

Date: \_\_\_\_\_

## **CHECKLIST**

### **INSURANCE POLICY REVIEW**

Before beginning the policy review, check the front of the policy where it lists each endorsement, exclusion, warranty, etc. which are part of the policy. Be sure you have copies of each item before beginning your review.

#### **1. POLICY HOLDER/PERMITTEE**

Is the insurance policy issued in the name of the permittee? E.x., if the permittee is “John Doe” the policy should not be issued to “doe’s Dude Ranch, Inc.” The permittee may be a covered member of an insured group. This is acceptable.

#### **2. POLICY PERIOD**

Does the policy period cover the permitted period or the operating plan/season of operation? Cash-flow problems notwithstanding, the policy period should not expire in mid-season. Try to get the permittee and agent to switch to an off-season expiration date. This will have the added benefit of the FS receiving the policy prior to the permit issuance deadline, thus avoiding the “last minute rush” review.

#### **3. COVERAGE**

The sets of three numbers listed in the third column of exhibit 01 represent the minimum coverage requirements for a split limit insurance policy. The numbers listed in the fourth column of exhibit 01 represent the minimum coverage requirement for a combined single limit insurance policy. Exhibit 01 applies to the types of uses that are listed or that are comparable to those listed. For uses that are not listed and that are not comparable to those listed, the minimum coverage requirements are \$25,000, \$100,000, and \$300,000 for a split limit insurance policy and \$300,000 for a combined single limit policy.

<b>MINIMUM COVERAGE AMOUNTS FOR LIABILITY INSURANCE</b>			
<b>FSM Cite</b>	<b>Type of Special Use</b>	<b>Minimum Coverage Amount (in thousands of dollars)</b>	
2721.11	Boat Dock and Wharf	25/100/300	300
2721.12	Clubs	25/300/500	500
2721.13	Organization Camps	25/300/500	500
2721.14	Trail Shelters	25/100/300	300
2721.15	Private Camps	25/300/500	500

MINIMUM COVERAGE AMOUNTS FOR LIABILITY INSURANCE			
FSM Cite	Type of Special Use	Minimum Coverage Amount (in thousands of dollars)	
2721.22	Houseboats (insurance is required only for concessions)	25/300/300	300
2721.30	Lodging	25/300/500	500
2721.32	Hotel/Motel	25/300/500	500
2721.33	Resorts	25/300/500	500
2721.41	Camp and Picnic	25/100/300	300
2721.42	Caves and Caverns	25/100/300	300
2721.43	Golf Course	25/100/300	300
2721.44	Park and Playground	25/100/300	300
2721.46	Rifle and Target Ranges	25/100/300	300
2721.47	Trailer Courts or Camps	25/300/300	300
2721.48	Tramway	50/500/2000	2000
2721.49	Recreation Event	See 2721.53	
2721.52	Marina	50/500/500	500
2721.53	Outfitting and Guiding		
	Aerial Activities – 1 person – 2 or more people	25/500/1000 25/500/2000	1000 2000
	Backpacking	25/300/300	300
	Bicycling	25/500/500	500
	Bus, Van, Four-Wheel Drive Tours, ATV	25/500/500	500
	Hunting	25/500/500	500
	Nature Hikes	25/300/300	300
	Nordic Skiing	25/300/300	300
	Pack and Saddle Stock, Equestrian	25/500/500	500
	Rafting and Boating		
	Class IV-V Rafting and Boating	25/500/1000	1000
	Class I-III	25/500/500	500
	Rock Climbing	25/500/500	500
	Running and Walking Events	25/300/300	300
	Snowmobiling	25/500/500	500
2721.54	Rental Services	25/100/300	300
2721.55	Restaurant	25/100/300	300
2721.56	Service Station	25/100/300	300
2721.57	Store, Shop, Offices	25/100/300	300
2721.58	Vendor and Peddler	25/100/300	300
2721.61	Winter Sports Resorts		
	Nordic Skiing	25/300/500	500
	Snow Play	25/500/1000	1000
	Alpine Skiing	25/500/2000	2000
	Avalanche Training	25/500/1000	1000
2721.62	Lifts	50/500/2000	2000
2721.63	Ski Slopes	50/500/2000	2000

MINIMUM COVERAGE AMOUNTS FOR LIABILITY INSURANCE			
FSM Cite	Type of Special Use	Minimum Coverage Amount (in thousands of dollars)	
2721.64	Ski Activities	25/100/300	300
2721.65	Snow Play	25/500/1000	1000

*Note: Amounts current 6/9/2009.*

Issuing officers may set higher limits, depending on the situation (permitted activities, terrain, season, etc.); make sure the permit clause states such higher amount(s), and that the permittee and insurance company understand and comply.

#### 4. ADDITIONAL INSURED

**The United States is named additional insured.** Do not accept insurance policies naming the United States as additional insured: “solely as respects liability arising from acts or omissions of the named insured.” Change the quoted language to protect the United States. Acceptable language may read: “solely as respects liability arising from operations of the named insured.” Obtain documentation, such as an endorsement or declarations page, from the holder to verify that this requirement has been met.

#### 5. 30-DAY ADVANCE WRITTEN NOTICE OF CANCELLATION

There should be a provision that all insured (permittee), additional insured (U.S. Government), and local administering offices (Ranger District Office, SO) will receive **30-day** written notice before the policy can be cancelled. Most policies list a standard 10-day notification, so this will probably be an endorsement. There should be NO qualifications on this notice, e.g. some policies will state “...will endeavor to notify...”. **THIS IS NOT ACCEPTABLE.**

#### 6. COVERED ACTIVITIES

Are **ALL** the permitted activities covered by the policy? Are the covered activities the **SAME** as those listed in the permit?

Watch for “Exclusions” and “Endorsements”. Exclusions are items which are NOT covered by the policy; many are standard. Endorsements ADD items to the policy coverage. Essentially, endorsements override exclusions, and must be used many times to get the desired policy coverage. **BEWARE OF STANDARD POLICY EXCLUSIONS.** (e.g., one standard policy exclusion involves watercraft, therefore, for a river outfitter, you need to make sure an endorsement has been provided adding watercraft coverage back into the policy).

#### 7. POLICY TERRITORY

Policy territory appears in different places in different policies. Make sure to find it in the policy. Does the policy territory listed cover the permitted area? For example, the territory should probably be listed as the “National Forest”, or at least the Ranger Districts which are involved in the permit. Beware if the territory is listed as “same as insured’s address on the Declaration Page” because this may be his home address in town, and would not cover any of the National Forest lands on which the permittee operates.

Some standard policy territory listings are “United States and its territories”. This is acceptable, in fact, preferable. If the territory is listed as “X miles (e.g. 100 air miles) from the address on the Declaration Page, “you will need to do some calculating to see if the permitted NF area is really within the mileage limitation.

## 8. MISCELLANEOUS CONCERNs

WARRANTIES – warranties are provisions written into a policy with which the permittee must comply to keep the policy valid. Many times the policy will state that if the permittee does not comply with these “warranties,” the policy will become null and void. **Beware of this statement.** Many warranties are good, sound safety practices which will benefit both the outfitter and client if they are followed, but should not void a policy if they are not followed. For example, a policy may state that all horses used by an outfitter must stay at least one horse-length apart during a ride, this is good advice, but not very practical. If a horse spooks and crashes into another horse, the incident would not be covered by the insurance because the horses did not stay one-horse length apart! Many times agents will leave the warranties in the policy, but can add a statement that not following the warranties will NOT void the policy; this is acceptable.

CLAIMS-MADE POLICIES – “Claims-made” policies cover only claims filed against the company during the policy period. The claim must be a demand for damages by an injured party. For example, if an accident occurred on the last day of the covered policy period and a claim was not filed until the next day, it would not be a valid claim because it falls outside of the policy period.

Most claims-made policies have an optional “extended reporting period” which can be purchased by the insured. This essentially extends the time in which a claim can be filed. R-1 requires an extended reporting period of at least 2 years.

Some policies are “incident-reporting” policies. An ‘incident’ is not a claim. An “incident” is an accident, and must be reported to the insurance company immediately. This means that the incident must be reported within the policy period, but a claim can be filed later.

R-1 requires that incident-reporting policies also provide at least a 2-year extended reporting period.

## 9. CLAIMS EXPENSE/LIMITS OF LIABILITY

Beware of policies which reduce the amount available for claim payments by the amount necessary to pay for claims expenses such as legal defense costs. This means that the legal defense costs will be paid first, and claims will be paid second. E.G., if the legal defense costs are paid first, there may be only \$50,000 left to pay a claim; effectively reducing available coverage.

If the policy includes claims expensive language, and you cannot get the agent to remove it, R-1 requires that the limits of liability be double what is normally required (e.g., we would require \$600 CSL rather than \$300,000). This will better assure adequate coverage for claims.