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**Technical Advisory**

**TA 248**

**August 19, 2005**

**Subject: Miscellaneous Personal Vehicles**

**Background:** Cinderella had to try on a lot of shoes before she found the perfect fit. Homeowners who own or use all sorts of miscellaneous personal vehicles likewise will find that there is a perfect fit in their insurance coverage for some of these vehicles. However, like Cinderella, they will find that other vehicles are a marginal fit, and many simply don't fit at all.

Miscellaneous personal vehicles today include an extremely wide assortment, from the venerable golf cart, to exotic inventions such as the Segway, to mundane service vehicles such as riding lawnmowers and motorized wheel chairs. The standard Homeowners Policy provides broad coverage for some, limited coverage for others, and no coverage for many. In addition, there are substantial differences in coverage between the HO-2000 edition and HO-91 edition. Also, there is some limited coverage provided in the Personal Auto Policy.

**Main Points:** Miscellaneous personal vehicles can be generally categorized by *type or body style*, but it is important to note that in various parts of the Homeowners Policy, they are sometimes categorized by *usage* rather than type or body style. Interestingly, some vehicles are covered or excluded in certain circumstances based on type or body style (golf cart, for example), yet the same vehicle can be covered or excluded by usage (service, for example).

Another key factor in some situations is whether the vehicle is *owned* or not. However, this is not universally relevant to all miscellaneous personal vehicles. In certain instances, the coverage form distinguishes owned vs. non-owned vehicles. In others, there is no distinction made between owned or non-owned.

Lastly, while the Homeowners Policy does not have any territorial limitations (worldwide coverage), coverage for certain vehicles is often highly restricted to specific locations.

In a coverage analysis, it is important to note that both property and liability coverages are provided only as exceptions to the exclusion for motor vehicles and motorized land conveyances, thus coverage is confined to specified exceptions within the exclusion.

The following discussion is organized based on these specific exceptions to the motor vehicle exclusion.

## **Recreational Vehicles – Liability**

### **HO-91.**

*This exclusion does not apply to:*

*(2) A motorized land conveyance designed for recreational use off public roads, not subject to motor vehicle registration and:*

*(a) Not owned by an "insured"; or*

*(b) Owned by an "insured" and on an "insured location";*

### **HO-2000**

*1. Coverages E and F do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":*

*a. Is registered for use on public roads or property;*

*b. 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";*

*2.If Exclusion A.1. does not apply, there is still no coverage for "motor vehicle liability" unless the "motor vehicle" is:*

*d. Designed for recreational use off public roads and:*

*(1) Not owned by an "insured"; or*

*(2) Owned by an "insured" provided the "occurrence" takes place on an "insured location" as defined in Definitions B.6.a., b. , d. , e. or h. ; or*

**Comment # 1 – Types of vehicles:** Recreational off-road vehicles comprise an incredibly vast mélange. A partial list includes ATVs, golf carts, go-karts, powered scooters (such as go-peds), pocket bikes, motorized skateboards, Segways, and “kiddie cars” (such as “Barbie cars”) for young children. Some of these vehicles use gasoline engines, and some use battery-powered electric motors. The HO-91 program contains no definition of “motorized land conveyance.” Webster’s defines “conveyance” as “*a means of transport: vehicle.*”

The HO-2000 program defines “motor vehicle” as “*a self-propelled land or amphibious vehicle.*” While “vehicle” is not defined, Webster’s defines it as “*a means of carrying or transporting something.*” Some insureds are thus surprised to learn that even the kiddie cars their youngsters are driving around the yard (and often into the street) are among the types of vehicles addressed by the Homeowners Policy.

Comment #2 – Ownership & Location: In both the HO-91 and HO-2000 editions, non-owned vehicles are within the exception to the exclusion, and are thus covered.

Owned vehicles are treated differently in the two editions. In HO-91, owned vehicles are covered if they are “*on an insured location,*” which is a defined term in the form. In HO-2000, owned vehicles are covered only if “*the ‘occurrence’ takes place on an ‘insured location’ as defined in Definitions B.6.a., b. , d. , e. or h.*” The primary difference between the HO-91 and HO-2000 is that coverage on “*insured location*” subpart “*c*” is absent from the HO-2000 (“*any part of a premises used by you in connection with a premises described in a. or b. above*”).

Comment #3 – Registration: If any of these vehicles are subject to motor vehicle registration, there is no coverage. Interestingly, while these are off-road vehicles, some are actually subject to registration. For example, one resort city in Florida permits various types of off-road vehicles to be operated on the beach, but these vehicles must be registered with the city. In a suburb of metro Atlanta, golf carts are in widespread use as alternative transportation. However, they must be registered with the city. In these cases, there is no coverage for such owned or non-owned vehicles.

### **'98 PAP and '05 PAP:**

#### **PART A – LIABILITY COVERAGE**

#### **EXCLUSIONS**

*B. We do not provide Liability Coverage for the ownership, maintenance or use of:*

*1. Any vehicle which:*

*a. Has fewer than four wheels; or*

*b. Is designed mainly for use off public roads.*

*This Exclusion (B.1.) does not apply:*

*a. While such vehicle is being used by an "insured" in a medical emergency;*

Comment #4 – Personal Auto coverage: Both the 1998 and the 2005 Personal Auto Policy provide some limited coverage for certain recreational vehicles.

### **Golf Carts – Liability**

#### **HO-91:**

*This exclusion does not apply to:*

*(3) A motorized golf cart when used to play golf on a golf course;*

#### **HO-2000:**

*2.If Exclusion A.1. does not apply, there is still no coverage for "motor vehicle liability" unless the "motor vehicle" is:*

e. A motorized golf cart that is owned by an "insured", designed to carry up to 4 persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:

(1) A golfing facility and is parked or stored there, or being used by an "insured" to:

(a) Play the game of golf or for other recreational or leisure activity allowed by the facility;

(b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored;  
or

(c) Cross public roads at designated points to access other parts of the golfing facility;  
or

(2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

Comment #1 – Golf cart vs. Recreational vehicle: The above discussion of "off-road recreational vehicles" should be considered to include golf carts. The need for a special section on golf carts is to broaden the limitation placed on owned vehicles (HO-91: on an "*insured location*"; HO-2000: on certain "*insured locations*"). Note that in both editions, however, non-owned off-road recreational vehicles are covered worldwide, including non-owned golf carts.

Comment #2 - Activities: Personal Lines veterans are well acquainted with one of the primary problems with golf carts – coverage for owned golf carts being driven to and from the golf course, or being used as neighborhood transportation.

In HO-91, the form clearly provides coverage for owned golf carts while golfing. In order to be covered for some other purpose, the location would have to be within the definition of "*insured location.*" Many experts have argued over the years that "*insured location*" subpart "c." provided broad coverage for driving the cart around the neighborhood, as this was "*a premises used by you in connection with a premises described in a. or b. above.*"

In HO-2000, the issue was resolved in favor of plainly stated (versus interpreted) coverage for usage off the golf course, under certain circumstances. Note, however, the above discussion of registration. Even if usage falls within the permissible guidelines of the golf cart language, such as driving around the neighborhood, such usage is excluded if the golf cart is subject to registration, as in the example above.

Comment #3 – Type of golf cart: In HO-91, there is no reference to any type or size restrictions intended by the term "golf cart." However, in HO-2000, while there is broader coverage for non-golfing usage, the form limits the type and size of permissible golf carts to those "*designed to carry up to 4 persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground.*" A quick check on Google will produce a mind-boggling variety of custom golf carts available

today. Many carry more than 4 people, and many exceed 25 mph, and are thus not covered, apparently even while on a golf course.

**'98 and '05 PAP:**

**PART A – LIABILITY COVERAGE**

**EXCLUSIONS**

*B. We do not provide Liability Coverage for the ownership, maintenance or use of:*

*1. Any vehicle which:*

*a. Has fewer than four wheels; or*

*b. Is designed mainly for use off public roads.*

*This Exclusion (B.1.) does not apply:*

*c. To any non-owned golf cart.*

Comment #4 – Personal Auto coverage: The 1998 and 2005 Personal Auto Policy provide Liability coverage for non-owned golf carts. Note, however, that the Territory of the Personal Auto Policy is limited, whereas the Homeowners Policy has no Territorial limitations.

**Service Vehicles – Liability**

**HO-91:**

*This exclusion does not apply to:*

*(4) A vehicle or conveyance not subject to motor vehicle registration which is:*

*a) Used to service an "insured's" residence*

**HO-2000:**

*2.If Exclusion A.1. does not apply, there is still no coverage for "motor vehicle liability" unless the "motor vehicle" is:*

*b. Used solely to service an "insured's" residence;*

Comment #1 – Types of vehicles: Service vehicles are not defined in either edition of the Homeowners Policy. As was discussed at the beginning of the article, the form language alternates at various points between types of vehicles and usage of vehicles. This is clearly illustrated here. Virtually every vehicle type discussed so far could be used as a service vehicle. Alternately, some service vehicles could be put to other uses, such as golfing or recreation. Many specialty companies

make numerous attachments for ATVs that allow for service usage. There are also riding lawn mower races.

However, the form language clearly intends to apply to whatever type of vehicle is being used for service.

Comment #2 – Usage: Since so many vehicles could serve dual purposes of both service and recreation, the intent of the phrase in the HO-91 edition, “*used to service an insured’s residence,*” has been the subject of considerable debate. A classic example is an ATV that is used to service an insured’s residence, and also used for hunting off premises. Some argue that since it is used to service the residence, the vehicle remains covered, even while used for other purposes. So the argument goes, had the forms drafters intended otherwise, the language would say, “while being used to service an insured’s residence,” and thus there would only be coverage for servicing at the residence.

In HO-2000, the addition of one word – “*solely*” – completely changed the issue. That’s not to say that adding the word “*solely*” resolved all coverage issues. New arguments have arisen about just how literally the word should be interpreted.

Some experts hold the view that “*solely*” should be interpreted to mean that if the insured ever used a service vehicle such as a riding lawn mower for some purpose other than to service his own residence, there would never again be coverage under his Homeowners Policy. Thus, the occasional cutting of a vacationing neighbor’s yard would forever void coverage in the insured’s policy.

Likewise, some argue that if the homeowner hires a lawn service, or the kid down the street, to cut his grass, the homeowner’s policy would not respond should the homeowner be sued for an injury, since the lawn mower is used by the lawn service or neighborhood kid to cut other yards.

Under this view, the same problem would exist if the homeowner borrowed or rented a riding mower to cut his own grass. Since the borrowed or rented mower isn’t used “*solely*” to service the insured’s residence, no coverage would be provided by the insured’s Homeowners Policy, according to this interpretation.

Other experts have opined that this is an absurd interpretation. Time, and litigation, will tell. However, many agents report claims being denied by insurers when they learn that their insured had previously cut someone else’s lawn with his riding mower, although the injury being sued for occurred while the homeowner was cutting his own grass.

Interestingly, and at the same time puzzling, is the fact in ISO’s HO-2000 filing there is not a single word of explanation for the inclusion of the word “*solely*” as it relates to service vehicles.

It is important to distinguish riding mowers from walk-behind mowers. The exclusion relates to “vehicles,” which was discussed above to imply that it was used as a form of conveyance – that is, to carry someone or something.

While riding mowers are at the forefront of the current discussion, that is not to say that other service vehicles should not be considered. Most any neighborhood home improvement store rents Bobcats, trenchers, front-end loaders, and the like. Since they carry people, most believe that these vehicles should be treated the same as riding mowers. And again, since these vehicles are obviously used to service other residences than the insured's, some argue that the insured has no coverage under his Homeowners Policy.

Comment #3 – The conundrum of logic: A number of experts have weighed in on the issue of what impact the word “*solely*” has on coverage. Some of their views have already been discussed above.

Those who disagree with some of the more extreme interpretations of “*solely*” counter that this view simply isn't logical, in the big scheme of things, such as the nature of the exposure. (Of course, as one ancient sage often said, “logic is the refuge of a weak mind.”)

To put the issue in perspective, consider the stark contrast in coverage between a non-owned ATV and a riding lawn mower. As discussed above, there is worldwide coverage for the use of non-owned ATVs and similar off-road recreational vehicles. Yet the homeowner who cuts his neighbor's yard either isn't covered while cutting that yard, or isn't covered ever again even while cutting his own yard.

Consider also the vast difference in the familiar benchmarks of frequency and severity. Certainly, millions of Americans borrow, or rent on vacation, all sorts of vehicles and contraptions, from ATVs to go-karts to Segways and motorized scooters, etc.

Accordingly, the Consumer Products Safety Commission reports that between 1982 and 2003, there were 5,791 deaths from **ATVs**, and 955,100 injuries. Also, the CPSC reports that in 2003 alone, 116,600 people were injured on ATVs. There are an estimated 6.2 million ATVs in use, according to the CPSC.

The Consumer Products Safety Commission recently completed a study of “**powered scooters.**” The report indicates that in the year of the study (2003-2004), there were an estimated 23,472 medically-treated injuries (10,015 treated in the emergency room) involving powered scooters, with an associated cost of \$500 million. In 53.5% of the accidents, the scooter was owned by someone other than the victim. The CPSC also reports that from 1998-2004, there were 49 reported deaths from powered scooters, with the victims ranging in age from 6 to 86.

The Consumer Products Safety Commission also investigated **go-cart/fun-kart** accidents. In a 12-year study, the CPSC found an estimated 125,900 injuries, averaging around 10,500 per year.

**Golf cart** accidents are reported to run between 7,000 to 9,000 per year, with a small number of fatalities.

In one recent product recall from the CPSC, 10 million of one manufacturer's “**kiddie car**” (sold under nearly 100 model names) was voluntarily recalled due to approximately 700 reports of electrical components failing and overheating. This resulted in around 150 fires, with 9 children injured. In

addition, there were 71 reported accidents caused by the failure of the vehicle to stop, with 6 children injured.

Since service vehicles have arguably the most severe coverage limitations placed on them, it is instructive to look at their injury statistics, as compared to the above types of vehicles. Keep in mind that for service vehicles, whether the vehicle is owned, rented or borrowed does not matter, whereas in most other types of vehicles, owned vs. non-owned are treated differently.

The Consumer Products Safety Commission estimates that there are approximately 25,300 people injured each year by riding **lawn mowers or garden tractors**, with 75 fatalities. A 2005 report from Underwriters Laboratory estimates that there are around 84,000 injuries each year from lawn mowers of all types, which includes both riding mowers and walk-behinds.

Lastly, consider the logic of coverage from the insured's perspective. He can rent a 400 HP sports car and be covered anywhere in the USA. Yet he is not covered using his own 12 HP riding lawnmower to cut his vacationing neighbor's yard.

Personal Lines veterans might recall a similar issue of interpretation over the Coverage C limitation for business property. The HO-91 and previous editions contained a sublimit (usually \$2,500) for business property *"used at any time or in any manner for any business purpose."* Over the years, there were numerous disputes about just how literally to interpret that phraseology, especially in cases where an insured was using business clothing and luggage on vacation, or was using various items in retirement that had been used for business.

In the HO-2000 filing, there was an explanatory reference to just such situations, and the language was thus revised to *"used primarily for business purposes."*

## **Handicap Assist Vehicles – Liability**

### **HO-91:**

*This exclusion does not apply to:*

*(4) A vehicle or conveyance not subject to motor vehicle registration which is:*

*(b) Designed for assisting the handicapped;*

### **HO-2000:**

*2.If Exclusion A.1. does not apply, there is still no coverage for "motor vehicle liability" unless the "motor vehicle" is:*

*c. Designed to assist the handicapped and, at the time of an "occurrence", it is:*

*(1) Being used to assist a handicapped person; or*

*(2) Parked on an "insured location";*

Comment #1 – Types of vehicles: The genesis of handicap assist vehicles dates back to China in the 6<sup>th</sup> century AD, when wheelchairs were first in use. In America, wheelchairs came into widespread use after the Civil War. However, it was the technological revolution in electronics and space age materials that brought modern self-propelled vehicles into use for the handicapped. Today, this includes not only the traditional wheelchair, but a variety of “medical scooters” and similar mobility-assist vehicles. Both HO-91 and HO-2000 provide Section II coverage for such vehicles if they are “designed” for assistance of the handicapped.

Note also that there is no reference in either form to whether or not the vehicle is owned, rented, or borrowed, or what location it is on at the time of the occurrence (except for parked vehicles – see #2 below). Thus handicapped insureds who use the powered scooters available in the grocery store and other places are covered.

Comment #2 – Usage: The HO-91 edition and the HO-2000 edition differ slightly as to usage of the vehicle. Probably arising out of claims from such vehicles being used by non-handicapped persons (such as children “playing” with the vehicles), the HO-2000 specifically limits coverage to usage by a handicapped person, whereas such limitation did not appear in the HO-91 edition. In addition, there is coverage for claims arising from the vehicle if it is parked on an insured location (which was not addressed in the HO-91 edition).

## Property Coverage – First Party

### HO-91:

#### **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."*

**Property Not Covered.** *We do not cover:*

- 3. Motor vehicles or all other motorized land conveyances.*

*We do cover vehicles or conveyances not subject to motor vehicle registration which are:*

- a. Used to service an "insured's" residence; or*
- b. Designed for assisting the handicapped;*

### HO-2000:

#### **C. Coverage C – Personal Property**

##### **1. Covered Property**

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

a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or

b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

#### **4. Property Not Covered**

We do not cover:

c. "Motor vehicles".

(2) We do cover "motor vehicles" not required to be registered for use on public roads or property which are:

(a) Used solely to service an "insured's" residence; or

(b) Designed to assist the handicapped;

Comment #1 – Property Coverage: Coverage C provides very broad coverage for personal property owned, used or borrowed by the insured, as well as certain property of others that the insured is neither using or borrowing (as described in a. and b.). However, as to property coverage for vehicles, the only two types that are eligible are **service vehicles** and **handicap assist vehicles**.

### **Property Coverage – Third Party**

The above discussion regarding Liability arising out of the various miscellaneous personal vehicles would apply to both bodily injury and property damage on a third party basis. For insureds who damage non-owned vehicles while in their possession, the Section II exclusion for care, custody or control would prohibit coverage for the damage.

However, under the Section II Damage To Property of Others, there is some limited coverage, as follows.

#### **HO-91:**

#### **SECTION II – ADDITIONAL COVERAGES**

We cover the following in addition to the limits of liability:

3. *Damage to Property of Others.* We will pay, at replacement cost, up to \$500 per "occurrence" for "property damage" to property of others caused by an "insured. "

We will not pay for "property damage":

e. Arising out of:

(3) *The ownership, maintenance, or use of aircraft, watercraft or motor vehicles or all other motorized land conveyances.*

*This exclusion does not apply to a motorized land conveyance designed for recreational use off public roads, not subject to motor vehicle registration and not owned by an "insured. "*

## **HO-2000:**

### **SECTION II – ADDITIONAL COVERAGES**

*We cover the following in addition to the limits of liability:*

#### **C. Damage To Property Of Others**

1. *We will pay, at replacement cost, up to \$1,000 per "occurrence" for "property damage" to property of others caused by an "insured".*

2. *We will not pay for "property damage":*

*e. Arising out of:*

*(3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".*

*This exclusion e.(3) does not apply to a "motor vehicle" that:*

*(a) Is designed for recreational use off public roads;*

*(b) Is not owned by an "insured"; and*

*(c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.*

**Comment #1 – Limited coverage:** The HO-91 provides \$500 for damage to non-owned off-road recreational vehicles which are not subject to registration.

The HO-2000 provides \$1,000 for damage to basically the same category of vehicles.

### **Buy-Back Options**

#### **Endorsements.**

1. *HO 05 28 - Owned Motorized Golf Cart Physical Loss Coverage.* (HO-2000 only.) Given the broader Section II coverage provided for golf carts in the HO-2000 program, this endorsement allows for Section I Property coverage for golf carts to be included in the Homeowners Policy.

2. *HO 24 13 – Incidental Motorized Land Conveyances* (HO-91 edition) and *HO 24 13 - Incidental Low Power Recreational Motor Vehicle* (HO-2000 edition). Provides Section II coverage for vehicles with a maximum speed of less than 15 mph which are not subject to motor vehicle registration, and does not cover any vehicles (regardless of speed capability) that are motorized bicycles, mopeds, or golf carts. Realistically, this endorsement would cover some "kiddie cars," but not many powered scooters and similar vehicles, since they usually exceed 15 mph.

3. *HO 24 64 – Snowmobile.* (HO-91 and HO-2000.) Provides Section II coverage for snowmobiles described in the schedule.

4. *PP 03 20 – Snowmobile Endorsement.* (Available in all editions of PAP since 1986.) Provides the major Personal Auto coverages for described snowmobiles.

5. *PP 03 23 – Miscellaneous Type Vehicle Endorsement.* ((Available in all editions of PAP since 1986.) Provides the major Personal Auto coverages for a variety of types as described in Rule 19, including: mopeds, motorscooters, go-carts and similar vehicles, snowmobiles, all-terrain vehicles (ATVs), dune buggies, and golf carts.

#### Separate policies.

1. There are a number of specialty markets which provide coverage for many types of miscellaneous personal vehicles.

2. Personal Umbrella vary too much to discuss any specifics, but many do provide coverage for some types of miscellaneous personal vehicles.

### **References**

1. Articles from the “Virtual University” of the Independent Insurance Agents & Brokers of America:

[Golf Carts...They're Not Just for Golf Anymore](#)

[Homeowners Coverage Gaps? Here are Some Mower](#)

[Are Riding Mowers Covered by the HO Policy? Are You Sure?](#)

[Segway...Is It Covered?](#)

[Summertime Blues](#)

[How the Insurance Grinch Stole Christmas](#)

[The Scooter Craze and Your Homeowners Policy](#)

[Top 10 Best Changes in the ISO HO2000 Program](#)

[Top 10 Worst Changes in the ISO HO2000 Program](#)

[New HO2000 Endorsements](#)

[What Does "Used in Connection With" Mean?](#)

["Cat Skinning" \(a.k.a. Risk Managing an ATV Exposure\)](#)

2. The Consumer Products Safety Commission: [www.cpsc.gov](http://www.cpsc.gov).

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