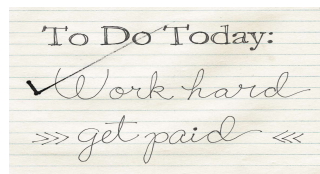


Insurance: Approved for Recreational (Vehicle & Watercraft) Use

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Course Description

This course reviews several exposures associated with various recreational vehicles and watercraft. The course will review common ISO policy language that addresses exposures and the options agents may have to close the gaps.



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Section One, Part One – Toy Vehicles (ISO homeowners policy)

For the purpose of this discussion, what is a toy vehicle?



a. Examples include jeeps, go-carts, motorized bikes, scooters and other vehicles designed mainly for use by children which are powered by battery or fuel

b. The Homeowner's policy definition of "motor vehicle" includes certain toy vehicles

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Section One, Part One – Toy Vehicles (ISO homeowners policy)

Is there coverage for damage to a toy vehicle?

"Bad news, son: the toy jeep didn't make it"



No, unless the toy vehicle is used only for one of the specified purposes:

- (a) Used solely to service a residence; or
- (b) Designed to assist the handicapped;

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Section One, Part One – Toy Vehicles (ISO homeowners policy)

Is liability coverage available for accidents resulting from the use of a toy vehicle?

If owned and used off of an “insured location”:

Yep. 

Nope. 



a. The Homeowner’s policy has an extensive exclusion for “motor vehicle liability”.

b. In reference to toy vehicles specifically, liability coverage is mainly dependent on three factors: 1) ownership, 2) where the toy vehicle is being used at the time of the “occurrence”, and 3) the specifications of the vehicle itself

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Section One, Part Two – Service Vehicles (ISO homeowners policy)

For the purpose of this discussion, what is a *service vehicle*?



a. Examples include riding lawnmowers, vehicles designed to assist the handicapped, and other vehicles used solely to service a residence

b. The Homeowner’s policy definition of “motor vehicle” includes certain service vehicles

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Section One, Part Two – Service Vehicles (ISO homeowners policy)

Is there coverage for damage to a service vehicle?



Yes, provided the service vehicle is used only for one of the specified purposes:

- (a) Used solely to service a residence; or
- (b) Designed to assist the handicapped;

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Section One, Part Two – Service Vehicles (ISO homeowners policy)

Is liability coverage available for accidents resulting from the use of a service vehicle?

So... what does "service" mean to you?



a. The Homeowner's policy has an extensive exclusion for "motor vehicle liability".

b. In reference to service vehicles specifically, liability coverage is mainly dependent on two factors: 1) the type of service, and 2) the use of the vehicle.

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Section One, Part Three – Recreational Vehicles (ISO homeowners policy)

For the purpose of this discussion, what is a recreational vehicle (RV)?



a. Examples include small RVs like ATVs and golf-carts as well as large RVs like campers and motorhomes

b. Some RV exposures are addressed by the **Homeowner's** policy, others are addressed by the **PAP**, and many types of RVs are eligible for a stand-alone insurance policy.

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Section One, Part Three – Recreational Vehicles (ISO homeowners policy)

RV exposures addressed by the **Homeowner's policy**

a. The **Homeowner's policy** definition of "motor vehicle" includes a recreational vehicle and/or trailer:

In 2011 form:

7. "Motor vehicle" means:
- A self-propelled land or amphibious vehicle; or
 - Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.

In the 2022 form, part a. of this definition was updated to the following: "A land or amphibious vehicle that is self-propelled or capable of being self-propelled; or" ...

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Section One, Part Three – Recreational Vehicles (ISO homeowners policy)

Is there coverage for damage to a recreational vehicle?

- 1) If it's self-propelled or a trailer being carried, towed, or is hitched, likely no coverage
- 2) If it's a trailer and not being carried, towed, or is hitched, limited coverage if damaged by a Peril Insured Against
- 3) If covered trailer, limitation of coverage for Peril of **Theft**
- 4) May be able to expand physical damage coverage to certain motor vehicles by endorsement to the Homeowner's policy. Example – *Owned Motorized Golf Cart Physical Loss Coverage HO 05 28*

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Section One, Part Three – Recreational Vehicles (ISO homeowners policy)

Is liability coverage available for accidents resulting from the use of a recreational vehicle?



- 1) The **Homeowner's policy** has an extensive exclusion for "motor vehicle liability".
- 2) In reference to recreational vehicles specifically, liability coverage is mainly dependent on three factors: (1) is it registered (or required to be) for use on public roads or property, (2) if not required to be registered, is it owned or non-owned, and (3) if owned, where is it being used at the time of the "occurrence"

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Section One, Part Three – Recreational Vehicles (ISO homeowners policy)

Is liability coverage available for accidents resulting from the use of a recreational vehicle?



- 3) Definition of “insured location” (next slide)
- 4) Owned golf carts get special treatment for liability coverage in the homeowner’s policy
- 5) May be able to expand liability coverage for certain motor vehicles by endorsement to the homeowner’s policy.

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Section One, Part Three – Recreational Vehicles (ISO homeowners policy)

6. “Insured location” means:
- a. The “residence premises”;
 - b. The part of other premises, other structures and grounds used by you as a residence; and
 - (1) Which is shown in the Declarations; or
 - (2) Which is acquired by you during the policy period for your use as a residence;
 - c. Any premises used by you in connection with a premises described in a. and b. above;
 - d. Any part of a premises:
 - (1) Not owned by an “insured”; and
 - (2) Where an “insured” is temporarily residing;
 - e. Vacant land, other than farm land, owned by or rented to an “insured”;
 - f. Land owned by or rented to an “insured” on which a one-, two-, three- or four-family dwelling is being built as a residence for an “insured”;
 - g. Individual or family cemetery plots or burial vaults of an “insured”; or
 - h. Any part of a premises occasionally rented to an “insured” for other than “business” use.

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Section One, Part Three – Recreational Vehicles (in the ISO PAP)

Is there coverage for damage to a recreational vehicle?

- 1) The type of RV – camper, motorcycle, etc. – is subject to a PAP carrier’s eligibility/underwriting rules
- 2) Some carriers will not schedule a RV for the purpose of creating “Collision” or Other Than “Collision” coverage, instead requiring an endorsement.
- 3) Eligibility with carrier could create coverage for damage to the RV should it occur within the time-frame of “Newly Acquired Auto”
- 4) If RV is scheduled, some limitations may apply. Example: no coverage for damage to habitational facilities and equipment in trailer

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Section One, Part Three – Recreational Vehicles (PAP)

Is liability coverage available for accidents resulting from the use of a recreational vehicle?

- 1) The Part A – Liability Coverage Insuring Agreement creates coverage for BI or PD for which any “insured” becomes legally responsible because of an auto accident. Broad coverage subject to exclusions.
- 2) “Insured” includes Named Insured, resident spouse and “family members” for ownership, maintenance or use of any auto or “trailer”
- 3) Exclusion applicable to some RV exposures. Example: no liability for vehicles designed primarily for use off public roads

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Section One, Part Three – Recreational Vehicles (PAP)

Exclusions in Part B – Medical Payments

We do not provide Medical Payments Coverage for any "insured" for "bodily injury":

1. Sustained while "occupying" any motorized vehicle having fewer than four wheels...
3. Sustained while "occupying" any vehicle located for use as a residence or premises.



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Section Two – Watercraft (in the ISO homeowners policy)



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Section Two - Watercraft

Property coverage available in the unendorsed homeowner's policy under Coverage C – Personal Property

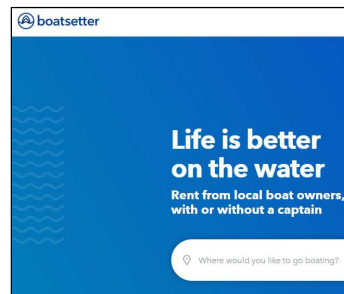
- a. Covered subject to a sublimit of \$1,500 (*\$2k in 2022 form) which includes trailers, furnishings, equipment and outboard engines or motors. Note that this limit is NOT per item - it is applicable to the loss involving any/all of these items
- b. Not covered for peril of **Windstorm or Hail** unless located inside a fully enclosed building
- c. Not covered for peril of **Theft** if occurs away from "residence premises"

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Section Two - Watercraft

Liability coverage available in the unendorsed homeowner's policy

- a. Definition of watercraft is found within the definition of the term "watercraft liability" and does not include watercraft not powered by wind or motor (example – kayak, canoe, raft)
- b. Several exclusions such as racing, used to carry cargo or persons for a fee, "business" use, and **rented to others**



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Section Two – Watercraft, cont.

Liability coverage available in the unendorsed homeowner's policy

- c. Coverage limited based on type/size of watercraft, strength of motor, and ownership. **On next slides are charts** to summarize the provisions of the (lengthy) "watercraft liability" exclusion in both the 2011 form and 2022 form

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Summary in 2011 form:

Watercraft Liability Under HO 3			
	Outboard	Inboard or Inboard/Outboard	Sailing
Owned	Covered if total 25 HP or less	Not Covered	Covered if 26 feet or less
Rented	Covered - No Limitation	Covered if 50 HP or Less	Covered if 26 feet or less
Borrowed	Covered - No Limitation	Covered - No Limitation	Covered - No Limitation

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Summary in 2022 form:

Watercraft Liability Under 2022 ISO HO-3		
	Powered by engines or motors (including water jet pump)	Sailing
Borrowed	Covered – No Limitation	Covered – No Limitation
Rented	Covered – No Limitation	Covered – No Limitation
Owned	Covered if 25 HP or Less	Covered if 26 feet or less
	Not Covered if more than 25 HP Unless: <ul style="list-style-type: none"> acquired during the policy period OR acquired before the policy period and either declared at policy inception or reported in writing within 45 days after YOU acquire them. 	

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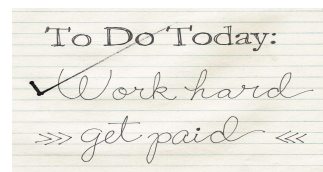
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