

Insuring Golf Carts

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Angel Andrew vacations in Sun City so she can spend some time with her eighty-two-year-old grandmother. Granny gave up her driver's license after the last accident and now cruises the neighborhood in a golf cart. Angel takes the cart to the local drug store to buy sun screen and is in an accident on the way back to Granny's house. Granny does not have any insurance on the vehicle. Will Angel's PAP cover the exposure?

Golf carts are used to play golf on a golf course, to maintain the insured's premises, and to navigate the streets of a retirement community. Some of the carts are insured; many are not. Often the topic of insurance comes up only after an accident has occurred.

Is there any automatic coverage for a golf cart under a Personal Auto Policy?

Is there any coverage under a Homeowners contract?

The Homeowners Policy

In the Property Not Covered section of the ISO Homeowners, excludes all coverage for "motor vehicles and all other motorized land conveyances." The only exception the policy makes are for vehicles that are used to service the insured's residence or designed to assist the handicapped. For these vehicles, coverage is provided only as long as the vehicle is not subject to motor vehicle registration. The policy should provide property coverage for the golf cart used by the disabled homeowner to take the trash out to the curb for pickup. However, do not expect the homeowners policy to provide property coverage for the golf cart used in any other capacity.

In Section II of this policy, we find an absolute exclusion for liability and medical payments coverage arising out of "motor vehicles or all other motorized land conveyances." The exclusion contains four exceptions and there would be liability coverage for these four circumstances. Included here we find:

** A motorized golf cart when used to play golf on a golf course.*

** A vehicle or conveyance not subject to motor vehicle registration which is used to service an "insured's" residence, designed for assisting the handicapped, or in dead storage on an "insured location."*

** A motorized land conveyance designed for recreational use off public roads not subject to motor vehicle registration and not owned or owned and on an "insured location."*

** A trailer not towed by or carried on a motorized land conveyance.*

Based on this, we might expect liability coverage for the golf cart used by the insured to transport personal property from the dwelling to the boat docked at his/her own pier. This assumption of coverage would seem valid based on the fact that the purpose of the liability and medical payments to others coverage in this policy is to provide protection against the general loss exposures that are related to the use of the dwelling and the residence premises as well as the general activities of the insureds.

However, be careful, some carriers are contending that because a golf cart is mentioned separately in the exceptions, that is the only exception that applies to golf carts. In that case, there would only be liability and medical payments coverage under the Homeowners policy when the golf cart is used to play golf on the golf course.

With the Homeowners policy, there is no distinction made between an owned and a non-owned golf cart.

The Personal Auto Policy

The Personal Auto Policy has not provided any liability coverage for a golf cart until the 1998 edition. The problem has always been exclusion B.1 in the liability section of the policy. This exclusion states that there is no liability for any vehicle which has fewer than four wheels or is designed mainly for use off public roads. In the past, this exclusion has included two exceptions. With the 1998 edition, a third exception has been added. That form states "this exclusion does not apply . . . to any non-owned golf cart."

The coverage provided automatically for a non-owned golf cart under the 1998 PAP is very broad. There are no restrictions on usage; and the only restriction on location would be the requirement that the incident occur within the policy territory.

While this new coverage would provide coverage for the damage done with the golf cart, there is still no damage for coverage done to the golf cart. The policy contains a liability exclusion for property damage to property rented to, used by, or in the care of the insured.

What happens if the insured is using a non-owned golf cart to play golf on a golf course? In this case, both the Homeowners policy and the PAP will apply. A quick review of the

Other Insurance clause of both contracts reveals that the Homeowners policy would be primary and the PAP would be excess.

Finding Coverage

While the automatic coverage for liability for non-owned golf carts automatically provided under the most recent edition of the Personal Auto Policy is welcome, it provides no coverage for the owned golf cart and no physical damage coverage for the non-owned one. Where would one find that coverage?

The Miscellaneous Type Vehicle Endorsement (ISO form number PP 03 23) can be used to provide coverage for the owned golf cart. This endorsement changes the definition of "your covered auto" and the definition of "non-owned auto." In addition, it makes revisions to several liability provisions.

With the use of this endorsement, the insured can insure an owned vehicle for all the coverages that are available on a PAP. The individuals covered for liability under the endorsement are the same individuals covered for driving a private passenger auto. There is automatic coverage for a newly acquired golf cart, subject to the reporting requirements of the policy. And, the endorsement extends coverage for a temporary substitute for the covered one that is out of normal use because of its breakdown, repair, servicing, loss or destruction.

This endorsement does offer some options. Passenger liability is an option and the selection must be shown on the face of the endorsement. When the passenger hazard is excluded, there is no liability coverage for the insured who is liable for injuries to a passenger. Although there is a small premium discount for the exclusion, the adjustment is generally not worth considering.

The insured who owns a golf cart should definitely consider this endorsement even if the primary use of the vehicle is to play golf. There is always the possibility that it could be put to another use.