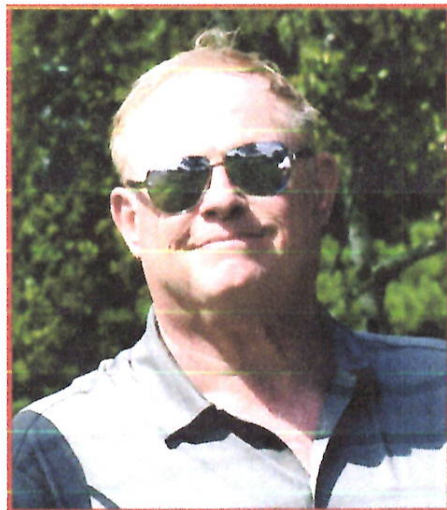


INSURANCE FOR DRAG RACERS

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I know this may come as a shock to some of you, but owning a race car is not seen as a 'normal' loss exposure in the eyes of the insurance industry. This does serve to put a special burden on those of us who do race.

There are exclusions in auto and home policies (and other policies as well) which exclude any coverage relating to race cars and racing. I'm going to discuss loss exposures created by owning a race car and how to cover them. This discussion will involve typical policies and clauses, and may not reflect your own situation. You



will need to research your policies with the help of your insurance agent or company to confirm if the information provided here applies

to you. Knowing the right answer can save money and heartache, so doing your homework is in your best interest.

Let's start with liability exposures created by racing. There are many of these, and due to the extreme nature of what we do, they can expose us to large losses. The first exposure is getting to the track! You can have a large loss if you hit someone or something with your tow vehicle or trailer. If you tow with a vehicle insured under a personal auto policy, liability coverage extends to your trailer. But what limits of liability



do you have on your tow vehicle? Average limits, a split limit of \$100,000/\$300,000/\$100,000* won't cover much in a serious loss. So first, find out the highest limits available on your auto policy, and get a quote to raise your coverage. It probably will cost less than you think, and given how large our rigs are it begs the investment.

**\$100,000 per person for bodily injury, \$300,000 for all persons for bodily injury, and \$100,000 property damage per accident*

Do you have a personal umbrella policy? This adds an extra layer of liability protection over your cars and home starting at \$1 million

plus defense costs, for only a few hundred dollars per year. It covers more than your towing exposure, too. If you don't have one, ask about it; it's an inexpensive way to safeguard the assets you've worked so hard for – your house, your business, your investments...and your race car!

Liability is also created by racing itself. What happens if you injure a spectator or a fellow racer? If you race at an NHRA or IHRA track, there's a good answer, the sanctioning body provides insurance that covers the car owner, driver, crew and even sponsors! You can find out more about this coverage on their

websites. When you sign the waiver at the track, you become an additional insured under this policy for the full limits of liability, which starts at \$1 million and greatly increases at larger events. If you race at a non-sanctioned (outlaw) track, you're almost certainly on your own when it comes to ANY track provided insurance. From my experience most outlaw tracks do NOT carry any insurance coverage. You should ask the track if they have any insurance that applies to participants.

When you sign the waiver, you agree not to sue competitors or the track. Even if you did get sued, the

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track's policy would respond. The cost is included in your entry fee each week.

The only safe place, insurance-wise, to start or use your race car is at the track. Your personal policies don't cover liability losses even if you start the car at your house. Also, car shows aren't covered. I strongly suggest that if you attend car shows, you should tow or push your race car and never start it. Even someone touching a hot header can create a large liability claim!

If you have a sponsor, they may want extra liability insurance. If they're not satisfied by the NHRA coverage, you'll have to

find coverage elsewhere. It's not difficult to find but it's restrictive and expensive. The premiums might end up offsetting any money you get from the sponsor so be sure to get a quote for coverage before signing any contract.

What about life and health insurance? I am not a licensed life or health agent, so I'll just touch on this topic. Many life and health policies do have exclusions for racing injuries. Obviously, your injuries can be severe so it behooves you to know if you have any coverage. If you race at NHRA or IHRA tracks AND are a member of the sanctioning body you may be eligible for their excess medical

benefits. NHRA offers over \$600,000 in benefits, and also some charities like DRAW can help with related expenses in time of need. Outlaw tracks probably won't have any coverage of this nature.

Let's talk about property exposures; your tow vehicle, trailer, race car and support equipment. We'll start with two very important facts that not enough racers know. First, your homeowner's policy provides no coverage for your race car or parts, even in your garage. Under contents coverage there is a list of excluded types of property. Cars and their parts are on that list. Second, your auto policy provides no coverage for loss to your race



car or trailer. Some mistake the liability coverage that is provided with physical damage coverage. Most auto policies let you endorse coverage for the trailer for extra cost, but trailer contents are not covered, including your race car. If you're towing someone else's car and/or trailer, there's no physical damage coverage for it under your policy.

Covering your tow vehicle for damage is easy. Just be sure your auto policy has comprehensive and collision coverage on that vehicle. Covering the trailer on the auto policy can have issues, however. For example, will the auto policy pay for all the Pit Pal stuff you

added to the trailer? I have found that if you tell your insurance company you have a race car trailer, many will tell you they won't cover race car trailers, even if they will cover other trailers like horse trailers. Also higher values trailers like a Gold Rush can also scare off a company. It's hard to convince them that a race trailer cost more than a house.

The easiest way to cover the stuff in back of your tow vehicle is to buy a specialty property policy, like the one that I have sold for the last 30 years. It starts with your race car, and also generally has the trailer and tools, equipment and spare parts coverage on the same policy.

Our policy is called an 'open perils' policy which means if a cause of loss isn't specifically excluded, it's covered. This type of coverage is also called 'all risk'. There are less than ten exclusions in the entire policy.

We do not cover the race car while it is racing, but do cover it on the return road, in the pits and in the staging lanes. Others do offer 'on track' coverage, but since that is technically not an insurable exposure nobody has offered it consistently over time. If you do get a quote for 'on track', consider the premium, what it covers (some don't cover the drivetrain) and the deductible, which can be as high as

