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## Technical Advisory

TA 249

October 17, 2005

**Subject: Trailers & Personal Lines**

**Background:** Trailers could be considered the Rodney Dangerfield of transportation, since, in Rodney's immortal words, "I don't get no respect."

Trailers basically haul stuff for us, and don't get noticed much unless they break down along the highway and leave us stranded, or, worse still, they get damaged or cause injuries.

Both the Personal Auto Policy and the Homeowners Policy provide some coverage for trailers, but in most cases the coverage is limited.

**Main Points:** Here is an analysis of coverages that are provided by the Personal Auto Policy and the Homeowners Policy, including both liability and physical damage.

### Personal Auto Policy

**Liability – 1998 & 2005 PAP:**

*B. "Insured" as used in this Part means:*

- 1. You or any "family member" for the ownership, maintenance or use of any auto or "trailer".*
- 2. Any person using "your covered auto".*
- 3. For "your covered auto", any person or organization but only with respect to legal responsibility for acts or omissions of a person for whom coverage is afforded under this Part.*
- 4. For any auto or "trailer", other than "your covered auto", any other person or organization but only with respect to legal responsibility for acts or omissions of you or any "family member" for whom coverage is afforded under this Part. This Provision (B.4. ) applies only if the person or organization does not own or hire the auto or "trailer".*

**Comment #1:** Liability coverage for trailers in the Personal Auto Policy is the same as it is for autos. Note that in B.2 &3. above, where only the term "your covered auto" is used, the coverage still applies for trailers, since YCA includes "any 'trailer' you own."

Comment #2: Since coverage provided for trailers is the same as for autos, the frequently-encountered Liability exclusions for autos will also apply to trailers. These include the care, custody or control exclusions (A.2 & A.3.), the public or livery conveyance exclusion (A.5.), the business exclusions (B.6 & B.7.), and the furnished or available exclusions (B.2 & B.3.).

**Medical Payments – 1998 & 2005 PAP:**

*B. "Insured" as used in this Part means:*

- 1. You or any "family member":
  - a. While "occupying"; or*
  - b. As a pedestrian when struck by;  
a motor vehicle designed for use mainly on public roads or a trailer of any type.**
- 2. Any other person while "occupying" "your covered auto".*

Comment #1: As with Liability coverage, Medical Payments coverage does not distinguish between autos and trailers.

Comment #2: Note that the term "your covered auto" includes "any 'trailer' you own."

Comment #3: The frequently-encountered Medical Payments exclusions that apply to autos also apply to trailers. These include the public or livery conveyance exclusion (#2.), furnished or available exclusions (#5. & #6.), and the business exclusion (#8.).

Comment #4: One exclusion found in Medical Payments that is not found in Liability, and which has more applicability to trailers than autos, is exclusion #3:

- 3. Sustained while "occupying" any vehicle located for use as a residence or premises.*

**Uninsured Motorist – 1998 & 2005 PAP:**

*A. We will pay compensatory damages which an "insured" is legally entitled to recover from the owner or operator of an "uninsured motor vehicle" because of "bodily injury":*

- 1. Sustained by an "insured"; and*
- 2. Caused by an accident.*

*The owner's or operator's liability for these damages must arise out of the ownership, maintenance or use of the "uninsured motor vehicle".*

*B. "Insured" as used in this Part means:*

- 1. You or any "family member".*
- 2. Any other person "occupying" "your covered auto".*
- 3. Any person for damages that person is entitled to recover because of "bodily injury" to which this coverage applies sustained by a person described in 1. or 2. above.*

C. "Uninsured motor vehicle" means a land motor vehicle or trailer of any type.

Comment #1: UM coverage applies for situations involving trailers in the same way it does for autos.

Comment #2: Note that the term "your covered auto" includes "any trailer you own."

### Physical Damage – 1998 & 2005 PAP:

#### INSURING AGREEMENT (1998 & 2005 PAP)

A. We will pay for direct and accidental loss to "your covered auto" or any "non-owned auto", including their equipment, minus any applicable deductible shown in the Declarations.

C. "Non-owned auto" means:

1. Any private passenger auto, pickup, van or "trailer" not owned by or furnished or available for the regular use of you or any "family member" while in the custody of or being operated by you or any "family member"; or

2. Any auto or "trailer" you do not own while used as a temporary substitute for "your covered auto" which is out of normal use because of its:

- a. Breakdown;
- b. Repair;
- c. Servicing;
- d. Loss; or
- e. Destruction

#### EXCLUSIONS (1998 PAP)

We will not pay for:

8. Loss to:

- a. A "trailer", camper body, or motor home, which is not shown in the Declarations; or
- b. Facilities or equipment used with such "trailer", camper body or motor home.

Facilities or equipment include but are not limited to:

- (1) Cooking, dining, plumbing or refrigeration facilities;
- (2) Awnings or cabanas; or
- (3) Any other facilities or equipment used with a "trailer", camper body, or motor home.

This Exclusion (8. ) does not apply to a:

- a. "Trailer", and its facilities or equipment, which you do not own; or
- b. "Trailer", camper body, or the facilities or equipment in or attached to the "trailer" or camper body, which you:

- (1) Acquire during the policy period; and
- (2) Ask us to insure within 14 days after you become the owner.

**[Editor's note: This exclusion (8.) is found in the 1998 PAP. In the 2005 PAP, the language is the same, but appears as exclusion 7.]**

Comment #1: Physical damage coverage for owned trailers is excluded, but coverage is available by endorsement PP 03 07 Trailer/Camper Body Coverage.

Part D also includes limited coverage for non-owned trailers:

*LIMIT OF LIABILITY [1998 PAP]*

*However, the most we will pay for loss to:*

*1. Any "non-owned auto" which is a trailer is \$500.*

*LIMIT OF LIABILITY [2005 PAP]*

*However, the most we will pay for loss to:*

*1. Any "non-owned auto" which is a trailer is \$1500.*

Comment #2: Physical damage coverage for non-owned trailers is limited to \$500 (1998 PAP) or \$1,500 (2005 PAP).

## Homeowners Policy

### Coverage C – HO-91 & HO-2000

#### *COVERAGE C – Personal Property*

*We cover personal property owned or used by an "insured" while it is anywhere in the world. At your request, we will cover personal property owned by:*

- 1. Others while the property is on the part of the "residence premises" occupied by an "insured";*
- 2. A guest or a "residence employee," while the property is in any residence occupied by an "insured. "*

*Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises," is 10% of the limit of liability for Coverage C, or \$1000, whichever is greater. Personal property in a newly acquired principal residence is not subject to this limitation for the 30 days from the time you begin to move the property there.*

**[Editor's note: This excerpt is from the HO-91 edition. The HO-2000 edition is formatted slightly differently, but provides the same coverage.]**

Comment #1: Coverage C applies to both owned and non-owned (i.e., rented or borrowed) personal property. Since trailers are a type of personal property, the Homeowners Policy provides coverage, subject to the conditions discussed below.

### Coverage C – Special Limits – HO-91

*Special Limits of Liability. These limits do not increase the Coverage C limit of liability. The special limit for each numbered category below is the total limit for each loss for all property in that category.*

- 3. \$1000 on watercraft, including their trailers, furnishings, equipment and outboard engines or motors.*
- 4. \$1000 on trailers not used with watercraft.*

## Coverage C – Special Limits – HO-2000

### *Special Limits Of Liability*

*The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.*

*c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.*

*d. \$1,500 on trailers or semitrailers not used with watercraft of all types.*

Comment #1: While trailers are a type of personal property covered by the Homeowners Policy, they are subject to specific dollar limits: \$1,000 in HO-91 and \$1,500 in HO-2000.

Comment #2: However, the HO-2000 introduced a definition of “*motor vehicles*” which impacts Coverage C as it applies to certain trailers. (The HO-91 did not have a definition of “*motor vehicles*.”) Under Coverage C Property Not Covered, is the following;

" We do not cover:  
c. "Motor vehicles".

The form defines “*motor vehicles*” to include “*Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.*” Therefore, in the HO-2000, there is no Coverage C for any trailers that are within this definition; that is, if a trailer is hitched to an auto, the trailer is no longer eligible for Coverage C. In the ISO filing for HO-2000, there is no reference to this change, so it is possible that the reduction in coverage was unintentional.

## Coverage C – Theft limitation – HO-91 & HO-2000

### *SECTION I – PERILS INSURED AGAINST*

#### *COVERAGE C – PERSONAL PROPERTY*

*9. Theft, including attempted theft and loss of property from a known place when it is likely that the property has been stolen.*

*This peril does not include loss caused by theft that occurs off the "residence premises" of:*

- b. Watercraft, and their furnishings, equipment and outboard engines or motors; or*
- c. Trailers and campers.*

**[Editor’s note: This excerpt is from the HO-91 edition. The HO-2000 edition is formatted slightly differently, but provides the same coverage.]**

Comment #1: While personal property is covered worldwide for Named Perils, there is no theft coverage for trailers off the residence premises.

Comment #2: However, this restriction does not apply to Coverage C property which is subject to special form or open perils, as provided in the HO-5, or HO-3 with the HO 0015 endorsement.

## Coverage C – Windstorm limitation – HO-91 & HO-2000

Windstorm is a Named Peril for Coverage C, but there is a provision which limits coverage to certain trailers.

### ***Windstorm Or Hail***

*This peril includes loss to watercraft of all types and **their trailers**, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.*

Comment #1: This restriction of windstorm coverage essentially applies only to boat trailers in the open, or under some structure which is not fully enclosed.

Comment #2: However, this restriction does not apply to Coverage C property which is subject to special form or open perils, as provided in the HO-5, or HO-3 with the HO 0015 endorsement.

## Section II – Trailers – HO-91

### SECTION II – EXCLUSIONS

*f. Arising out of:*

- (1) The ownership, maintenance, use, loading or unloading of motor vehicles or all other motorized land conveyances, including trailers, owned or operated by or rented or loaned to an "insured";*
- (2) The entrustment by an "insured" of a motor vehicle or any other motorized land conveyance to any person; or*
- (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using a conveyance excluded in paragraph (1) or (2) above.*

*This exclusion does not apply to:*

- (1) A trailer not towed by or carried on a motorized land conveyance.*

Comment #1: Homeowners Section II coverage is often described as applying to third party injuries arising out of trailers “while stationary.” Since the Homeowners Policy has no territorial limitation, the Section II coverage would apply whether or not the trailer was at the insured’s residence premises, or elsewhere.

Comment #2: However, coverage for one source of injury arising out of “stationary” trailers is somewhat unclear from the language in the HO-91 form: what if the trailer is stationary, but hitched to an auto that is also stationary, especially if the engine is turned off? The form does not specifically address whether or not coverage applies if the trailer is hitched for towing – it only speaks to a trailer “not towed.” Certainly, once actual towing commences, coverage is found only in the Personal Auto Policy.

This issue was resolved in revised language in the HO-2000, discussed below.

## Section II – Trailers – HO-2000

### SECTION II – EXCLUSIONS

#### A. "Motor Vehicle Liability"

1. Coverages E and F do not apply to any "motor vehicle liability"...

#### DEFINITIONS

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

b. For the purpose of this definition:

(4) Motor vehicle means a "motor vehicle" as defined in 7. below.

7. "Motor vehicle" means:

a. A self-propelled land or amphibious vehicle; or

b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.

Comment #1: Section II coverage for trailers in HO-2000 is essentially the same as in HO-91, discussed above.

Comment #2: The issue raised in the HO-91 discussion above, about whether or not coverage applied for a trailer that was hitched to an auto but both were stationary, is resolved by the revised language in the HO-2000. Note the exclusion includes the words, "or hitched for towing." See further discussion in Case Study Example #1, #3, and #5.

Comment #3: Even if Section II coverage would apply to injuries arising out of a stationary, non-towed trailer, all other exclusions are still applicable, and must be examined. Where some trailers are used for business, the Business Exclusion might still prohibit coverage for Section II claims. See discussion in the following section.

## Case Study Examples

### Case #1

**Situation**: Insured Jack owns a utility trailer, which he has not declared on his Personal Auto Policy or Homeowners Policy.

While towing the trailer with his auto, the trailer comes unhitched due to his negligence and causes an accident.

#### **Analysis**:

1. Jack's BI and PD liability to third parties is covered by Jack's Personal Auto Policy ("ownership, maintenance or use of any auto or trailer"). Note that the trailer need not be declared on his PAP for Part A Liability to apply.

2. Assuming the plaintiff alleged a separate tort for the negligence arising out of the trailer (arguing that it was not hitched to an auto at the time of the accident), Jack's PAP covers his BI/PD liability

arising out of “*any auto or trailer,*” so his PAP responds for liability arising out of the auto and/or the trailer.

3. On the other hand, Jack would likely have no Section II BI/PD Liability or Medical Payments coverage under his Homeowners Policy, since the trailer was being towed by an auto at the time of the accident.

The HO-91 contains a Section II exclusion for motor vehicles, but has an exception for “*a trailer not towed by or carried on*” an auto.

In HO-2000, the Section II motor vehicles exclusion applies to trailers “*carried on, towed by or hitched for towing.*”

However, some authorities believe that at the time of the accident, the trailer was not “*towed by or carried on*” an auto (HO-91 language), or “*carried on, towed by or hitched for towing.*” (HO-2000 language), since it had become detached from Jack’s auto just prior to the accident.

Therefore, if the court recognized separate torts between the auto and the trailer, the court would have to decide if the detached trailer was within the exclusionary language of the Homeowners Policy Section II. That is, once the trailer became detached, was it still being towed by an auto?

4. Damage to his trailer is not covered under his Personal Auto Policy Part D unless physical damage to the trailer is endorsed onto the PAP.

5. Jack’s Homeowners Policy HO-91 edition would provide some physical damage coverage, since the trailer is considered personal property, and damage is the result of a vehicle, which is a Named Peril. HO-91 pays \$1,000.

However, the HO-2000 would not provide any Coverage C for his trailer, since Coverage C Property Not Covered applies to “*motor vehicles,*” which is defined to include “*Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.*”

## **Case #2**

**Situation:** Jack’s utility trailer is parked under his carport at home, and is destroyed by a hurricane.

### **Analysis:**

1. Jack’s Personal Auto Policy Part D would provide coverage only if the PAP had been endorsed to provide physical damage to the trailer.
2. Jack’s Homeowners Policy would provide coverage, since the trailer is considered personal property, and windstorm is a Named Peril. HO-91 pays \$1,000 and HO-2000 pays \$1,500 (assuming the trailer was not hitched to an auto at the time of the hurricane.)
3. Note that the windstorm limitation for certain trailers does not apply here. That restriction only applies to boat trailers which are not inside a fully enclosed building (see previous text discussion). However, had Jack’s trailer been a boat trailer instead of a utility trailer, it would apparently not be covered for windstorm damage, since it was under a carport, and not inside a fully enclosed building.

### Case #3

**Situation:** Jack's neighbor Jill is going to move some furniture from her apartment to her new home. Jack volunteers to help, and he rents a utility trailer from U-Howl. After Jill's furniture is loaded into the trailer, Jack decides to run some errands before they drive the furniture across town to Jill's new house. Rather than run errands with the trailer hitched, he feels it would be safer to unhitch the trailer and leave it at Jill's apartment. However, he fails to properly chock the wheels of the trailer, and while he is off on errands, the trailer rolls downhill in the apartment complex parking lot, hits and injures David, a tenant, bangs into a new Mercedes, then rolls over an embankment, crashing to bits, destroying the trailer and all of Jill's furniture.

**Analysis:**

1. Jack's Personal Auto Policy would respond under BI/PD Liability for the injuries to the tenant David, and the damage to the Mercedes, since Jack is covered under his PAP Liability for the "ownership, maintenance or use of any auto or trailer."
  2. Jack's Personal Auto Policy would in all likelihood not respond for damage to Jill's furniture, since the Liability coverage has an exclusion for property damage to property "owned or being transported by that insured" (exclusion A.2.), and for property damage to property "rented to, used by, or in the care of that insured" (exclusion A.3.). Exclusion A.3. also would prohibit the rented trailer from being covered under Jack's PD liability. But see #3. below.
  3. Jack's Personal Auto Part D provides limited physical damage coverage for non-owned trailers (borrowed or rented). The 1998 PAP pays \$500, and the 2005 PAP pays \$1,500.
  4. Jack's Homeowners Policy would provide some limited physical damage coverage for the rented trailer as well. His Coverage C applies to personal property "owned or used" by him, and damage is the result of a vehicle (the trailer), which is a Named Peril. HO-91 pays \$1,000 and HO-2000 pays \$1,500.
- At first reading, some might be perplexed by the fact that the trailer is both the property damaged, as well as the peril causing the damage. In essence, the vehicle damaged itself. However, industry experts, as well as analyses written in nationally recognized insurance publications, often cite similar scenarios in explaining how broad the "vehicle" peril is. In fact, one article comments that "*if the coverage were to be restricted, 'vehicles' would be followed by something on the order of 'However, we do not cover damage to the vehicle itself,' as does the peril of Falling Objects. But since the peril stands as one word, the insured is entitled to a broad reading of the peril.*"
5. Jack should purchase physical damage from U-Howl, in order to be more fully protected in the event that damage to the rented trailer exceeds the recovery from his Personal Auto Policy and Homeowners Policy. Another benefit would be to avoid making claims against his own policies.
  6. Jack's Homeowners Policy Section I Coverage C would not respond to damage to Jill's furniture. While a vehicle (a Named Peril) did cause the loss, Jack's Coverage C applies to personal property "owned or used" by him, which isn't the case here. His Coverage C also applies to personal property of others (even though not owned or used by Jack), "*while the property is on the part of the residence premises occupied by an insured,*" or "*while the property [of a guest or residence employee] is in any residence occupied by an insured.*"

For Jack's Coverage C to apply to Jill's furniture, one scenario could be that her furniture was located at Jack's residence, such as being stored at Jack's home, or loaded into the trailer which was parked in Jack's driveway.

Since her furniture was in the trailer at her apartment complex, Jack's Homeowners Policy Section I Coverage C will not respond for damage to Jill's furniture. Since Jack might be considered legally liable for the damage, see #7. below.

**7.** Jack's Homeowners Policy Section II BI/PD liability would respond to injuries to the tenant David, and damage to the Mercedes. The motor vehicles exclusion has an exception for trailers which are not hitched to an auto.

However, Jack's Homeowners Policy Section II BI/PD liability would not cover damage to Jill's furniture. While liability arising from the loading and unloading of a trailer not hitched to an auto is covered under Section II, there is still an exclusion for damage to property "*in the care of an insured.*"

This exclusion also applies to property "*rented to or used by an insured,*" which would prohibit Jack's Homeowners Section II PD liability coverage from responding to damage to the rented trailer.

**8.** Under Jack's Section II Additional Coverages – Damage to Property of Others, there is \$500 (HO-91) or \$1,000 (HO-2000) at replacement cost, for "*property damage to property of others caused by an insured.*" This would apply both to damage to Jill's furniture, and damage to the rented trailer. Note that this provision excludes payment "*to the extent of any amount recoverable under Section I.*" But since Jack's Section I does not cover Jill's furniture, and only covers a limited amount for trailers, Damage to Property of Others would still apply as excess coverage.

Note that the DPO coverage has an exclusion for damage arising out of motor vehicles. But since the trailer was not hitched to an auto at the time of the accident, the exclusion would not apply.

**9.** Jack's Homeowners Section II Medical Payments coverage would apply for tenant David's injuries. Jack's Medical Payments provides coverage:

*"To a person off the "insured location", if the "bodily injury":*  
*b. Is caused by the activities of an "insured."*

While Jack himself didn't make physical contact with David, it was clearly Jack's activities related to failing to chock the trailer wheels properly that led directly to David's injuries.

**10** Jill's Homeowners Policy Section I Coverage C should cover damage to her furniture, since it was damaged by a vehicle, which is a Named Peril.

**11.** Tenant David could also seek recovery from his Personal Auto Policy under Medical Payments and Uninsured Motorists coverages.

For Medical Payments, David's coverage applies to:

*1. You or any "family member":*  
*a. While "occupying"; or*  
*b. As a pedestrian when struck by;*  
*a motor vehicle designed for use mainly on public roads or a trailer of any type.*

For David's UM, coverage applies as follows:

*"We will pay compensatory damages which an "insured" is legally entitled to recover from the owner or operator of an "uninsured motor vehicle" because of "bodily injury":*

*"The owner's or operator's liability for these damages must arise out of the ownership, maintenance or use of the "uninsured motor vehicle".*

*"Uninsured motor vehicle" means a land motor vehicle or trailer of any type"*

#### **Case #4**

**Situation:** Following a hurricane, Jack decides to use his owned trailer and do some debris removal work for FEMA. While towing the trailer with his auto, the trailer comes unhitched due to his negligence and causes an accident.

**Analysis:**

1. The Personal Auto Policy has a business exclusion (for Liability and Medical Payments), but the exclusion also includes a broad exception for business use of certain types of vehicles and trailers, as follows:

*PART A – LIABILITY COVERAGE  
EXCLUSIONS*

*A. We do not provide Liability Coverage for any "insured":*

*7. Maintaining or using any vehicle while that "insured" is employed or otherwise engaged in any "business" (other than farming or ranching) not described in Exclusion A.6.*

*This Exclusion (A.7. ) does not apply to the maintenance or use of a:*

*a. Private passenger auto;*

*b. Pickup or van; or*

*c. "Trailer" used with a vehicle described in a. or b. above.*

Therefore, if the vehicle being used for business use is a private passenger, pickup or van (owned, rented or borrowed), exclusion A.7. does not apply. Likewise, if Jack's trailer is attached to such vehicles, the trailer is also within the exception. However, if he were to attach his trailer to a rented or borrowed box truck or similar large vehicle, the PAP would not provide coverage for his business use of the truck, or his trailer that was attached to it.

2. Jack's Personal Auto Policy Part D would provide coverage for his trailer only if the PAP had been endorsed to provide physical damage to the trailer.

3. While Jack's Homeowners Policy does provide some limited coverage for trailers (as discussed above), there is a separate limitation which applies for business property (the trailer).

In the HO-91 program, even his incidental and probably temporary use of the trailer for business purposes would fall within the limitation, as follows:

COVERAGE C – Personal Property.

Special Limits of Liability. These limits do not increase the Coverage C limit of liability. The special limit for each numbered category below is the total limit for each loss for all property in that category

8. \$2500 on property, on the "residence premises," used at any time or in any manner for any "business" purpose.

9. \$250 on property, away from the "residence premises," used at any time or in any manner for any "business" purpose.

4. The HO-2000 has a less restrictive description of business property. In HO-91, the limitation applies for property "used at any time or in any manner for any 'business' purpose."

In HO-2000, the business limitation applies for property "primarily" used for business. Here are the specific limits in HO-2000 for business property.

h. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.

i. \$500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to loss to electronic apparatus and other property described in Categories j. and k. below.

### **Case # 5**

**Situation:** Jack owns a camper trailer, which he has not declared on this Personal Auto Policy or his Homeowners Policy. He loans his camper trailer to Bill. While Bill is loading camping gear and groceries into the camper, which is parked in Bill's driveway hitched to his pickup truck, the propane gas line that Jack had recently (and negligently) installed begins leaking. Within seconds, an explosion erupts, and fire engulfs the trailer. Bill is injured, but manages to escape. However, the fire soon spreads to Bill's house, which is heavily damaged. An investigation by the Fire Marshal later confirmed that Jack had improperly installed the gas line from the propane tank to the stove in the trailer, causing the fire.

**Analysis:**

1. Jack's Personal Auto Policy responds for the BI/PD liability for Bill's injuries, as well as damages to Bill's camping equipment and his house. Jack's PAP covers liability on Jack's behalf for the "ownership, maintenance or use of any auto or trailer." Note that the trailer need not be declared on his PAP for Part A Liability to apply.

Since Bill's camping gear and other personal property was not in Jack's care, custody or control at the time of the fire, as was the case with Jill's furniture (see Case #3, item #2), that exclusion does not apply in this case.

2. Jack's Personal Auto Policy Medical Payments coverage would apply to Bill, since he was occupying Jack's trailer at the time he was injured. Jack's Medical Payments coverage applies to: "Any other person while 'occupying' 'your covered auto'." The PAP definition of "your covered auto" includes "any trailer you own." Note that the trailer need not be declared on Jack's PAP in order to provide Medical Payments coverage for occupants.

3. Bill's Personal Auto Medical Payments would also cover him. Bill's PAP Medical Payments applies to:

*You or any "family member":*

*a. While "occupying" a motor vehicle designed for use mainly on public roads or a trailer of any type."*

There is a Medical Payments exclusion that often prohibits coverage which is sought for insureds who are occupying a trailer:

*Sustained while "occupying" any vehicle located for use as a residence or premises.*

However, this exclusion would not apply in this case, since Bill was occupying Jack's trailer while it was sitting in Bill's driveway, being loaded in preparation for camping; that is, at the time of the fire, it was not "*located for use as a residence or premises.*" But if the fire had occurred while Bill was camping in the trailer, there would be no Medical Payments coverage, under either Bill's or Jack's PAP.

4. Bill's Personal Auto Uninsured Motorist coverage would also be available to Bill, should his injuries exceed the amount he recovers from Jack's PAP Part A Liability. Bill's UM coverage provides:

*"We will pay compensatory damages which an "insured" is legally entitled to recover from the owner or operator of an "uninsured motor vehicle" because of "bodily injury":*

*"The owner's or operator's liability for these damages must arise out of the ownership, maintenance or use of the "uninsured motor vehicle".*

*"Uninsured motor vehicle" means a land motor vehicle or trailer of any type"*

5 Jack's Personal Auto Policy Part D would provide coverage only if the PAP had been endorsed to provide physical damage to the camper trailer.

6. Jack's Homeowners Policy Section I Coverage C would not provide any coverage for Bill's camping gear or other property of Bill's that was in the trailer and damaged by fire. See discussion in Case #3, item #6.

7. Jack's Homeowners Policy Section II would not apply to any BI/PD liability claims by Bill for Bill's injuries, or damage to his camping gear and home, even though the Fire Marshal's report clearly placed blame on Jack for the fire. The motor vehicle exclusion in Jack's Homeowners Section II – HO-91 edition – exempts only trailers that are "*not towed by or carried on a motorized land conveyance.*"

In Jack's HO-2000 edition, the Section II motor vehicle exclusion applies to a trailer "*which is being carried on, towed by or hitched for towing by a vehicle.*"

Since Jack's camper trailer was hitched to Bill's auto at the time of the fire, Jack's Homeowners Section II BI/PD liability coverage will not respond, although the trailer was stationary in Bill's driveway at the time, and an auto played no role in the fire.

See discussion in text section above on "Section II – Trailers," for an analysis of the differences between the HO-91 and HO-2000 editions regarding trailers that are attached to an auto.

8. Jack's Homeowners Policy Section II Damage to Property of Others – HO-91 edition – would provide \$500 coverage for damage to Bill's personal property and his home. Damage to Property of Others covers *"property damage to property of others caused by an insured"*.

The DPO coverage excludes damages arising out of *"motor vehicles and motorized land conveyances,"* but this exclusion would not apply to nonmotorized vehicles such as trailers, especially in this case, when the auto to which it was attached played no role in the fire. In addition, the term *"motor vehicles and motorized land conveyances"* is not defined in the HO-91 edition.

However, if Jack had the HO-2000 edition, his Section II Damage to Property of Others would not apply for damage to Bill's personal property and home. In this HO-2000 edition, the exclusion in the DPO coverage applies to damages which arise out of *"motor vehicles,"* which are defined to include *"Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above."*

In the ISO filing for HO-2000, there is no reference to this change, so it is possible that the reduction in coverage was unintentional.

9. Jack's Homeowners Section II Medical Payments coverage would not apply for Bill's injuries. Jack's Medical Payments provides coverage:

*"To a person off the "insured location", if the "bodily injury":  
b. Is caused by the activities of an "insured."*

While Jack himself didn't make physical contact with Bill, it was clearly Jack's activities related to improperly installing the gas line that led directly to Bill's injuries.

However, since Jack's trailer was hitched to an auto (Bill's) at the time of the fire, the HO-2000 exclusion for *"motor vehicles"* – which includes *"a trailer hitched for towing"* would prohibit coverage under Jack's Homeowners Policy Section II Medical Payments coverage for Bill's injuries.

In HO-91, the motor vehicles exclusion has an exception for a trailer *"not towed by or carried on"* a motorized land conveyance. As discussed previously, some authorities feel this language does not adequately address the issue of a trailer merely hitched to an auto, both of which are stationary, where the injury arises solely out of the stationary trailer, and not the auto (as is the case here).

10. Bill's Homeowners Coverage C would cover the fire damage to personal property, and his Coverage A would cover the damage to the house.

### **When is a trailer not a "trailer"?**

One last point to examine is exactly what types of vehicles or implements are within the definition of "trailer." For some types, such as a utility trailer, horse trailer, camper trailer, etc., there is no doubt that these are trailers.

However, is everything towed behind an auto a trailer? For example, what if the insured owns, rents or borrows a large wood chipper which is capable of being hitched to an auto? The same question applies for large BBQ grills, which are built onto a frame, with wheels and a trailer hitch. Are these

devices “trailers”, or are they simply pieces of portable equipment which can be pulled behind an auto?

Interestingly, the Personal Auto Policy defines “trailers,” while the Homeowners Policy does not.

Here is the definition from the PAP:

*“Trailer” means a vehicle designed to be pulled by a:*

- 1. Private passenger auto; or*
- 2. Pickup or van.*

Most authorities believe that this definition is broad enough to include the wood chippers, BBQ grills, and other similar vehicles, implements and devices which are not meant for hauling things (as is the customary use of the word “trailer”), but are still *“designed to be pulled by”* an auto, pickup or van.

As to Homeowners, if the insured rents a large wood chipper (which can run over \$10,000 in value), and it is damaged by a Named Peril, would the sublimit for “trailers” apply, or would the chipper be considered *personal property owned or used by the insured*, and thus not subject to any sublimits? Certainly, once the wood chipper was unhitched from the auto, it could not be reasonably argued that it is still a “trailer.”

Since the Homeowners Policy lacks a definition, courts would allow the introduction of standard English language dictionary definitions. Random House defines “trailer” as *“a large van or wagon drawn by an automobile, truck or tractor, used esp. in hauling freight by road.”* Doesn’t sound much like a wood chipper or BBQ grill.

**Necessary Action:** Circulate this Technical Advisory to all appropriate Personal Lines staff.