

National Park Service



DRAFT

Concessioner Contract Insurance Requirements

NPS 48

**Concessions Management Advisory Board Meeting
March 7, 2007**

WASO Concession Program



Overview

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- Minimum Guidelines:
 - Policy sets out new minimum requirements for coverage
- Annual Updates:
 - Requirement for annual certification of insurance, conforming to ***most current*** NPS guidance

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Purpose

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- To enable rapid repair/replacement of essential visitor facilities
- To provide assurance to NPS that Concessioner has ability to cover/defend any claim
- To protect NPS and U.S. Government from potential liability claims
- To provide assurance to NPS and Concessioner of continued revenue from operations

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Applicability

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- This “menu” of insurance requirements not necessarily applicable in all situations
- Contracts with less than \$3 million in gross receipts
 - General guidance of NPS 48
- Contracts with more than \$3 million in gross receipts
 - Contract specific insurance exhibit

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Project Summary to Date

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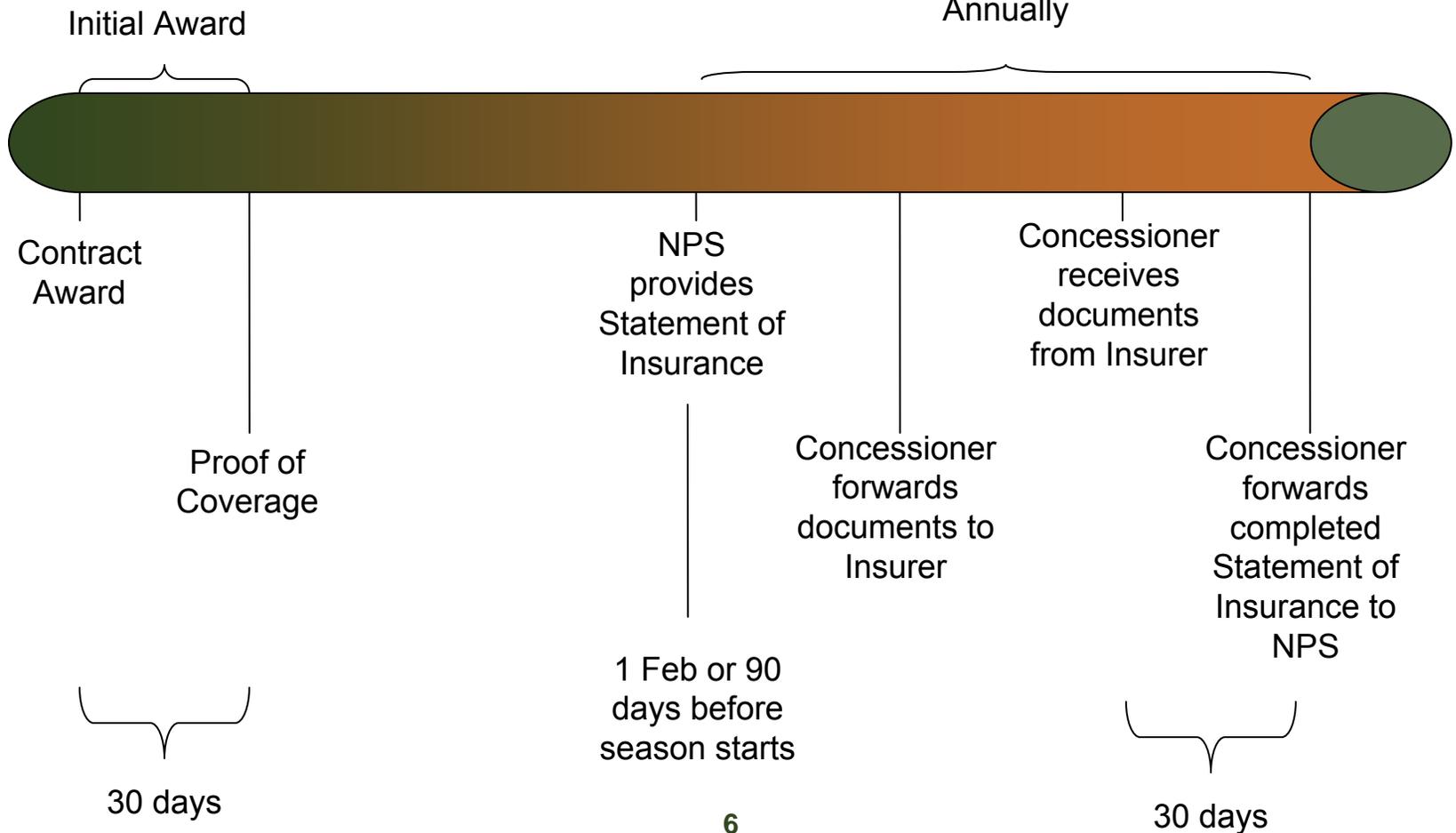
- Began work in December 2005 to update 20-year old NPS Concession Program Insurance requirements
- PwC produced Initial draft March 2006
 - Draft reviewed and updated based on internal comments from regional concession staff
- Presented draft updated program at:
 - Annual National Park Hospitality Association – Sept 2006
 - Concessions Management Advisory Board – Oct 2006
 - America Outdoors – Nov 2006
- Significant input and feedback have been provided which is currently being evaluated for further refinements.

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Timeline

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Minimum Standards – Insurance Company

A.M. Best Financial Strength Rating	NPS Acceptable
A++, A+, A, A-	Yes
<i>B or B+</i>	<i>Requires Director's Approval*</i>
B- or lower	No
A.M. Best Financial Size Category	NPS Acceptable
VII or above	Yes
V, VI	Requires Director's Approval*
IV or lower	No

*Currently evaluating necessity to address applicability for Outfitter and Guide and smaller operators.



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Other Insurance Methods Draft

- Alternative Risk Financing Techniques
 - Not acceptable
- Captive Insurance Companies
 - Not acceptable unless fronted by a licensed insurer meeting minimum standards
- Self-Insurance Program
 - Require Director's approval
 - Must be supplemented by Excess Liability insurance protection
 - Retentions/Deductibles may not exceed \$10,000 without prior approval of Director

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Standard Insurance Requirements Draft

- The U.S Government and NPS named as an additional insured
- Policy and permit issued to the same entity
- Policy period should include no less than the entire operating season
- Designated location/premises included for coverage should match permitted area

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Standard Insurance Requirements, cont.

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- Policy to include absolute 30 days prior written notice of cancellation to NPS
- Inadvertent violation of a policy condition does not void coverage for NPS
- No co-insurance
- Seasonal operations: permission granted for premises to be vacant/unoccupied
- Deductible: \$10,000 maximum per loss

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Matrix of Operations and Required Insurance – Part 1

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Business Type
Auto Service
Health Space
Food and Beverage
Sports Facilities
Guide and Tour Services
Horse and Mule
Overnight Accommodation
Marina
Medical Care
Parking Lot
Retail
Transportation

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Matrix of Operations and Required Insurance – Part 2

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Type of Coverage	
Property	Garage Keeper's Legal Liability
Flood and Quake	Workers Compensation
Business Interruption	Crime (incl. Innkeepers Liability)
Boiler and Machinery	Environmental Liability
Extra Expense	Professional Liability
Inland Marine	Aircraft Liability and PD
Automobile Liability	Marina Operator's Legal
General Liability	Hull
Completed Operations	Cargo
Products	Builders Risk
Excess Liability	

Bolded: required for any Business Type

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Minimum Limits

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Type of Coverage	Valuation or Minimum Limit
Commercial General Liability	
General Aggregate	\$2,000,000
Products & Completed Operations Aggregate	\$1,000,000
Per Occurrence	\$1,000,000
Medical Payments*	\$50,000 per person
Personal Injury & Advertising Injury Liability	\$1,000,000
Fire Legal Liability	\$50,000 per fire
Real and Personal Property	
Single Location	100% replacement value*
Multiple Locations	90% sum aggregate replacement cost

*Currently evaluating how to address appropriate coverage for personal property replacement based on input received from small operators and guides and outfitters.

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Minimum Limits, cont.

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Type of Coverage	Valuation or Minimum Limit
Worker's Compensation	Employer's Liability: \$1,000,000
Business Interruption and Extra Expense	(Anticipated Gross Receipts – Non-continuing expenses) x Exposure
Boiler and Machinery	Either in building value, or 75% combined real & personal property replacement value
Builder's Risk	100% of project's completed value
Environmental & Pollution*	General: \$3,000,000 per occurrence / \$5,000,000 aggregate Deductible: \$25,000
Crime and Innkeepers	\$100,000 per incident

*Currently evaluating necessity to address applicability for Outfitter and Guide and smaller operators

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Minimum Limits, cont.



Type of Coverage	Valuation or Minimum Limit
Automobile	
Either: Bodily Injury:	\$500,000 per occurrence
Property Damage:	\$500,000 per occurrence
Or: Combined Single Limit	\$1,000,000 per occurrence
Marina Operators	
General:	\$300,000 per occurrence
Less than 10 boats in storage:	\$500,000 per occurrence
More than 10 boats in storage:	\$1,000,000 per occurrence
Watercraft Hull	
Hull Machinery and Equipment	Replacement Value
Liability	\$1,000,000 per occurrence/ \$3,000,000 aggregate