPLANATION THAT YOU HOPEFULLY CAN UNDERSTAND!

The LCV Homeowners Association has asked that I try to explain the issues of Liability and Umbrella policies to the Homeowners of Lake Country Village so here goes.

LIABILITY- On your personal policies, (Homeowners, Renters, or Condo policies) you have a coverage called "Liability". Liability coverage protects you for the following types of claims. 1- You have a guest at your home and he slips on the ice or trips on your sidewalk or step and is seriously injured, he could sue you for the claim. His possible reasons could be: throw rug was slippery, sidewalk wasn't sanded, or just caught their shoe on a defect in your sidewalk.

"Liability" also protects you if you go away for a while and you set your heat too low and your pipes freeze making you "negligent" for not following the guidelines and causing a loss to your neighbors and/or the Association as well. In this case, you can be held responsible for the damage to the entire building.

In this case, what would happen if the frozen pipe leaked water into a wall socket and it shorted and caused a fire that destroys the entire building? You could be held liable for the replacement of the entire building. For this reason, it is suggested that you have a Liability limit large enough to replace the entire building you live in.

If you live in a 2 unit building, you should have \$ 300,000 in Liability coverage

If you live in a 3 unit building, you should have \$ 500,000 in Liability coverage

If you live in a 4 unit building, you should have \$ 1,000,000 in liability coverage

YOU CAN GET THIS COVERAGE A COUPLE OF WAYS:

- 1- You can just increase your liability on your current policy to \$300,000 or \$ 500,000 or \$1,000,000 depending on what type of unit you are in.
- 2- You can leave the liability on you current homeowners, rental or, Condo policy at \$ 300,000 and you can also purchase an umbrella policy for \$ 1,000,000. The umbrella policy will require that you have at least \$300,000 on your current policy and then it will pay any amount above that in a claim up to an additional \$1,000,000 for a total coverage of \$ 1,300,000 with your policies.

There is an advantage to an umbrella policy because it will also cover you in excess of your automobile insurance as well in the event of a serious accident in which you are at fault. Be aware however, that the umbrella will also require that you have a minimum coverage amount on your car insurance, usually around \$250,000/\$500,000/\$100,000 for Liability

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