

Insurance policies are legal contracts. By their very nature, they are complicated and often difficult to understand. Pity the poor insurance companies that need to come up with every way that they can to protect themselves in these contracts so that they are truly only taking on the exact risks that they thought they were when they wrote up the contract in the first place. However, a recent court case shows just how easily an insurance company can get caught and strangled with its own written words. In this case the online cultural encyclopedia site, Wikipedia, plays a big role.

This case involves a homeowner insurance policy and the exclusion in the policy that is designed to prevent the homeowners insurance policy from providing liability insurance for personal watercraft like jet skis and ski doos. Liability insurance for these devices is beyond the scope of what is charged for homeowners insurance and traditionally if you want liability protection for these types of watercraft, then you should plan to purchase a separate watercraft insurance policy to accomplish that.

In this case, a southern Utah family, the Oltmanns, owned a Honda F-12 Aqua Trax personal watercraft. While operating this on a lake in Utah with a friend on board, Aqua Trax was involved in an accident which injured the guest riding with the boat owner. They filed a claim with their homeowner insurance company, Fire Insurance Exchange, and the claim was denied based on the exclusion in their homeowners insurance policy that states that no coverage is provided for bodily injury that results from the ownership, maintenance, or use, loading or unloading of jet skis.

In the resulting lawsuit, Fire Insurance Exchange v. Oltmanns, the insurance company argued that the term jet ski was merely a synonym for personal watercraft and therefore the exclusion applied in this case. There is no doubt here that this was the intent when the policy was written but once in court, intent is sometimes a hard thing to prove. Besides, remember that your insurance policy is a legal contract and so it will be interpreted by the courts strictly on the words in that contract.

The court relied in large part on the Wikipedia definition of the term jet ski to come to the conclusion that the jet ski exclusion in the homeowners policy was ambiguous. Wikipedia defined the term jet ski as a specific brand name of personal watercraft. And using this definition the court found that the wording in the homeowners policy was imprecise. Insurance contracts, are written by just one party to the contract, the insurance company, so any ambiguity in the wording is always construed against the writer of the contract. The court found in favor of

the Oltmanns in this case.

In the North Carolina homeowners policy the term jet ski is not used, instead the term personal watercraft is used when describing this exclusion. But it is interesting to note that a web site like Wikipedia can rise to the level of a legal source for definitions in the short time that it has been in existence.

If you need help with any of your boat insurance or homeowners insurance needs, I hope you will call us here at Clinard Insurance Group, toll free, at 877-687-7557. We look forward to helping you with all of your insurance questions.