

[Umbrella Insurance?](#)

CNN Money

Q: What is an umbrella insurance policy, and under what circumstances should I have one? — Matthew M., Smithfield, N.Y.

A: An umbrella policy is extra liability insurance that protects you if you are sued.

Homeowners and auto policies offer personal liability coverage, but most people only carry the minimum required by their state, typically \$20,000 to \$100,000.

In the rare event you were to have an injury claim for, say, an auto accident, you'd be on the hook for much more.

Umbrella insurance is important if you own a small business or otherwise have a high risk of personal injury suits (say, you host lots of guests), says Amy Bach, executive director of United Policyholders.

Plus it's cheap: A \$1 million policy costs \$200 to \$500 a year.