

## ***Insurance Times: Segway poses challenge for pedestrians and insurers***

*Some insurers may cover it with a homeowners umbrella policy; others may offer a policy for small motorized vehicles*

August 20, 2002, Vol. XXI No. 17

by Mark Hollmer  
*InsuranceTimes*

Weighing 69 pounds, with two wheels and a steering handle, it looks a little like a lawnmower.

Known as a "Segway" scooter, its makers are on the verge of a nationwide consumer launch.

Postal workers and a few others businesses are already testing the Segway, which is intended to mimic human movement, run about 12.5 miles per hour and allow people to carry things more efficiently at work and on the sidewalk. Thirty-one states so far have passed legislation governing the Segway's use, including Maine, Vermont, Rhode Island and New Jersey.

But what insurance companies are still hashing out is how they'll acknowledge the device through liability coverage.

State Farm Insurance has decided a Segway is like a snowmobile, and consumers will need to buy a recreational vehicle policy to have their liability needs taken care of.

But other insurers, including The Hartford, are waiting until consumers start buying Segways next year before evaluating how they will be covered.

"Until there is critical mass, there aren't enough exposures to assess the risk," said Cynthia Michener, a spokesperson for The Hartford.

"With Segway, it's unknown how communities will respond to the device and whether restrictions will be imposed, such as when it can be operated and the age of the operator.

"It's too early to respond with a product design," she said, "with so many unknowns" at play.

Segway legislation in all of the approved states so far doesn't require the device to be registered, said Matthew Dailida, Segway's manager of state government affairs based at the company's Manchester, N.H. headquarters.

Also owners are not required to provide proof of financial liability insurance for the Segway, he said.

"Those requirements are associated with a vehicle," Dailida said, "which clearly the Segway Human Transporter is not."

A Segway, he added, is "much like a bike or electric wheelchair..."

"Ultimately, the operator, like a jogger traveling at 8-10 miles per hour, is responsible for any damage to person or property."

Damage does create potential for liability problems, and insurance companies have options about how they can insure Segway once it hits the consumer market, according to the Insurance Information Institute.

Since the Segway is a motorized vehicle being used in a public space such as sidewalks or crossing the street, any damage users incur on themselves or others is excluded from a homeowners policy, the III said.

As a result, some insurance companies may sell an umbrella policy stemming from a standard homeowners policy that will cover the Segway. Others companies, the III said, may choose to offer a general policy that covers small motorized vehicles that would be separate, like an auto policy.

Consumers should talk to an insurance company representative or agent to ask about coverage options, the III said.

Allstate is among insurance companies still researching the Segway and what its customers may need once they start purchasing the device.

"We want to know more about it, ... (including) what is the primary usage, is it off road, is it on road (and) what kind of licensing requirements will be required," said Brian Guthrie, Allstate's product manager of specialty automobile lines.

"It's pretty much the same type of research we would do on any vehicle."

Those requirements could vary by state, Guthrie said, especially since not every state has approved legislation setting boundaries for the Segway's use yet.

As it has with other motorized devices as they've reached consumers, Allstate will work over the coming months to determine "where and what line" Segway "is adequate for."

It could be included under a special auto line, which covers motorcycles, motor scooters and mopeds. Or the Segway could qualify under recreational vehicle coverage, Guthrie said, as ATV's and snowmobiles do.

Allstate also insures motorized wheelchairs and scooters --- because of their sidewalk use -- in some states. But it's "a little bit too early to tell" where the Segway will fit, Guthrie said.

Over at State Farm, company officials have already decided to cover Segway through a recreational vehicle policy. And Segway owners who use the vehicle on their properties would be covered through their homeowner's policy, said spokesperson Kip Diggs.

State Farm officials decided to plan ahead in making their Segway coverage decision even though the device hasn't hit the market yet.

"Realizing that this could be an issue, we had to make a decision about how this particular item would be handled," Diggs said.

State Farm has taken the time to evaluate each new mode of transportation before determining coverage, including ATVs, dune buggies, mopeds and other devices, Diggs said.

But there were a few challenges in determining coverage for a Segway, Diggs said.

"It created an issue if only because you see the company segmenting this as a personal transportation vehicle that might be used in addition to the sidewalk, on the street, not unlike a bike (or other motorized vehicle)," Diggs said.

“But it doesn’t have headlights, etc. and is not a true motorized vehicle in its strictest sense.

“So that’s what you run into” when determining how to cover a new mode of transportation, Diggs said.

“You (ask) ‘what is it?’ and it was decided it would fall under a (recreational vehicle policy) and it can be used in urban situations.”

*From InsuranceTimes, August 20, 2002. InsuranceTimes is the Northeast’s insurance and benefits news publication. Contact 617 277 5757 or [info@insurancetimes.net](mailto:info@insurancetimes.net) for more information. Visit online at [www.insurancetimes.net](http://www.insurancetimes.net).*