

Motorcycle riding continues to be a popular activity in the United States, with approximately 6.6 million motorcycles registered in the country. Between 2000 and 2009, annual motorcycle sales in the United States have averaged about 908,000 units, according to the Motorcycle Industry Council.

A wider range of Americans are becoming motorcyclists. For example, women now account for about 10 percent of ownership, and the vast baby boomer generation is purchasing motorcycles at a steady pace. The acronym RUB (rich urban bikers) is often given to this buyer group. Another factor for the sustained popularity of motorcycles is the vast improvements in technology that have made bikes more enjoyable, comfortable, and reliable.

Understanding the insurance implications of motorcycle ownership and use are important for consumers and insurance professionals. Some motorcycle owners are instructed by their insurance agents to simply add their motorcycle via endorsement to their PAP for convenience purposes. This approach, however, can leave numerous gaps in coverage since the PAP is not designed with the motorcycle in mind.

Another approach is to insure the motorcycle under a specialized motorcycle or off-road vehicle policy, such as those offered by American Modern Insurance Group (AMIG), Foremost Insurance, Markel American Insurance Company, and Progressive Insurance Company. The specialized motorcycle policy approach offers several advantages, including the following.

First, the typical PAP provides physical damage coverage only to covered autos, not to personal property. Yet motorcyclists often have a variety of expensive accessories on their bikes, including saddlebags, touring bags, windshield pouches, sidecars, jackets, and helmets. Thus, many specialized motorcycle insurance policies provide separate coverage limits for motorcycle accessories, helmets, and safety apparel.

Second, since the PAP is written with the automobile in mind, and not a motorcycle, many motorcycle-related terms (e.g., motorcycle, off-road vehicle, and accessories) are missing from the PAP. This situation can lead to numerous ambiguities after a claim occurs. In contrast, motorcycle insurance policies typically contain detailed definitions of many motorcycle-specific terms, reducing ambiguity.

Third, by adding the motorcycle to the insured's PAP, the insured may be locked in to the same coverages, limits, and exclusions for the bike that apply to the autos. For example, the insured may want higher medical payments limits on his motorcycle policy as compared to his PAP, a situation allowable with a separate motorcycle policy.

Fourth, many motorcycle policies have unique discounts applicable only to motorcycle insurance, such as a 15 percent discount for an insured operator who has completed the Motorcycle Safety Foundation Course.