

**September 26-29, 2024 | Sheraton Boston Hotel**



09/28/2024

**Personal Recreational Type Vehicles and How to Insure Them**

10:00 AM - 11:00 AM

Laura Poulin

1 CEU

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# Personal Recreational Type Vehicles




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**With special thanks to the Insurance Services Office, Inc. advance information, continued support, and permission to use their forms and information.**



# DEFINITION

Coverage Section/Provision	Homeowners 3
<p>"Insured location"</p> 	Residence premises and other premises used in connection with it
	Certain other structures
	Temporary nonowned residences
	Vacant land (other than farmland)
	Land on which the insured is building a home
	Cemetery plots or burial vaults
	Any part of a premises occasionally rented to an insured, other than for business use
"Motor vehicle"	1. A land or amphibious vehicle that is self-propelled or capable of being self-propelled or
	2. Any trailer or semitrailer being used with such vehicle above
"Residence premises"	One family dwelling where the named insured resides, if shown in the declarations
	Two, three, or four family dwelling where the named insured resides in at least one of the family units, if shown in the declarations
	That part of any other building in which the named insured resides, if shown in the declarations
	Other structures and grounds at that location



# Definition



1. "**Aircraft Liability**", "**Hovercraft Liability**", "**Motor Vehicle Liability**" and "**Watercraft Liability**", subject to the provisions in b. below, **mean the following:**

- a. Liability for "bodily injury" or "property damage" arising out of the:
  - (1) **Ownership** of such vehicle or craft by an "insured";
  - (2) **Maintenance, occupancy, operation, use, loading or unloading** of:
    - (a) An aircraft, hovercraft or watercraft by any person; or
    - (b) A motor vehicle by an "insured";
  - (3) **Entrustment** of such vehicle or craft by an "insured" to any person;
  - (4) **Failure to supervise** or negligent supervision of any person involving such vehicle or craft by an "insured"; or
  - (5) **Vicarious liability**, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
- b. For the purpose of this definition:
  - (1) **Aircraft means** any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;
  - (2) **Hovercraft means** a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
  - (3) **Watercraft means** a craft principally designed to be propelled on or in water by wind, engine power or electric motor, except model or hobby watercraft not designed to carry people or cargo; and
  - (4) **Motor vehicle means** a "motor vehicle" as defined in 11. below.



**EXCLUSION**

## The Motor Vehicle Liability Exclusion



- Personal liability and medical payments coverage **do not apply** to any motor vehicle liability if:
  - The vehicle is
    - **required to be registered to** operate on public roads;
- Or ***We will see that this wording varies depending on the ISO Edition date***
- The vehicle is
  1. involved in any **racing-related** activities,
  2. **rented to others,**
  3. used to **carry persons or cargo for a fee,** or
  4. used for any **"business" purpose** *except a golf cart while on a golfing facility.*



# Carve Back

And...if that exclusion A.1 does not apply,

there is **still no coverage unless the motor vehicle is:**

1. In dead storage on an insured location;
2. Designed to assist the handicapped *under certain circumstances*

3. *And 3 other situations that vary **depending on the ISO Edition date***

1. Used to service (*riding lawn mower*)

2. **Designed for recreational use off public roads**



3. **Golf carts**



# Motor Vehicle Liability Exclusion ISO Edition date differences affecting the registration wording

Personal liability and medical payments coverage **do not apply** to any motor vehicle liability if the vehicle is:

## ❖ 1991

✓ subject to motor vehicle registration

## ❖ 2000, 2011, 2022:




- ✓ Is **registered** for use on public roads or property;
- ✓ Is not registered for use on public roads or property, but such **registration is required by a law, or regulation** issued by a **government agency**, for it to be used at the place of the "occurrence";

Registration Type	Registration Number	Effective Date	Title Number	Expires Last Day of	Month	Year
Model Year	Make	Model	Body Style	Category	LIVE'S (Registration Number)	
Residential Address (if Different from Mailing)				Total Registered Weight for Commercial Vehicle or Trailer		
Camp Address				US DOT Number		
Name(s) of Owner(s) and Mailing Address				Number of Axles		
				Insurance Company		
				If Vehicle Carrying Passengers for Hire Maximum Number of Passengers (Not Crib Box Seated)		
Not Valid Without Official Signature of Registrar						





# ISO Edition date differences and the exception to the motor vehicle exclusion

	1991	2000	2011	2022
Used to service 	an "insured's" residence	solely an "insured's" residence	solely a residence	<ul style="list-style-type: none"> <li>solely a residence</li> <li>A riding lawn mower being used to mow a lawn</li> </ul>
In dead storage 				
Designed to assist the handicapped 				

**NOT  
TODAY**



# ISO Edition date differences and the exception to the motor vehicle exclusion

	1991	2000	2011	2022
Designed for recreational use 	<ul style="list-style-type: none"> <li>Not owned</li> <li>owned <b>on “insured location”</b></li> </ul>	<ul style="list-style-type: none"> <li>Not owned</li> <li>owned on “insured location”</li> </ul>	<ul style="list-style-type: none"> <li>Not owned</li> <li>owned on “insured location”</li> <li><b>Certain size toy vehicles off an insured location</b></li> </ul> 	<ul style="list-style-type: none"> <li>Not owned</li> <li>owned on “insured location”</li> <li>Certain size toy vehicles off an insured location</li> </ul>
Golf carts 	<ul style="list-style-type: none"> <li><b>Owned on “insured location”</b></li> <li><b>playing on golf course</b></li> </ul>	<b>Owned</b> <ul style="list-style-type: none"> <li><b>Up to 4 people</b></li> <li><b>&lt;25mph</b></li> <li>Golf facility</li> <li><b>Private community including its public roads</b></li> </ul>	Owned <ul style="list-style-type: none"> <li>Up to 4 people</li> <li>&lt;25mph</li> <li>Golf facility</li> <li>Private community including its public roads</li> </ul>	Owned <ul style="list-style-type: none"> <li>Up to 4 people</li> <li>&lt;25mph</li> <li>Golf facility</li> <li>Private community including its public roads</li> </ul>



# Watercraft Liability Exclusion

Again we need to review the definitions section in the beginning of the policy for more details about this specific exposure.

## Definition

Watercraft is a craft chiefly propelled on or in the water by wind, engine power, or electric motor, except model or hobby watercraft not designed to carry people or cargo.



# Watercraft Liability Exclusion

Personal liability and medical payments coverage **do not apply** to any watercraft liability if, at the time of an occurrence, the involved watercraft is being:

• Operated in, or practicing for, any type of pre-arranged or organized race. This exclusion does not apply to a sailing vessel or a predicted log cruise;



• Rented to others;

• Used to carry persons or cargo for a fee;

• Used in business

The form does **provide limited liability coverage for** watercraft, subject to three provisions.

1. watercraft is **stored** and not utilized

2. certain size sailing vessels

3. **certain** nonsailing vessels powered by an **inboard or inboard-outdrive** engine or motor



# Watercraft Liability Exclusion

**Watercraft Liability Exclusion Exception:**

**1991, 2000, 2011**

**Carve Back**

	Sailboat	Inboard or Inboard-Outdrive	Outboard
Owned	Covered if less than 26 feet in length	Excluded if owned	Owned Outboards are Covered if total of 25HP or less
Rented		Covered if 50HP or less	Covered if rented or not owned if greater than 25 total HP
Non-Owned / Borrowed	All non-owned or borrowed sailboats are covered regardless of length	Covered regardless of HP if not owned and not rented	



**HO 24 75 Watercraft Liability Endorsement removes limitations**

# Watercraft Liability Exclusion

**Carve Back**

**Watercraft Liability Exclusion Exception: 2022**

	Sailboat	Other than Sailboat
Owned	Covered if less than 26 feet in length	<ul style="list-style-type: none"> <li>Covered if 25 HP or less</li> <li>Acquire during the policy period regardless of HP and declare/insure</li> </ul>
Rented	Non-owned, borrowed or rented sailboats are covered regardless of length	Covered if OVER 25 HP if rented or not otherwise owned
Non-Owned / Borrowed		

The prior watercraft liability exclusion references a variety of motors and with restrictions on rented vehicles.

**The 2022 form simplifies the provision.**



# Definition

# Aircraft Liability Exclusion

Again we need to review the definitions section in the beginning of the policy for more details about this specific exposure.

## Aircraft

- "any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or property."

B. In addition, certain words and phrases are defined as follows:

1. "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in b. below, mean the following:
  - a. Liability for "bodily injury" or "property damage" arising out of the:
    - (1) Ownership of such vehicle or craft by an "insured";
    - (2) Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
    - (3) Entrustment of such vehicle or craft by an "insured" to any person;
    - (4) Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
    - (5) Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
  - b. For the purpose of this definition:
    - (1) Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;



# Aircraft Liability Exclusion

The homeowners policy **does not provide** any liability coverage arising from aircraft or hovercraft related losses.



## SECTION II – EXCLUSIONS

### C. "Aircraft Liability"

This policy does not cover "aircraft liability".

Take Note !

**"Aircraft Liability" definition began with 2000 edition – no definition in 1991 edition**

**But still an applicable exclusion...**

A red, distressed-style stamp with the word "EXCLUSION" in bold, capital letters, tilted slightly to the right.

1. Coverage E – Personal Liability and Coverage F – Medical Payments to Others do not apply to "bodily injury" or "property damage":
  - h. Arising out of:
    - (1) The ownership, maintenance, use, loading or unloading of an aircraft;
    - (2) The entrustment by an "insured" of an aircraft to any person; or
    - (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using an aircraft.

An aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo.





# What about drones?



## Business use

- limited Coverage C on and off premises
- NO Business liability coverage



## Intentional injury

- All ISO HO editions have an intentional injury exclusion of some type
- No deliberate aiming at someone or someone's property

## Privacy (personal injury) issues

- NO ISO HO provides personal injury coverage –must endorse policy
  - Some drones have cameras ... privacy of others could be compromised
  - Need HO 24 82 Personal Injury Liability
- All editions have exclusion for violation of penal or criminal activity
- Some states are creating laws to make privacy issues illegal



# Aircraft Liability Definition Revised To Remove Exception For Model Or Hobby Aircraft HO3402

HOMEOWNERS  
HO 34 02 02 17

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## AIRCRAFT LIABILITY DEFINITION REVISED TO REMOVE EXCEPTION FOR MODEL OR HOBBY AIRCRAFT

### DEFINITIONS

Definition B.1. is replaced by the following:

B. In addition, certain words and phrases are defined as follows:

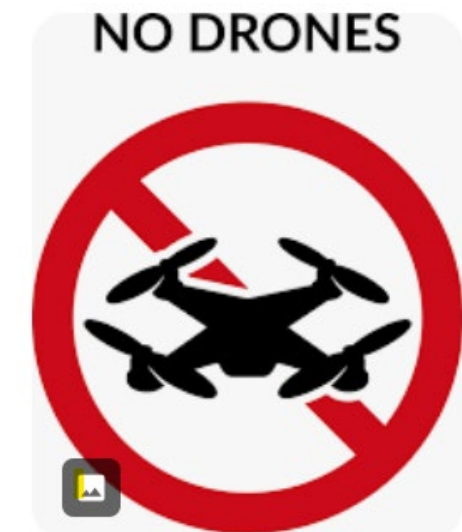
1. "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in b. below, mean the following:
  - a. Liability for "bodily injury" or "property damage" arising out of the:
    - (1) Ownership of such vehicle or craft by an "insured";
    - (2) Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
    - (3) Entrustment of such vehicle or craft by an "insured" to any person;
    - (4) Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or

- (5) Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.

b. For the purpose of this definition:

- (1) Aircraft means any contrivance used or designed for flight including but not limited to unmanned aircraft, whether or not model or hobby;
- (2) Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- (3) Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
- (4) Motor vehicle means a "motor vehicle" as defined in 7. below.

All other provisions of this Policy apply.



Definition of "aircraft" in the aircraft liability definition modified <sup>29</sup>

- ANY craft – **INCLUDING BUT NOT LIMITED TO** unmanned aircraft
- **whether or not model or hobby**



# Personal Injury For Aircraft Liability Excluded HO3403



HOMEOWNERS  
HO 34 03 02 17

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## PERSONAL INJURY FOR AIRCRAFT LIABILITY EXCLUDED

### SECTION II – EXCLUSIONS

With respect to the Personal Injury Coverage provided by Endorsements HO 24 82 and HO 24 10, the following is added to **Section II – Exclusions** in Endorsements HO 24 82 and HO 24 10:

This insurance does not apply to:

"Aircraft liability".

For the purposes of this exclusion, "aircraft liability" means:

a. Liability for "personal injury" arising out of the:

- (1) Ownership of such aircraft by an "insured";
- (2) Maintenance, occupancy, operation, use, loading or unloading of such aircraft by any person;

(3) Entrustment of such aircraft by an "insured" to any person;

(4) Failure to supervise or negligent supervision of any person involving such aircraft by an "insured"; or

(5) Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such aircraft.

b. For the purpose of this definition, aircraft means any contrivance used or designed for flight including but not limited to unmanned aircraft, whether or not model or hobby.

All other provisions of this Policy apply.

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## Excludes personal injury arising out of "aircraft liability"

- owned
- used by anyone
- entrustment to others
- negligent supervision of

