

COLLEGE STUDENTS AND LIABILITY RISK

HOW TO PROTECT YOUR CHILD AND YOUR ASSETS

In today's litigious environment, where lawsuits can result in verdicts exceeding \$10 million, parents should consider the following steps to protect their child and their family wealth.

1. Talk with your college bound child about dangerous situations.

Lending cars to friends: Your child may be a very safe driver, but if he or she brings a car to school, will he or she be smart about lending it to others? Liability follows the car owner. If a friend borrows the car and causes an accident resulting in serious injury, you could be held responsible.

Borrowing cars: If your child has no car, he or she will likely want to borrow a friend's. How well insured is the friend? If your child causes a serious accident and the friend is underinsured, the injured party will likely target you next.

Hosting parties: If your child lives off campus and hosts a party, you could be held responsible for a variety of tragic outcomes resulting from partygoers driving under the influence, overdosing, falling off decks, and other accidents.

2. Consider using new devices and apps that monitor driving behavior.

Some devices or mobile phone apps will track maximum speed, distance travelled, and hard braking after each trip, allowing you to catch and correct bad driving habits. If an accident occurs, data may prove beneficial in determining fault. To help guard against distracted driving, new apps can automatically detect when a car is moving and either lock a mobile phone completely or automatically respond to texts and calls the phone receives.

3. Stay as connected as possible to your child on social media platforms.

The potential widespread distribution of social media posts and supposedly private text messages have greatly increased the risk of lawsuits claiming invasion of privacy, character defamation, and more. Alert your child to the dangers, and stay connected to monitor behavior.

4. Consider purchasing enough liability coverage to match your net worth and future income.

This step usually involves buying the maximum amount of liability coverage in your auto and homeowner policies and then supplementing that coverage with an umbrella liability policy. The cost is often surprisingly affordable. It is the most important step you can take to guard against costly liability lawsuits whether or not you have children in college.

What happens if your child is seriously injured while riding on the back of a friend's motorcycle and the friend's parents are underinsured? You would need uninsured/underinsured liability coverage. This coverage ensures protection if your child is injured and the person responsible has insufficient insurance to pay for damages. The best policies will also cover accidents that don't involve motor vehicles, such as swimming pool mishaps at a friend's residence.

5. If your child plans to drive while studying abroad, purchase liability coverage in the country.

Liability coverage from the US auto policy may not extend to the foreign country for rented or borrowed cars, and driving where laws and customs could differ greatly from those in the U.S. increases the risk of an accident occurring.

6. Name college residences on home and umbrella liability policies.

While a dorm or off-campus landlord will likely have insurance, it may not apply or suffice in all circumstances. Naming the residence on your policies adds another level of protection – and usually costs very little.

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