



## Motorized Toys: Are you safe and insured?

A public service of the  
Chicago West Suburban Chapter  
of the CPCU Society



## What is the CPCU Society?

- Professional society of insurance specialists
- Members have earned the designation  
“Chartered Property Casualty Underwriter”
  - National examinations on personal and commercial insurance, law, economics, and management
  - Three-year work experience requirement
  - Commitment to Code of Ethics



## What is the CPCU Society?, cont.

- **West Suburban chapter**
  - 200+ members
  - Work in agencies, brokerages, carriers, and other organizations
- **The role of a CPCU**
  - Identify a risk of loss
  - Determine whether and where it is insured
  - ***NOT the same as a licensed insurance advisor***



## The challenge of motorized toys

- **This presentation provides general information only**
  - Have your coverage reviewed by a licensed insurance advisor
- **When does a “toy” become a “vehicle?”**
  - “Kiddie cars”
  - Motorized scooters and skateboards
  - “Mini-bikes” and “miniature” motorcycles
  - Mopeds and motorized bicycles
  - Recreational vehicles





## Liability insurance standards

- **Longstanding distinction**
  - Personal or general liability insurance: No “auto” coverage
  - “Auto” policies: Typically limited to vehicles designed and registered for public roads
- **Variations: HO liability coverage for specified use of--**
  - Golf carts
  - Vehicles used to service premises or assist handicapped
- **Variations: HO liability coverage for certain other vehicles if--**
  - Not registered or required to be registered *and*
  - Not owned by the insured *or*
  - Injury takes place on insured premises
- **Recreational vehicle policies**
  - Typically modeled on auto policies
  - Can be used to insure vehicles not designed for public roads





## Liability exposures

- **No automatic HO liability coverage for—**
  - Off-premises recreational use of motorized vehicles owned by the insured
- *If you own it, you're expected to insure it*
- **Does your child race down the sidewalk on a motorized vehicle?**
- **Does your child ride other children on a motorized vehicle that you own?**



## New Illinois law

- **House Bill 2455 becomes law on Jan. 1, 2010**
  - Non-highway vehicles subject to auto insurance requirements if operated on a street, highway, or roadway
  - Includes requirement to have uninsured motorists coverage
- **Non-highway vehicles defined to include:**
  - All-terrain vehicles
  - Golf carts
  - “Neighborhood” vehicles
  - Off-highway motorcycles
- **Unclear what toys will be impacted**



## What can you do?

- **Observe safety precautions**
  - Consider a non-motorized alternative
  - Have operators wear helmets and padding
  - Supervise use of vehicles
  - Prohibit children from giving “rides” to other children
- **Ask dealer about insurance options**
- *Inform your insurance company or agent*



## Insurance considerations

- **How fast can the vehicle go?**
  - 15 mph or under, qualifies for ***standard*** homeowners “Motor Vehicle Liability Coverage” endorsement
  - Over 15 mph, does not qualify
  - Individual company policies and endorsements may vary
- **How is the vehicle powered?**
  - Slow-moving, battery-powered vehicles ***may*** qualify for off-premises coverage; this is not certain
  - Vehicles under 15 mph qualify for ***standard*** “Motor Vehicle Liability Coverage” endorsement



## Motorized Vehicle Liability Coverage endorsement

- **Standard homeowners policy endorsement**
- *Must be requested; not automatically added*
- **Adds liability coverage for vehicles owned by the insured and used away from insured premises**
  - Vehicle(s) must not exceed 15 mph on level ground
  - No coverage for mopeds, motorized bicycles, or golf carts



## Personal Umbrella policy

- Provides excess liability insurance over auto and homeowners policies
- Not as standardized as auto and homeowners policies; more variation among companies
- Sometimes provides “drop down” coverage for losses not covered in underlying insurance
- May “follow the form” of underlying policies (i.e., no drop-down coverage)



## Questions?

- ASK YOUR AGENT

