



Courts Reinforce Limits on ATV Coverage Under Motor Vehicle Insurance Laws

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It is a common principle in automobile insurance that the policy cannot limit or restrict coverage more than the state's statutory framework allows. Accordingly, consideration and application of a state's statutory motor vehicle insurance laws are relevant when adjusting claims and drafting policies regarding all-terrain vehicles (ATVs).

In 2025, Arizona's highest court joined the majority of states that hold that ATVs operated off-road do not fall under the statutory definition of underinsured motorist. Similarly, the Supreme Court of Mississippi strengthened its prior precedent that an ATV was not an uninsured motor vehicle under the statutory definition. Summaries and key takeaways from both court decisions are provided below.

State Farm Auto. Ins. Co. v. Orlando, No. CV-23-0228-PR, 2025 WL 1524610 (Ariz., May 29, 2025)

The Arizona Supreme Court clarified that off-road vehicles fall outside the scope of the Arizona Underinsured Motorist Act (UMA) when accidents occur off public roads. Specifically, the court held that State Farm was not required to provide underinsured motorist coverage for an ATV accident that occurred in an off-road setting.

Facts and Procedural Background

Orlando, a passenger in an ATV, was seriously injured when the ATV flipped while off-roading. After the driver's insurance coverage proved insufficient to cover Orlando's medical expenses, Orlando sought compensation from her underinsured motorist policy with State Farm. State Farm denied coverage on the basis that an ATV does not fall within the policy's definition of a covered underinsured motor vehicle.

State Farm filed a declaratory judgment action, seeking confirmation that the policy excluded coverage. Orlando counterclaimed for breach of contract. However, rather than a contractual matter, the central legal issue became whether State Farm was *required* to provide underinsured motorist coverage under these circumstances.

The superior court granted summary judgment in favor of State Farm. But the court of appeals reversed, holding that, notwithstanding the policy itself, the UMA required coverage for the accident. State Farm then appealed the decision to the Arizona Supreme Court.

Arizona Supreme Court

On review, the Arizona Supreme Court took a broader look at how the UMA interacts with other related statutory frameworks to determine whether it requires insurers to provide coverage for off-road accidents involving vehicles “designed primarily for off-road use.” The court held there was no requirement.

For guidance on whether an ATV constituted a “motor vehicle,” the Arizona Supreme Court interpreted the UMA in *pari materia*—meaning in harmony or “of the same subject or general purpose”—with the Financial Responsibilities Act (FRA), which governs mandatory insurance for vehicles operated on highways. Notably, Arizona courts have increasingly applied this doctrine in recent cases, allowing it to guide statutory interpretation even in the absence of textual ambiguity.

The FRA requires insurance for vehicles “operated on a highway,” but does not mandate insurance for off-road vehicles operating off-road. The UMA mandates coverage for all motor vehicles required to be insured under the FRA, as well as for motor vehicles operating on public highways at the time of the accident, regardless of their status under the FRA.

As State Farm argued, even though an ATV is covered under the UMA on a public road, the accident in this particular case occurred in the Imperial Sand Dunes, an off-road area. The Arizona Supreme Court agreed, holding that the ATV did not meet the UMA’s

definition of a “motor vehicle” for underinsured motorist coverage purposes.

Williams v. Mississippi Farm Bureau Cas. Ins. Co., 406 So. 3d 758 (Miss. 2025)

The Supreme Court of Mississippi strengthened its precedent that ATVs do not meet the statutory definition of “motor vehicle” for uninsured motorist coverage and further held that it makes no difference whether the ATV was being operated on a public roadway or off-road; what matters is where the vehicle was *designed* to operate.

Facts and Procedural Background

Olympia Williams was operating a motor vehicle on a public roadway when she was struck by Patricia Cole, who was operating an ATV. Cole did not have applicable insurance, so Williams submitted a claim for uninsured motorist benefits to Mississippi Farm Bureau Casualty Insurance Company.

Mississippi Farm Bureau filed a declaratory judgment seeking a ruling that it owed no uninsured motorist benefits because the policy specifically excluded “any vehicle or equipment . . . [d]esigned for use off public roads . . . [and/or] [n]ot capable of being licensed to travel on public roads.” Williams responded that the ATV was an “uninsured” motorist as defined by statute and that Mississippi Farm Bureau should be ordered to provide the applicable benefits.

The circuit court ruled that the language of the policy was clear and unambiguous and entered summary judgment in favor of Mississippi Farm Bureau. Williams appealed.

Mississippi Supreme Court

The Mississippi Supreme Court affirmed the circuit court’s decision, holding that the policy exclusion did “not unlawfully restrict or reduce coverage mandated by Mississippi’s Uninsured Motorist Act.”

In its reasoning, the court examined Mississippi's Uninsured Motorist Act and Mississippi's Motor Vehicle Safety Responsibility Law. The statute defines a "motor vehicle" as a vehicle "which is designed for use upon a highway." It specifically excludes an ATV from use upon a public road or highway.

Thus, the court reasoned that since an ATV is not a "motor vehicle" under the statutory framework, the policy was free to exclude it from coverage. Since the ATV was unambiguously excluded from coverage by the Mississippi Farm Bureau policy, the insurer was not required to provide uninsured motorist coverage to Williams.

Key Takeaways

A state's statutory framework for defining "motor vehicle" must be closely analyzed when drafting policies or adjusting ATV-related claims. Although many courts treat ATVs as outside the statutory definition, some jurisdictions distinguish between on-road and off-road operation. The 2025 decisions in Arizona and Mississippi reflect a strengthening trend toward tying coverage to the statutory design-based definition rather than the location of operation at the time of the accident.

Ultimately, precise and intentional drafting aligned with the applicable statutory scheme is essential to prevent unintended interpretations and costly litigation. Additionally, claims professionals should assess ATV-related claims with a clear understanding of the relevant state law to ensure appropriate and lawful handling.

If you have concerns or need further clarification on policy drafting and coverage considerations, our team is ready to assist. Please contact the authors or an attorney with FBT Gibbons' [Insurance Coverage and Bad Faith](#) practice.

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