

Protecting Your Personal Assets

By

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Maintaining adequate and appropriate personal insurance is a significant key that physicians often overlook when seeking to protect personal assets. For any damage award that exceeds the limits on a homeowners or automobile policy, the individual is personally liable. Liability insurance, whether in the form of homeowners or automobile insurance, is designed to pay for expenses such as medical bills, lost wages, property damage and other expenses due to the negligence of the person at fault. After adding up all the expenses arising out of an automobile accident or other accident, insurance policy limits simply may not be enough.

Physicians would be well served to take stock of their insurance policies. What is the limit on your homeowners policy? What is the limit on your automobile policy? Have you considered taking the maximum policy limit? Having the maximum policy limits is a one way to protect against personal liability. For example, when a physician is involved in an automobile accident with another driver, the other driver may assume that the physician has substantial personal assets and, on that basis, attempt to recover damages in excess of the physician's policy limits. In these cases, it is very beneficial if the physician has taken out the maximum limits on his or her automobile policy to protect against any personal liability arising from a damage award that exceeds the policy limits.

Physicians should also consider an umbrella policy as a means of protecting against personal liability. Umbrella insurance is designed to provide additional liability protection over and above the policy limits on a homeowners or automobile policy. Of course, umbrella policies, like other policies, do have exceptions but they can add significant liability protection at an affordable cost.

In assessing your need for liability insurance, start by analyzing your personal circumstances and the likelihood that you will be sued. For example, do you own a swimming pool or trampoline that may pose a risk of injury to others? Also, analyze the personal assets you have that could be at risk in such an event. Next, assess the premiums associated with the maximum limits on any homeowners or automobile policies you currently hold and compare those premiums against the costs of maintaining an umbrella policy. By analyzing and understanding your personal insurance needs, you can take significant steps to protect your personal assets.