

**“AS THOUGH WE DON’T HAVE ENOUGH TO WORRY ABOUT”:
EMERGING INSURANCE ISSUES**

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INTRODUCTION

- IN THIS COURSE, WE WILL DISCUSS SOME EMERGING ISSUES THAT WILL CHANGE THE WAY WE LOOK AT OUR CUSTOMERS' INSURANCE PROGRAMS
- TOPICS INCLUDE:
 - DRONES
 - THE “SHARING ECONOMY”
 - HOMEOWNERS “WHERE YOU RESIDE” ISSUE
 - “HOST LIQUOR” LIABILITY ON A HOMEOWNERS POLICY

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DRONES & THE HOMEOWNERS POLICY

- ARE PERSONAL DRONES COVERED BY THE HOMEOWNERS POLICY FOR PROPERTY AND LIABILITY COVERAGE?
- IS AN ATTACHED CAMERA CONSIDERED “CARGO”?
- IS THERE ANY COVERAGE FOR “INVASION OF PRIVACY”?

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DRONES & THE HOMEOWNERS POLICY

- ISSUES
 - WHAT IS THE DEFINITION OF "AIRCRAFT"?
 - IS A DRONE AN "AIRCRAFT"?
 - WHAT IS THE DEFINITION OF "AIRCRAFT LIABILITY"?
 - WHAT IS THE DEFINITION OF "CARGO"?
 - DOES THE PERSONAL INJURY ENDORSEMENT PROVIDE COVERAGE FOR "INVASION OF PRIVACY"?

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DRONES & THE HOMEOWNERS POLICY

- THE HOMEOWNERS POLICY ADDRESSES THIS EXPOSURE IN BOTH THE PROPERTY AND LIABILITY SECTIONS OF THE POLICY
- SECTION I – PROPERTY COVERAGE LISTS AS "PROPERTY NOT COVERED"
 - AIRCRAFT INCLUDING PARTS
 - THERE IS AN EXCEPTION FOR "MODEL OR HOBBY AIRCRAFT NOT DESIGNED OR USED TO CARRY PEOPLE OR CARGO"
- SECTION I – SPECIAL LIMITS OF LIABILITY – 2022 FILING HAS A \$2,000 SUBLIMIT ON MODEL OR HOBBY AIRCRAFT NOT DESIGNED OR USED TO CARRY PEOPLE OR CARGO

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DRONES & THE HOMEOWNERS POLICY

- SECTION II – LIABILITY COVERAGE
 - THE POLICY EXCLUDES "AIRCRAFT LIABILITY", WHICH INCLUDES LIABILITY ARISING OUT OF THE OWNERSHIP, MAINTENANCE, USE, OCCUPANCY, NEGLIGENT ENTRUSTMENT, NEGLIGENT SUPERVISION, AND VICARIOUS LIABILITY FOR A MINOR CHILD
 - THE DEFINITION OF "AIRCRAFT" IS "ANY CONTRIVANCE USED OR DESIGNED FOR FLIGHT EXCEPT MODEL OR HOBBY AIRCRAFT NOT USED OR DESIGNED TO CARRY PEOPLE OR CARGO"
 - OTHER EXCLUSIONS MIGHT APPLY TO A DRONE, E.G. IF THERE IS "BUSINESS" USE

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DRONES & THE HOMEOWNERS POLICY

- MANY DRONES COME EQUIPPED WITH CAMERAS
- WOULD A CAMERA BE CONSIDERED "CARGO"?
- THE POLICY DOESN'T DEFINE "CARGO"
- THE DICTIONARY DEFINITION OF CARGO IS "GOODS OR MERCHANDISE CONVEYED IN A SHIP, AIRPLANE, OR VEHICLE; FREIGHT"
- IT'S DOUBTFUL THAT A COURT WOULD CONSIDER A CAMERA AS CARGO
- HOWEVER, SOME COMPANIES DO FEEL THAT CAMERAS ARE CARGO AND INTEND TO EXCLUDE COVERAGE ON THIS BASIS
- YOU NEED TO CHECK WITH YOUR CARRIERS

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DRONES & THE HOMEOWNERS POLICY

- SECTION II OF THE HOMEOWNERS POLICY COVERS LIABILITY FOR "BODILY INJURY" AND "PROPERTY DAMAGE"
- "INVASION OF PRIVACY" WOULD BE CONSIDERED "PERSONAL INJURY"
- COVERAGE FOR "PERSONAL INJURY" MUST BE ADDED BY ENDORSEMENT IN THE ISO POLICY

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DRONES & THE HOMEOWNERS POLICY

- THE PERSONAL INJURY ENDORSEMENT PROVIDES COVERAGE FOR INVASION OF PRIVACY AS ONE OF THE NAMED OFFENSES
- THE OFFENSES IN THE 1991 EDITION INCLUDE "INVASION OF PRIVACY, WRONGFUL EVICTION OR WRONGFUL ENTRY" (SOME CARRIERS MAY STILL USE THIS EDITION)
- THE OFFENSES WERE CHANGED IN THE 2000, 2011 AND 2022 EDITIONS OF THE ENDORSEMENT TO, "THE WRONGFUL EVICTION FROM, WRONGFUL ENTRY INTO, OR INVASION OF THE RIGHT OF PRIVATE OCCUPANCY OF A ROOM, DWELLING OR PREMISES THAT A PERSON OCCUPIES, COMMITTED BY OR ON BEHALF OF AN OWNER, LANDLORD, OR LESSOR"

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DRONES & THE HOMEOWNERS POLICY

- IN THE 2000, 2011 AND 2022 EDITIONS, "INVASION OF PRIVACY" ONLY APPLIES TO A PREMISES OWNER, LANDLORD OR LESSOR
- IN OTHER WORDS, THE 1991 ENDORSEMENT WOULD APPLY TO INVASION OF PRIVACY ARISING OUT OF A DRONE, BUT THE 2000, 2011 AND 2022 ENDORSEMENTS WOULD NOT

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DRONES & THE HOMEOWNERS POLICY

- IF THE INSURED WERE TO TAKE PICTURES OF A NEIGHBOR AND POST THEM ON FACEBOOK, THERE MIGHT BE COVERAGE IN THE 2000, 2011 OR 2022 ENDORSEMENTS
- THE 2000, 2011 AND 2022 EDITIONS ADD ANOTHER OFFENSE: "ORAL OR WRITTEN PUBLICATION OF MATERIAL THAT VIOLATES A PERSON'S RIGHT OF PRIVACY"
- DOES POSTING A PHOTO CONSTITUTE "WRITTEN PUBLICATION OF MATERIAL"?
- SOME CARRIERS MAY BE DEVELOPING DRONE INSURANCE

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DRONES & THE HOMEOWNERS POLICY

- WATCH OUT FOR TWO ISO ENDORSEMENTS ADDRESSING DRONES:
 - HO 34 02 – AIRCRAFT LIABILITY DEFINITION REVISED TO REMOVE EXCEPTION FOR MODEL AND HOBBY AIRCRAFT
 - THIS OPTIONAL ENDORSEMENT REVISES THE DEFINITION OF "AIRCRAFT LIABILITY"
 - THE REVISION STATES, "FOR THE PURPOSE OF THIS DEFINITION AIRCRAFT MEANS ANY CONTRIVANCE USED OR DESIGNED FOR FLIGHT INCLUDING UNMANNED AIRCRAFT, WHETHER OR NOT MODEL OR HOBBY".

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DRONES & THE HOMEOWNERS POLICY

- WATCH OUT FOR TWO ISO ENDORSEMENTS ADDRESSING DRONES:
 - HO 34 03 – PERSONAL INJURY FOR AIRCRAFT LIABILITY EXCLUDED
 - THIS OPTIONAL ENDORSEMENT EXCLUDES "AIRCRAFT LIABILITY" FROM "PERSONAL INJURY" UNDER SECTION II
 - EXCLUDES LIABILITY IN THE HO 24 82 PERSONAL INJURY COVERAGE ENDORSEMENT AND THE HO 24 10 PERSONAL INJURY COVERAGE (AGGREGATE LIMIT OF LIABILITY)
 - FOR PURPOSES OF THIS "AIRCRAFT LIABILITY" EXCLUSION, AIRCRAFT MEANS "ANY CONTRIVANCE USED OR DESIGNED FOR FLIGHT INCLUDING UNMANNED AIRCRAFT, WHETHER OR NOT MODEL OR HOBBY".

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DRONES & THE HOMEOWNERS POLICY

- BOTH OF THESE ENDORSEMENTS RESULT IN A REDUCTION IN COVERAGE
- SEPARATE DRONE COVERAGE IS AVAILABLE
 - ONE EXAMPLE IS VERIFY.COM
 - ALSO, COVERAGE MIGHT BE AVAILABLE IN THE E&S MARKET
 - INDIVIDUAL CARRIERS MAY ALSO HAVE POLICIES
 - IT WOULD BE IMPORTANT TO CAREFULLY READ THE POLICIES TO DETERMINE ANY EXCLUSIONS OR LIMITATIONS

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DRONES & THE CGL

- IF DRONES ARE USED IN BUSINESS, THE INSURED MIGHT NEED A CGL
- COVERAGE A – "BODILY INJURY" & "PROPERTY DAMAGE" EXCLUDES LIABILITY ARISING OUT OF THE OWNERSHIP, MAINTENANCE, USE, ENTRUSTMENT TO OTHERS OF ANY AIRCRAFT OWNED OR OPERATED BY OR RENTED OR LOANED TO ANY INSURED – USE INCLUDES LOADING AND UNLOADING
- THERE IS AN EXCEPTION FOR LIABILITY OF OTHERS ASSUMED UNDER ANY "INSURED CONTRACT" FOR THE OWNERSHIP, MAINTENANCE OR USE OF AIRCRAFT

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DRONES & THE CGL

- COVERAGE B – PERSONAL & ADVERTISING INJURY IS "NAMED OFFENSE" COVERAGE
- TWO OF THE NAMED OFFENSES ARE SIMILAR TO THE HOMEOWNERS PERSONAL INJURY ENDORSEMENT (AND HAVE THE SAME LIMITATIONS)
 - THE WRONGFUL EVICTION FROM, WRONGFUL ENTRY INTO, OR INVASION OF THE RIGHT OF PRIVATE OCCUPANCY OF A ROOM, DWELLING OR PREMISES THAT A PERSON OCCUPIES, COMMITTED BY OR ON BEHALF OF ITS OWNER, LANDLORD OR LESSOR
 - ORAL OR WRITTEN PUBLICATION, IN ANY MANNER, OF MATERIAL THAT VIOLATES A PERSON'S RIGHT OF PRIVACY

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DRONES & THE CGL

- ISO HAS ISSUED SEVERAL ENDORSEMENTS TO ADDRESS THE DRONE EXPOSURES
 - CG 21 09 EXCLUSION – UNMANNED AIRCRAFT
 - THIS ENDORSEMENT IS USED TO EXCLUDE BODILY INJURY, PROPERTY DAMAGE, AND PERSONAL AND ADVERTISING INJURY ARISING OUT OF THE OWNERSHIP, MAINTENANCE, USE OR ENTRUSTMENT TO OTHERS OF AN UNMANNED AIRCRAFT. USE OF AN UNMANNED AIRCRAFT INCLUDES OPERATIONS, LOADING, AND UNLOADING
 - "UNMANNED AIRCRAFT" MEANS AN AIRCRAFT THAT IS NOT:
 - DESIGNED;
 - MANUFACTURED; OR
 - MODIFIED AFTER MANUFACTURE; TO BE CONTROLLED DIRECTLY BY A PERSON FROM WITHIN OR ON THE AIRCRAFT.

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DRONES & THE CGL

- OTHER ENDORSEMENTS INCLUDE:
 - CG 21 10 EXCLUSION – UNMANNED AIRCRAFT (COVERAGE A ONLY)
 - CG 21 11 EXCLUSION – UNMANNED AIRCRAFT (COVERAGE B ONLY)
 - CG 24 50 LIMITED COVERAGE FOR DESIGNATED UNMANNED AIRCRAFT
 - CG 24 51 LIMITED COVERAGE FOR DESIGNATED UNMANNED AIRCRAFT (COVERAGE A ONLY)
 - CG 24 52 LIMITED COVERAGE FOR DESIGNATED UNMANNED AIRCRAFT (COVERAGE B ONLY)

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THE SHARING ECONOMY
WHY THE INCREASE IN "BUSINESS ACTIVITIES"?

- THE SLUGGISH ECONOMY – WAGES HAVE NOT INCREASED FOR SEVERAL YEARS FOR MANY PEOPLE – INCREASED INFLATION ALSO IMPACTS ANY WAGE INCREASES
- COVID – MANY PEOPLE WORKING FROM HOME
- GIG ECONOMY - A LABOR MARKET CHARACTERIZED BY THE PREVALENCE OF SHORT-TERM CONTRACTS OR FREELANCE WORK AS OPPOSED TO PERMANENT JOBS
- FOLKS HAVE BEEN CUT-BACK TO PART-TIME EMPLOYMENT AND NEED ADDITIONAL INCOME

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THE SHARING ECONOMY
WHY THE INCREASE IN "BUSINESS ACTIVITIES"?

- COLLEGE STUDENTS ARE LOOKING FOR WAYS TO MAKE SPENDING MONEY
- RETIRED PEOPLE LOOKING FOR SUPPLEMENTAL INCOME
- "HEY – I'M NOT USING MY AUTO OR HOME ALL THE TIME – WHY NOT RENT IT?"
- "EVERYONE KNOWS AUTO AND HOMEOWNERS INSURANCE COVER EVERYTHING – MY BUDDY DOES IT AND HE TOLD ME NOT TO WORRY ABOUT IT"

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THE SHARING ECONOMY
WHAT ARE WE TALKING ABOUT?

- RIDE SHARING– TRANSPORTING PEOPLE, FOOD, PACKAGES FOR A FEE (UBER, LYFT, SIDECAR, UBER EATS, DOOR DASH, GRUB HUB, ETC.)
- VEHICLE SHARING – RENTING A VEHICLE TO OTHERS (PEER TO PEER SHARING)
- HOME SHARING – RENTING A HOME TO OTHERS (AIR BNB, HOMEAWAY, TRIPPING.COM, ETC.)

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RIDE SHARING & THE PERSONAL AUTO POLICY

- DEFINITION OF "BUSINESS"
 - "BUSINESS" INCLUDES TRADE, PROFESSION OR OCCUPATION
 - IS THIS A DEFINITION?
 - "TRADE" - OCCUPATION REQUIRING MANUAL OR MECHANICAL SKILL."
 - "PROFESSION" - CALLING REQUIRING SPECIALIZED KNOWLEDGE AND LONG/INTENSIVE ACADEMIC PREPARATION
 - "OCCUPATION" - THE PRINCIPAL BUSINESS OF ONE'S LIFE."
 - USED TO LIMIT OR EXCLUDE COVERAGE

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RIDE SHARING & THE PERSONAL AUTO POLICY

- COURT DEFINITIONS OF BUSINESS
 - CONTINUITY
 - PROFIT MOTIVE
 - RECEIVING A FINANCIAL BENEFIT (E.G. A TAX DEDUCTION)

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RIDE SHARING & THE PERSONAL AUTO POLICY

- EXCLUSIONS THAT DEAL WITH TRANSPORTING PEOPLE OR PROPERTY (CAN VARY BY COMPANY) – WILL APPLY TO ALL COVERAGES
 - ISO – USING A VEHICLE AS A PUBLIC OR LIVERY CONVEYANCE, INCLUDING WHEN THE VEHICLE OPERATOR IS LOGGED INTO A TRANSPORTATION NETWORK PLATFORM
 - DOES NOT APPLY TO "CAR POOLING"
 - DOES NOT APPLY TO A VEHICLE WHILE IT IS BEING USED FOR VOLUNTEER OR CHARITABLE PURPOSES

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RIDE SHARING & THE PERSONAL AUTO POLICY

- COMPANY VARIATIONS
 - CARRYING PEOPLE OR PROPERTY FOR A FEE
 - USING THE AUTO FOR COMPENSATION (USUALLY AN EXCEPTION FOR REIMBURSEMENT OF EXPENSES)
 - DELIVERING FOOD, MAGAZINES, NEWSPAPERS, ETC.
- WHAT WILL THE COMPANY DO WHEN THEY FIND OUT THE INSURED IS USING A VEHICLE TO TRANSPORT PEOPLE OR PROPERTY FOR MONEY?

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RIDE SHARING & THE PERSONAL AUTO POLICY

- ENDORSEMENTS TO ADDRESS RIDE SHARING
 - PP 23 41 – TRANSPORTATION NETWORK DRIVER COVERAGE (NO PASSENGER) – PROVIDES COVERAGE WHEN A DRIVER IS LOGGED ON TO THE TNC APP BUT NO PASSENGER IS BEING TRANSPORTED
 - PP 23 45 – LIMITED TRANSPORTATION NETWORK DRIVER COVERAGE (NO PASSENGER) – PROVIDES COVERAGE WHEN A DRIVER IS LOGGED ON TO THE TNC APP BUT NO REQUEST FOR SERVICE HAS BEEN ACCEPTED OR PASSENGER IS BEING TRANSPORTED

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RIDE SHARING & THE PERSONAL AUTO POLICY

- SOME COMPANIES ARE OFFERING "HYBRID" PERSONAL/COMMERCIAL AUTO POLICIES OR LOWER PRICED COMMERCIAL POLICIES (E.G. GEICO, PROGRESSIVE, ALLSTATE, ETC.)

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EXAMPLE OF COVERAGE PROVIDED BY UBER

- "TROLLING PERIOD" – WHEN THE APP IS ON BUT NO TRIP REQUEST HAS BEEN ACCEPTED AND NO PASSENGER IS IN THE CAR
- CONTINGENT COVERAGE THAT ENSURES NO GAPS IN LIABILITY OR STATUTORY COVERAGE (YEAH RIGHT) – DRIVER MUST MAKE A CLAIM WITH THE PAP INSURER AND RECEIVE A DENIAL OF COVERAGE
- LIABILITY LIMITS ARE 50/100/25
- PROVIDES NO UM OR PIP UNLESS REQUIRED BY LAW
- NO COMPREHENSIVE OR COLLISION COVERAGE

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EXAMPLE OF COVERAGE PROVIDED BY UBER

- FROM TRIP ACCEPTANCE TO COMPLETION OF TRIP
 - \$1,000,000 PRIMARY LIABILITY
 - \$1,000,000 UM/UIM COVERAGE
- CONTINGENT COMPREHENSIVE AND COLLISION COVERAGE - \$1,000 DEDUCTIBLE (APPLIES IF THE DRIVER HAS PHYSICAL DAMAGE COVERAGE ON HIS OWN PERSONAL POLICY)

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VEHICLE SHARING & THE PERSONAL AUTO POLICY

- "BUSINESS" EXCLUSIONS
 - PUBLIC OR LIVERY CONVEYANCE USE
 - AUTO "BUSINESS" USE – EXCEPT THE USE OF "YOUR COVERED AUTO" IN AN AUTO "BUSINESS"
 - OTHER "BUSINESS" USE – DOES NOT APPLY TO PRIVATE PASSENGER AUTOS, PICKUP TRUCKS OR VANS
 - SOME COMPANIES EXCLUDE COVERAGE WHEN A VEHICLE IS RENTED TO OTHERS

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VEHICLE SHARING & THE PERSONAL AUTO POLICY

- BUSINESS EXCLUSIONS
 - VEHICLE SHARING EXCLUSION - VEHICLE ENROLLED IN A PERSONAL VEHICLE SHARING PROGRAM UNDER TERMS OF A WRITTEN AGREEMENT – EXCLUDES COVERAGE FOR THE RENTER (EXCLUSION DOES NOT APPLY TO YOU OR A "FAMILY MEMBER")
 - WHAT HAPPENS WHEN THE COMPANY FINDS OUT THE INSURED IS RENTING THEIR CAR?

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HOME SHARING & THE HOMEOWNERS POLICY

- DEFINITION OF "BUSINESS"
 - ANY TRADE, PROFESSION OR OCCUPATION, WHETHER FULL-TIME, PART TIME OR OCCASIONAL
 - "HOME SHARING HOST ACTIVITIES"
 - ANY ACTIVITY ENGAGED FOR MONEY OR OTHER COMPENSATION FOR WHICH THE INSURED RECEIVED MORE THAN \$5,000 IN TOTAL COMPENSATION IN THE 12-MONTHS BEFORE THE POLICY PERIOD

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NEW HOME SHARING DEFINITIONS

- "HOME-SHARING HOST ACTIVITIES" MEANS:
 - A. THE:
 - (1) RENTAL OR HOLDING FOR RENTAL; OR
 - (2) MUTUAL EXCHANGE OF SERVICES; OF THE "RESIDENCE PREMISES", IN WHOLE OR IN PART, BY AN "INSURED" TO A "HOME-SHARING OCCUPANT" THROUGH THE USE OF A "HOME-SHARING NETWORK PLATFORM"; AND

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NEW HOME SHARING DEFINITIONS

- "HOME-SHARING HOST ACTIVITIES" MEANS:
 - B. ANY OTHER RELATED PROPERTY OR SERVICES MADE AVAILABLE BY AN "INSURED" FOR USE DURING SUCH:
 - (1) RENTAL; OR
 - (2) MUTUAL EXCHANGE OF SERVICES; EXCEPT THOSE PROPERTY OR SERVICES PROVIDED BY ANOTHER PARTY.

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NEW HOME SHARING DEFINITIONS

- "HOME-SHARING NETWORK PLATFORM" MEANS AN ONLINE-ENABLED APPLICATION, WEB SITE OR DIGITAL NETWORK THAT:
 - A. IS USED FOR THE PURPOSE OF FACILITATING, FOR MONEY, MUTUAL EXCHANGE OF SERVICES OR OTHER COMPENSATION, THE RENTAL OF A DWELLING OR OTHER STRUCTURE, IN WHOLE OR IN PART; AND
 - B. ALLOWS FOR THE AGREEMENT AND COMPENSATION WITH RESPECT TO SUCH RENTAL TO BE TRANSACTED THROUGH SUCH ONLINE-ENABLED APPLICATION, WEB SITE OR DIGITAL NETWORK

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NEW HOME SHARING DEFINITIONS

- "HOME-SHARING OCCUPANT" MEANS A PERSON, OTHER THAN AN "INSURED", WHO:
 - A. HAS ENTERED INTO AN AGREEMENT OR ARRANGED COMPENSATION WITH AN "INSURED" THROUGH THE USE OF A "HOME-SHARING NETWORK PLATFORM" FOR "HOME-SHARING HOST ACTIVITIES"; OR
 - B. IS ACCOMPANYING OR STAYING WITH A PERSON DESCRIBED IN PARAGRAPH 8.A. ABOVE UNDER SUCH "HOME-SHARING HOST ACTIVITIES".

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HOME SHARING & THE HOMEOWNERS POLICY

- **COVERAGE B – OTHER STRUCTURES**
 - NO COVERAGE FOR OTHER STRUCTURES RENTED TO OTHERS FOR OTHER THAN GARAGE PURPOSES
 - EXAMPLE – A GARAGE APARTMENT
- **COVERAGE C – PERSONAL PROPERTY – SPECIAL LIMITS OF LIABILITY**
 - \$3,000 FOR “BUSINESS” PERSONAL PROPERTY ON THE “RESIDENCE PREMISES”

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HOME SHARING & THE HOMEOWNERS POLICY

- **COVERAGE C – PERSONAL PROPERTY – PROPERTY NOT COVERED**
 - PROPERTY OF A “HOME SHARING OCCUPANT”, ANY OTHER PERSON OCCUPYING THE RESIDENCE AS THE RESULT OF “HOME SHARING HOST ACTIVITIES”, OR ROOMERS, BOARDERS OR TENANTS
 - PROPERTY IN A SPACE WHILE RENTED OR HELD FOR RENTAL TO A “HOME SHARING OCCUPANT”
 - PROPERTY USED PRIMARILY FOR “HOME SHARING HOST ACTIVITIES”
 - PROPERTY IN AN APARTMENT RENTED OR HELD FOR RENTAL TO OTHERS, EXCEPT “LANDLORD’S FURNISHINGS”
 - “LANDLORD’S FURNISHINGS” (ADDITIONAL COVERAGES) –
 - \$3,000 ON APPLIANCES, CARPETING AND OTHER HOUSEHOLD FURNISHINGS IN AN APARTMENT ON THE “RESIDENCE PREMISES”
 - COVERAGE C PERILS MINUS THEFT

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HOME SHARING & THE HOMEOWNERS POLICY

- **COVERAGE D FAIR RENTAL VALUE – NO COVERAGE FOR ANY FAIR RENTAL VALUE ARISING OUT OF OR IN CONNECTION WITH “HOME-SHARING HOST ACTIVITIES”**

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HOME SHARING & THE HOMEOWNERS POLICY

- COVERAGE C – PERILS INSURED AGAINST
 - NO COVERAGE FOR THEFT
 - FROM THAT PART OF A "RESIDENCE PREMISES" RENTED BY AN "INSURED" TO SOMEONE OTHER THAN ANOTHER "INSURED"; OR
 - IF SUCH LOSS ARISES OUT OF OR RESULTS FROM "HOME-SHARING HOST ACTIVITIES".
- HO 05 41 EXTENDED THEFT COVERAGE FOR RESIDENCE PREMISES OCCASIONALLY RENTED TO OTHERS - THIS COVERAGE APPLIES WHILE THE "RESIDENCE PREMISES" IS RENTED IN WHOLE OR IN PART ON AN OCCASIONAL BASIS TO OTHERS WHO ARE NOT "HOME-SHARING OCCUPANTS"

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HOME SHARING & THE HOMEOWNERS POLICY

- COVERAGE E – PERSONAL LIABILITY AND COVERAGE F – MEDICAL PAYMENTS TO OTHERS
 - NO LIABILITY OR MEDICAL PAYMENTS COVERAGE FOR "BODILY INJURY" OR "PROPERTY DAMAGE" ARISING OUT OF OR IN CONNECTION WITH A "BUSINESS" CONDUCTED FROM AN "INSURED LOCATION"

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HOME SHARING & THE HOMEOWNERS POLICY

- EXCEPTIONS – FOR OTHER THAN "HOME SHARING HOST ACTIVITIES", THE RENTAL OR HOLDING FOR RENTAL OF AN "INSURED LOCATION":
 - ON AN OCCASIONAL BASIS IF USED ONLY AS A RESIDENCE
 - IN PART FOR USE ONLY AS A RESIDENCE UNLESS A SINGLE-FAMILY UNIT IS INTENDED FOR USE BY THE OCCUPYING FAMILY TO LODGE MORE THAN TWO ROOMERS OR BOARDERS
- WHAT HAPPENS WHEN THE COMPANY FINDS OUT THE INSURED IS REGULARLY RENTING THE RESIDENCE TO OTHERS?

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HOME SHARING & THE HOMEOWNERS POLICY

- COVERAGE F – MEDICAL PAYMENTS TO OTHERS - DOES NOT APPLY TO INJURY TO A "HOME SHARING OCCUPANT"

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HOME SHARING & THE HOMEOWNERS POLICY

- HO 06 63 BROADENED HOME-SHARING HOST ACTIVITIES COVERAGE
- PROPERTY COVERAGES – PROVIDES COVERAGE FOR:
 - OTHER STRUCTURES RENTED OR HELD FOR RENTAL TO "HOME-SHARING OCCUPANTS"
 - LANDLORD'S FURNISHINGS
 - LOST RENTAL VALUE DUE TO CANCELLATION OF A HOME-SHARING CONTRACT OR AGREEMENT RESULTING FROM CERTAIN SPECIFIED CONDITIONS
 - LOSSES DUE TO THEFT FROM THAT PART OF A RESIDENCE PREMISES RENTED BY AN INSURED TO A "HOME-SHARING OCCUPANT", WITH CERTAIN EXCEPTIONS

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HOME SHARING & THE HOMEOWNERS POLICY

- HO 06 63 BROADENED HOME-SHARING HOST ACTIVITIES COVERAGE
- PROPERTY COVERAGES – PROVIDES COVERAGE FOR:
 - COVERAGE C – PERSONAL PROPERTY DOES NOT APPLY TO PROPERTY OF A "HOME-SHARING OCCUPANT" TO PREVENT DUPLICATION OF COVERAGE WITH THE "DAMAGE TO PROPERTY OF OTHERS" PROVISION IN THE ENDORSEMENT
 - PROPERTY COVERAGE IS PRIMARY OVER OTHER INSURANCE, SERVICE AGREEMENT, PROTECTION PLAN OR GUARANTEE PLAN PROVIDED BY, OR ON BEHALF OF OR THROUGH A "HOME-SHARING NETWORK PLATFORM"

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HOME SHARING & THE HOMEOWNERS POLICY

- HO 06 63 BROADENED HOME-SHARING HOST ACTIVITIES COVERAGE
- LIABILITY COVERAGES – PROVIDES COVERAGE FOR:
 - THE RENTAL OR HOLDING FOR RENTAL OF AN INSURED LOCATION FOR "HOME-SHARING HOST ACTIVITIES"
 - PERSONAL INJURY ARISING OUT OF "HOME-SHARING HOST ACTIVITIES"

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HOME SHARING & THE HOMEOWNERS POLICY

- HO 06 63 BROADENED HOME-SHARING HOST ACTIVITIES COVERAGE
- LIABILITY COVERAGES – PROVIDES COVERAGE FOR:
 - A PROVISION FOR "HOME-SHARING HOST ACTIVITIES" " DAMAGE TO PROPERTY OF OTHERS" HAS BEEN INCLUDED - ALLOWS INCREASED LIMITS TO BE PURCHASED FOR DAMAGE TO PROPERTY OF OTHERS CAUSED BY AN INSURED AND ARISING OUT OF HOME-SHARING HOST ACTIVITIES (\$5,000 LIMIT APPLIES IF NOT INCREASED)
 - COVERAGE IS PRIMARY OVER OTHER INSURANCE, SERVICE AGREEMENT, PROTECTION PLAN OR GUARANTEE PLAN PROVIDED BY, OR ON BEHALF OF OR THROUGH A HOME-SHARING NETWORK PLATFORM

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HOMEOWNERS "WHERE YOU RESIDE" ISSUE

- YOUR INSURED SOLD THEIR HOME AND MOVED INTO A NEW HOUSE – A WATER DAMAGE LOSS OCCURRED IN THE OLD HOUSE WHILE IT WAS FOR SALE AND VACANT – THE ADJUSTER DENIED THE CLAIM BECAUSE THE INSURED NO LONGER RESIDED IN THE HOME
- YOUR INSURED CLOSED ON A NEW HOME BUT HE DID NOT INTEND TO MOVE IN RIGHT AWAY BECAUSE MAJOR RENOVATIONS WERE BEING MADE. A FIRE OCCURRED DURING THE RENOVATION PERIOD AND THE ADJUSTER DENIED COVERAGE BECAUSE THE INSURED DID NOT RESIDE IN THE HOUSE AT THE TIME OF LOSS.

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HOMEOWNERS "WHERE YOU RESIDE" ISSUE

- ISSUES
 - WHAT IS THE DEFINITION OF "RESIDENCE PREMISES"?
 - IF A DWELLING IS VACANT, DOES THE INSURED RESIDE THERE?
 - HOW DOES NON-RESIDENCY IMPACT COVERAGE?
 - ARE ANY ENDORSEMENTS NEEDED TO ADDRESS THIS SITUATION?

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HOMEOWNERS "WHERE YOU RESIDE" ISSUE

- THE HOMEOWNERS DEFINITION OF "RESIDENCE PREMISES" IS, "THE 1-4 FAMILY DWELLING WHERE YOU (THE NAMED INSURED) RESIDE"
- PROPERTY COVERAGE IS PROVIDED AT THE "RESIDENCE PREMISES"
- IF THE INSURED DOES NOT RESIDE IN THE HOUSE, IT DOES NOT MEET THE DEFINITION OF "RESIDENCE PREMISES" AND THERE IS NO COVERAGE
- SOME COURTS MAINTAIN THAT AN INSURED MUST RESIDE IN THE HOME AT THE INCEPTION DATE OF THE POLICY, BUT NOT AT THE TIME OF LOSS; OTHER COURTS SIDE WITH CARRIERS AND MAINTAIN THAT THE INSURED MUST RESIDE IN THE HOME AT THE TIME OF LOSS

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EXAMPLES OF WHEN A NAMED INSURED DOES NOT RESIDE IN THE HOME

- THE HOME IS VACANT WHILE IT IS FOR SALE
- THE NAMED INSURED IS IN AN ASSISTED LIVING FACILITY
- THE NAMED INSURED IS A "SNOW BIRD" AND LIVES IN FLORIDA FOR SIX MONTHS OF THE YEAR
- THE POLICY IS WRITTEN IN THE NAME OF A TRUST
- THE DWELLING IS BEING RENOVATED AND THE INSURED LIVES AT ANOTHER RESIDENCE DURING THE RENOVATION

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ENDORSEMENTS THAT ADDRESS THE "WHERE YOU RESIDE" ISSUE

- HO 06 48 10 15 - RESIDENCE PREMISES DEFINITION ENDORSEMENT
 - THIS ENDORSEMENT REVISES THE DEFINITION OF "RESIDENCE PREMISES" BY STATING THAT A "RESIDENCE PREMISES" IS THE 1-4 FAMILY DWELLING "WHERE YOU RESIDE ON THE INCEPTION DATE OF THE POLICY"
 - IN THE EVENT THE NAMED INSURED CEASES TO BE A RESIDENT DURING THE POLICY PERIOD, COVERAGE REMAINS IN EFFECT UNTIL POLICY EXPIRATION
 - THIS ENDORSEMENT DOES NOT ADDRESS ANY PROBLEMS CREATED BY VACANCY – E.G. NO VANDALISM COVERAGE IF VACANT FOR MORE THAN 60 DAYS

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ENDORSEMENTS THAT ADDRESS THE "WHERE YOU RESIDE" ISSUE

- HO 06 49 10 15 - BROADENED RESIDENCE PREMISES DEFINITION ENDORSEMENT
 - USED WHEN AN INSURED BECOMES THE OWNER OF A HOME UPON CLOSING BUT DOES NOT INTEND TO MOVE IN RIGHT AWAY
 - FOR EXAMPLE, THE INSURED MIGHT WANT TO RENOVATE THE HOUSE PRIOR TO MOVING IN
 - THE ENDORSEMENT ALLOWS THE CARRIER TO DESIGNATE A STARTING DATE AND TERMINATION DATE DURING WHICH THE RESIDENCY REQUIREMENT WILL BE REMOVED FROM THE DEFINITION OF "RESIDENCE PREMISES."

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HOMEOWNERS "LIQUOR LIABILITY"

- THE INSURED HAD A CHRISTMAS PARTY FOR OVER 100 GUESTS AND PROVIDED AN "OPEN BAR". ONE OF THE GUESTS GOT INTO AN AUTO ACCIDENT ON THE WAY HOME AND SERIOUSLY INJURED FOUR PASSENGERS IN ANOTHER VEHICLE. THE DRIVER IS BEING SUED BY THE INJURED PASSENGERS. THE ATTORNEY FOR THE DRIVER IS SUING THE PARTY HOST FOR CONTRIBUTING TO THE INTOXICATION OF THE DRIVER. THE CLAIM WAS TURNED IN TO THE INSURED'S CARRIER BUT THEY HAVE DENIED COVERAGE BASED ON THE "MOTOR VEHICLE LIABILITY" EXCLUSION.
- THE HOMEOWNERS POLICY DOES PROVIDE "HOST LIQUOR" LIABILITY DOESN'T IT?

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HOMEOWNERS "LIQUOR LIABILITY"

- THE INSURING AGREEMENT FOR COVERAGE E – PERSONAL LIABILITY STATES:
 - IF A CLAIM IS MADE OR A SUIT IS BROUGHT AGAINST AN "INSURED" FOR DAMAGES BECAUSE OF "BODILY INJURY" OR "PROPERTY DAMAGE" CAUSED BY AN "OCCURRENCE" TO WHICH THIS COVERAGE APPLIES, WE WILL:
 - PAY UP TO OUR LIMIT OF LIABILITY FOR THE DAMAGES FOR WHICH AN "INSURED" IS LEGALLY LIABLE. DAMAGES INCLUDE PREJUDGMENT INTEREST AWARDED AGAINST AN "INSURED"; AND
 - PROVIDE A DEFENSE AT OUR EXPENSE BY COUNSEL OF OUR CHOICE, EVEN IF THE SUIT IS GROUNDLESS, FALSE OR FRAUDULENT. WE MAY INVESTIGATE AND SETTLE ANY CLAIM OR SUIT THAT WE DECIDE IS APPROPRIATE. OUR DUTY TO SETTLE OR DEFEND ENDS WHEN OUR LIMIT OF LIABILITY FOR THE "OCCURRENCE" HAS BEEN EXHAUSTED BY PAYMENT OF A JUDGMENT OR SETTLEMENT.

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HOMEOWNERS "LIQUOR LIABILITY"

- THE LIABILITY SECTION OF THE HOMEOWNERS POLICY IS A PGL – A PERSONAL GENERAL LIABILITY POLICY
- LIKE COVERAGE A OF THE COMMERCIAL GENERAL LIABILITY POLICY (CGL), IT COVERS ALL LIABILITY EXPOSURES NOT EXCLUDED
- THERE IS NO LIQUOR LIABILITY EXCLUSION IN THE POLICY
- THERE IS, HOWEVER, A "MOTOR VEHICLE LIABILITY" EXCLUSION AND IT APPEARS THE CARRIER IS USING THAT EXCLUSION TO DENY COVERAGE

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HOMEOWNERS "LIQUOR LIABILITY"

- "MOTOR VEHICLE LIABILITY" IS DEFINED AS:
 - A. LIABILITY FOR "BODILY INJURY" OR "PROPERTY DAMAGE" ARISING OUT OF THE:
 - OWNERSHIP OF SUCH VEHICLE BY AN "INSURED";
 - MAINTENANCE, OCCUPANCY, OPERATION, USE, LOADING OR UNLOADING OF SUCH VEHICLE BY ANY PERSON;
 - ENTRUSTMENT OF SUCH VEHICLE BY AN "INSURED" TO ANY PERSON;
 - FAILURE TO SUPERVISE OR NEGLIGENT SUPERVISION OF ANY PERSON INVOLVING SUCH VEHICLE BY AN "INSURED"; OR
 - VICARIOUS LIABILITY, WHETHER OR NOT IMPOSED BY LAW, FOR THE ACTIONS OF A CHILD OR MINOR INVOLVING SUCH VEHICLE

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HOMEOWNERS "LIQUOR LIABILITY"

- "MOTOR VEHICLE" IS DEFINED AS
 - A LAND OR AMPHIBIOUS VEHICLE THAT IS SELF-PROPELLED OR CAPABLE OF BEING SELF-PROPELLED;
 - OR ANY TRAILER OR SEMI-TRAILER WHICH IS BEING CARRIED ON, TOWED BY OR HITCHED FOR TOWING BY A VEHICLE DESCRIBED ABOVE

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HOMEOWNERS "LIQUOR LIABILITY"

- AT ONE TIME, THE "MOTOR VEHICLE" EXCLUSION ONLY APPLIED TO AN INSURED'S OWNERSHIP, MAINTENANCE OR USE OF A "MOTOR VEHICLE" – THE INSURED NEEDS A PAP
- THE "MOTOR VEHICLE" EXCLUSION WAS CHANGED TO PRECLUDE COVERAGE FOR THE USE OF A "MOTOR VEHICLE" BY ANY PERSON
- IF THE INSURED WERE SUED FOR LIQUOR LIABILITY, THERE WOULD BE COVERAGE – FOR EXAMPLE, A DRUNK GUEST AT A PARTY FALLS DOWN THE STAIRS AND IS INJURED
- IF THE INSURED WERE SUED FOR LIABILITY FOR A "MOTOR VEHICLE" ACCIDENT (AS IN THIS CASE) THERE IS NO COVERAGE BECAUSE THE VEHICLE WAS BEING OPERATED BY ANY PERSON

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HOMEOWNERS "LIQUOR LIABILITY"

- THE 2022 EDITION OF THE POLICY MODIFIES THE DEFINITION TO READ:
 - MAINTENANCE, OCCUPANCY, OPERATION, USE, LOADING OR UNLOADING OF:
 - (A) AN AIRCRAFT, HOVERCRAFT OR WATERCRAFT BY ANY PERSON; OR
 - (B) A MOTOR VEHICLE BY AN "INSURED"
- THERE WOULD BE COVERAGE FOR THIS ACCIDENT IN THE 2022 POLICY

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HOMEOWNERS "LIQUOR LIABILITY"

- WOULD A PERSONAL UMBRELLA COVER THIS TYPE OF SUIT?
 - IT DEPENDS ON THE UMBRELLA
 - IF THE UMBRELLA IS FOLLOWING FORM FOR "MOTOR VEHICLE LIABILITY", THERE WOULD BE NO COVERAGE
 - IF THE UMBRELLA IS BROADER THAN THE UNDERLYING, THERE MIGHT BE COVERAGE – FOR EXAMPLE, IF THE UMBRELLA EXCLUDED ONLY THE OWNERSHIP, MAINTENANCE OR USE OF A MOTOR VEHICLE BY AN "INSURED", THERE WOULD BE COVERAGE FOR THE "INSURED'S" RESPONSIBILITY FOR SOMEONE ELSE'S USE OF A MOTOR VEHICLE
 - THE UMBRELLA MAY EXCLUDE LIQUOR LIABILITY

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HOMEOWNERS "LIQUOR LIABILITY"

- WHAT ARE THE INSURED'S OPTIONS REGARDING LIQUOR LIABILITY?
 - LIMIT THE NUMBER OF DRINKS FOR EACH GUEST
 - TAKE THE CAR KEYS OF THE GUESTS AND NOT ALLOW THEM TO DRIVE IF THEY ARE INTOXICATED – CALL UBER OR A TAXI
 - TAKE A CHANCE AND SELF-INSURE ANY LIABILITY EXPOSURE
 - PURCHASE A SPECIAL EVENTS POLICY INCLUDING LIQUOR LIABILITY
 - HIRE A CATERER TO SERVE FOOD AND LIQUOR AND GET A "HOLD HARMLESS" AGREEMENT" AND BE ADDED AS AN ADDITIONAL INSURED TO THEIR POLICY; INCLUDE A WAIVER OF SUBROGATION
 - DON'T SERVE LIQUOR

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CONCLUSION

- INSURANCE EXPOSURES ARE CONTINUOUSLY CHANGING
- AGENTS NEED TO KEEP UP WITH NEW EXPOSURES AND LEARN ABOUT ANY NEW COVERAGES THAT ARE NEEDED
- INSURANCE POLICIES AND EXPOSURES SHOULD BE REVIEWED ON AN ANNUAL BASES AT A MINIMUM
- NOT ALL CARRIERS ARE ISO BASED; MANY HAVE THEIR OWN FORMS
- AGENTS NEED TO DISCUSS THESE ISSUES WITH THEIR CARRIERS TO DETERMINE THE CARRIER'S POSITION
- BE CAREFUL; IT'S A JUNGLE OUT THERE

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