



# Summary of CARS Insurance

**Effective April 1, 2025**

**This insurance package is available for CARS from our underwriter. It is only available to affiliated, incorporated "not-for-profit" Clubs and CARS Regions in good standing.**

This summary provides an overview and information about the policy coverage, exclusions, conditions and terminology.

The CARS insurance plan consists of six sections:

**Section 1 - Comprehensive General Liability**

**Section 2 - Definitions of Coverage**

**Section 3 – Important Policy Exclusions**

**Section 4 – Participant Accident**

**Section 5 - Director's and Officer's Liability**

**Section 6 - Property Insurance**



## Section 1 - Comprehensive General Liability

This insurance is intended to protect CARS and the additional insured from bodily injury, property damage, personal and advertising injury claims from the negligent or unintentional acts of the insured arising out of an incident at an event.

### Who is an insured?

1. CARS, its regions, member clubs, and any other entity or entities affiliated to CARS, their officers, directors, employees, agents, contractors, members, officials, volunteers, competition vehicles owners, crew members, sponsors and advertisers who display the name or names or their products or services on competition vehicles participating in an event or whose name or names are associated with such an event,
2. Owners and lessees of premises used to conduct such events, their respective heirs, executors, successors and assigns.
3. Any person or organization engaged in operating, managing, sanctioning, or sponsoring the covered program.

*Note: the coverage provided by this policy is limited to the sanctioned activities of CARS.*

## Section 2 - Definitions of Coverage

### Bodily Injury

Means any physical harm, including sickness or disease to the physical health of other persons. It includes any of the following that results at any time from such as: physical harm; sickness or disease:

Mental anguish, injury or illness; emotional distress: care, loss of services, or death.

### Property Damage

Means physical damage to tangible property, including the resulting loss of use of that property, or the loss of use of tangible property that is not physically injured.

Note: Exclusions related to property damage coverage:

1. Physical damage to any participant's property and personal vehicle while in the restricted area. Volunteer vehicles are not excluded while being used in a restricted area, subject to \$2,500 deductible per occurrence.
2. Physical damage to permanent race tracks.
3. Physical damage to property you own, rent or lease. However, CARS has made arrangements for a club to be able to purchase \$10,000 limit of insurance for the club. Higher limits are available from StoneRidge Specialty Insurance



## **Personal Injury**

Means injury, other than bodily injury, arising out of one of more of the following offenses:

- ✓ False arrest
- ✓ detention or imprisonment
- ✓ Malicious Prosecution
- ✓ Invasion of privacy
- ✓ right of privacy
- ✓ humiliation
- ✓ discrimination
- ✓ harassment
- ✓ wrongful eviction
- ✓ wrongful entry, trespass
- ✓ Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services
- ✓ Emotional upset or defamation of character
- ✓ Oral or written publication of material that violates a person's right of privacy.

## **Advertising Injury**

Committed in the course of your advertising activities, means injury arising out of one or more of the following offenses:

- ✓ Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services
- ✓ Oral or written publication of material that violates a person's right or privacy
- ✓ Misappropriation of advertising ideas or styles of doing business
- ✓ Infringement of copyright, title or slogan.

## **Contractual Liability**

Provides coverage for claims arising out of liability that has been assumed by the insured under a written or oral contract.

## **Products / Completed Operations/Food And Concession Operations**

Protects against financial loss arising out of legal actions incurred by a manufacturer, merchant or distributor because of injury or damage resulting from the use of a covered product.

## **Liquor Liability**

Provides coverage for bodily injury or property damage for which you may be held liable by reason of:

- ✓ causing or contributing to the intoxication of any person
- ✓ furnishing alcoholic beverages to a person under legal drinking age or under the influence of alcohol.

## **Mobile Equipment Liability**

Provides coverage for any land vehicle that is designed for use primarily off public streets or roads or kept for use only on or next to premise controlled by you.



## **Incidental Medical Malpractice Liability**

Means the rendering of or the failure to render necessary first aid on premises owned, operated, occupied, or controlled by any insured person who is not in the business or occupation of providing health care professional services.

## **Tenants Legal Liability**

The Commercial General Liability Insurance Policy will not respond to this situation because of the care, custody and control exclusion found in that policy. An endorsement has been added to this policy called Tenants Legal Liability. This endorsement alters the care, custody and control exclusion and now covers certain losses like fire that the renter is legally liable for. Subject to a limit of \$1,000,000 per occurrence.

Note: Exclusions related to property damage coverage:

1. Physical damage to any participant property and personal vehicle while in the restricted area. Volunteer vehicles are not excluded while being used in a restricted area, subject to \$2,500 deductible per occurrence.
2. Physical damage to permanent race tracks.
3. Physical damage to property you own, rent or lease. However, CARS has made arrangements for a club to be able to purchase \$10,000 limit of insurance for the club. Higher limits are available from StoneRidge Specialty Insurance.

## **Premise**

Defined as the buildings, other structures and land where the insured operation is conducted.

## **Operations**

Defined as the activities that are usual and customary to your business as sanctioned by CARS

## **Participant To Participant Liability**

This coverage responds to and defends the insured in a lawsuit being made against you by a participant in a sanctioned event. This coverage will not apply to events where no system is in effect to collect waiver and release forms from persons entering a restricted area.

## **Non-Owned & Hired Automobile Liability**

This coverage provides legal liability for bodily injury to or death of any person or damage to property of others not in the care, custody and control of the insured. This coverage does not cover physical damage to the insured owned vehicle nor does it replace or substitute for the vehicle owned liability.



## Errors and Omissions Liability-Event Coverage Only

Pay those sums that the insured becomes legally obligated to pay as damages because of Wrongful acts.

“Wrongful Act” means: Any error, misstatement, misleading statement, act, omission, neglect or breach of duty committed, attempted, or allegedly committed or attempted by an organization or an Insured individually or otherwise in their Insured Capacity or any manner claimed against such Insured Person solely by reason of serving in such Insured Capacity.

This is limited to:

\$100,000 limit of liability per occurrence, subject to \$1,000 deductible;

\$100,000 limit of liability annual aggregate.

## Common Motorsport Insurance Terms

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Competition Vehicle	Means any self-propelled or land motor vehicle on the premises for the specific purpose of competing or performing in a covered program.
Covered Program	Means any event which is usual and customary to you and is sanctioned by CARS. Covered program includes registration and technical inspections on or off the premises.
Official Vehicles	Means vehicles on premises which are allowed access in the restricted area. An official vehicle includes, but is not limited to, an ambulance, fire truck, tow truck, pace car, communication workers car, physician car, course or safety marshal's car or any other substitute vehicle.
Participant	Means any person that you grant permission to enter the restricted area but only if the person has clearly defined duties directly allotted to them as respects to a covered program and the person is within the restricted area.
Restricted Area	Means any area requiring special authorization, credentials or permission to enter and to which admission by the general public is restricted or prohibited.



## Section 3 - Important Policy Exclusions

The insurance exclusions include, but are not limited to:

1. Events and/or activities not sanctioned by CARS.
2. Concerts - A concert is a stand-alone event with a separate ticket. Musical entertainment during an event is covered.
3. Amusement Devices - The ownership, operation, maintenance or use of: any mechanical or non-mechanical ride, slide, or water slide, any inflatable recreational device, any bungee operation or equipment, any vertical device or equipment used for climbing-either permanently affixed or temporarily erected, or dunk tank. The CARS organizer must contract to an operator who has their own insurance and provide a Certificate of Insurance naming the organizer/promoter and CARS as an additional insured. Amusement devices do not include any video or computer games or any device that is specifically designed for the training or instruction of the activity for which you are enrolled).
4. Events where no system is in place to collect Waiver and Release forms from persons entering the restricted area.
5. Physical damage to any participant and personal vehicle while in the restricted area. Volunteer vehicles are not excluded while being used in a restricted area. Subject to \$2,500 deductible per occurrence.
6. Physical damage to permanent race tracks.
7. Physical damage to property you own, rent or lease.
8. Use of Unmanned Air Vehicle (drones), aircraft or hot air balloons.
9. Fireworks.
10. Abuse, molestation, employment related practices, sexual harassment and discrimination.
11. Any obligation for Workers compensation, disability benefits or unemployment compensation.
12. Bodily injury to an employee of the insured arising out of and in the course of employment of the insured.
13. Injury and/or death of or caused by animals, or property damage caused by animals.
14. Cyber Incident
15. Virus, Bacteria, Diseases and Contagion



## Section 4 - Participant Accident

This insurance provides coverage per the schedule of benefits to participants that are injured while participating in a CARS sanctioned event.

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Accidental Death and Dismemberment	<p>Coverage for the accidental death, or the loss of limb or limbs as a result of participating in sanctioned event.</p> <p>Death Benefit is paid to estate of the deceased.</p> <p>Limit: \$25,000</p> <p>Dismemberment benefit depends on particulars of the loss.</p>
Excess Medical	<p>Coverage for medical expenses (doctor bills, ambulance, hospital and medication bills) incurred as a result of an injury while participating in a sanctioned event.</p> <p>This coverage is written on an excess basis over any other valid and collectable medical insurance that the injured participant might have available to them.</p> <p>Limit: \$15,000</p>
Weekly Indemnity	<p>This coverage will pay a weekly sum for lost wages incurred by the participant (if at the time of injury they were gainfully employed) if they are unable to work as a result of injuries incurred during a sanctioned event.</p> <p><b>NOTE: COVERAGE IS EXCESS OF PERSONAL COVERAGE AVAILABLE AND LIMITED TO MAXIMUM INCOME ALLOWED BY REGULATIONS IN YOUR PROVINCE OF RESIDENCE</b></p> <p>Limit: \$100 week for 52 weeks after 7 day waiting period.</p>
Requirements	<p>Must be a participant at the sanctioned event and have signed the appropriate waiver and release. (where applicable).</p> <p>Must contact officials of sanctioned event before end of the event to report an accident, which might give, rise to a claim.</p>
Filing/Benefit Period	<p>Must receive first medical treatment within 45 days of accident.</p> <p>Must file benefit claim to CARS within 45 days of accident.</p>

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Exclusion /  
Limitations

No coverage is provided for:

- ✓ workers compensation related injuries
- ✓ alcohol/narcotic related injuries
- ✓ eyeglasses/contact lenses
- ✓ dentures, crowns or caps
- ✓ suicide
- ✓ intentional/self-inflicted injury
- ✓ Illness, unless developed as a result of the covered accident, pre-existing conditions.

Reimbursement is limited to charges which do not exceed those generally charged for similar medical or dental care.

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Claims Process

Subsequent to the filing of a claim by a participant to CARS, StoneRidge Specialty Insurance will be in contact with the claimant.

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## Section 5 - Director's and Officer's Liability

Directors and Officers can be sued as they have a fiduciary duty to the corporation, employees, volunteers, shareholders, creditors, and the government as stated in statute and bylaws.

Directors' and Officers' Liability Insurance provides protection for individual Directors and Officers (D&Os) and for the Corporation they represent, as follows:

1. It will pay on behalf of the individual D&Os, all damages and expenses that they become legally obligated to pay and which can't be indemnified by the Corporation; or
2. It will pay on behalf of the Corporation, for claims against the D&Os where indemnification is required or permitted.

The policy provides coverage for damages, judgments, settlements and costs, costs of investigation and amounts incurred in the defense of legal actions, claims or proceedings and appeals arising therefrom.

It is imperative that all real or potential incidents and/or claims be reported to CARS immediately once known. The failure to report a claim can void any coverage you may be provided with CARS insurance policy. This is not limited to bodily injury or property damage losses and does include club management (directors and officers) occurrences.



## Duties of the D&O's

This type of coverage has become critically important in managing a company's business affairs and in attracting and retaining Directors and Officers. In overseeing all aspects of an organization's operations, D&Os must maintain the ideals of:

- **Obedience** — to the terms of the organization's bylaws and constitution, as well as the applicable statutes;
- **Loyalty** — to the best interests of the organization;
- **Diligence** — to act with the care that a reasonable person in similar circumstances would exercise when in a similar situation.

## The Consequences

The breach, or alleged breach, of any of these principles, if it leads to financial loss for any of a company's stakeholders, could be grounds for a legal action. Any financial damages awarded can lead to personal financial liability for D&Os.

Liability can rest with an individual Board member, or the entire Board, as a consequence of a single director's actions or inaction.

## D&O insurance protects the assets of the corporation

While most bylaws allow for the indemnification for D&Os for losses they incur while acting in their capacity as D&Os, a compelling reason to obtain D&O insurance, in addition to that, is when the Corporation is unable to indemnify D&Os for their costs, expenses, damages, judgments or settlements. For example, a Corporation will not be able to indemnify:

1. When it is financially impaired and does not have the funds available for indemnification,
2. When defending a derivative action (usually a shareholder lawsuit), since those actions cannot be indemnified by the Corporation without court approval, or
3. Unless the director or officer acted honestly and in good faith with a view to the best interests of the Corporation. Furthermore, D&Os have a fiduciary duty to the shareholders to protect the assets of the Corporation. When indemnification takes place, the assets of the Corporation are eroded. A D&O Policy ensures that the assets and, therefore, the shareholders' investments, are preserved.

## Section 6-Member Club Property Insurance

Clubs are able to purchase \$10,000 of insurance for property the club owns, rents or leases for items such as timing equipment, radios, event equipment, tools, tents, trailers and signage. Clubs with permanent and/or temporary property in their care, custody and control should contact StoneRidge Specialty Insurance for higher policy limits.