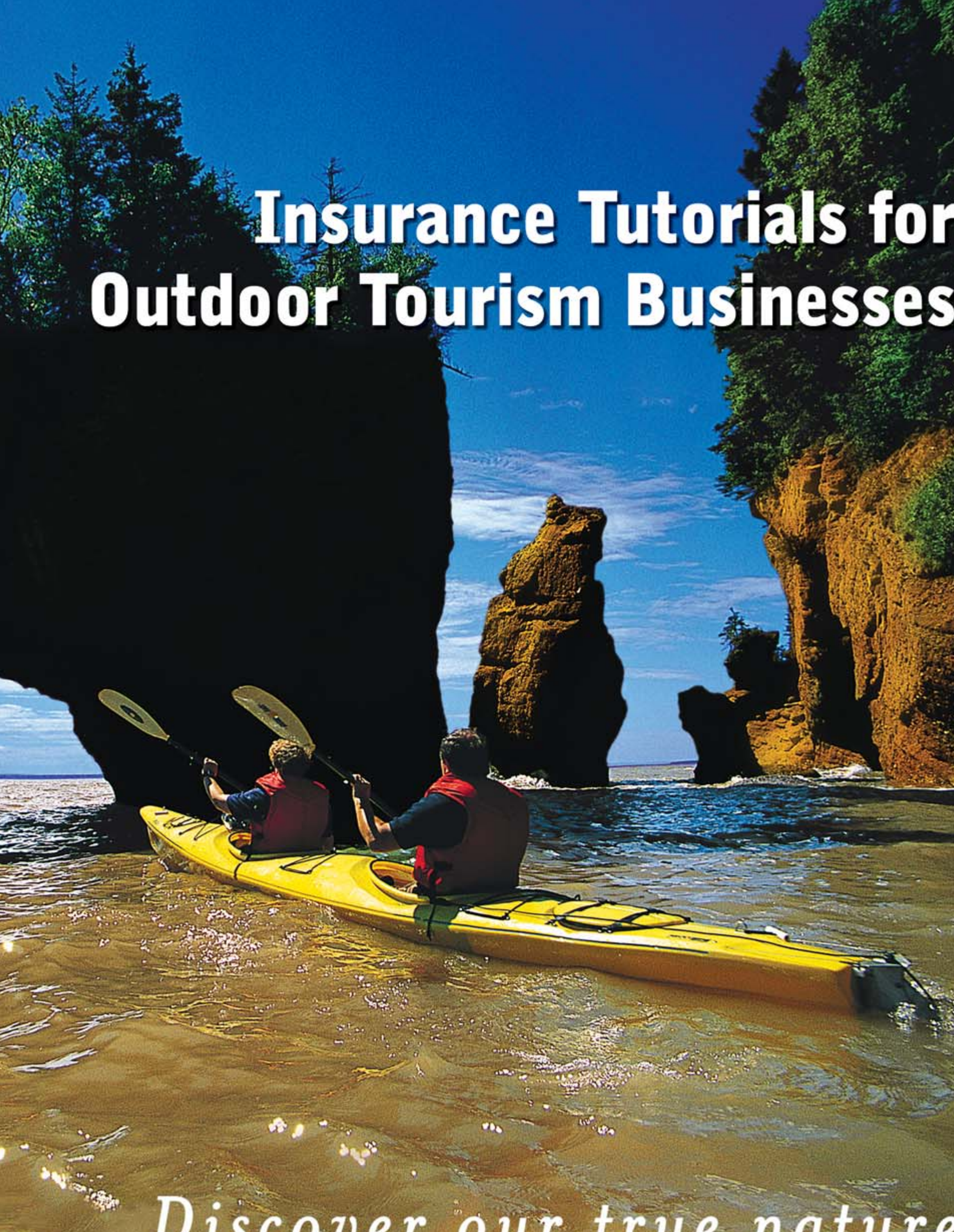
# Insurance Tutorials for Outdoor Tourism Businesses



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# INSURANCE TUTORIALS FOR OUTDOOR TOURISM BUSINESSES

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# 1. PREFACE

Anyone involved in the delivery of outdoor tourism products will, sooner or later, be confronted with insurance issues: searching for insurance, purchasing insurance, paying for insurance, or dealing with an insurance claim.

These tutorials were developed to provide a basic understanding of insurance as it relates to operating an outdoor tourism business. The tutorials are limited to topics relating to property and casualty insurance (P&C). P&C is commonly referred to as “general insurance,” and refers to insurance products other than those, which fall under life and health insurance.[1] P&C insurance products include automobile insurance, residential and commercial property insurance, liability insurance, business interruption insurance, and a variety of other insurance products.

The tutorials are only an introductory overview of some general insurance topics and should not be treated as the one and only explanation available. Each outdoor tourism operator will have specific issues and circumstances that will need to be addressed individually. There are no substitutes for due diligence and familiarity with the insurance policies and their content. Insurance policies are contracts and should be treated as such. All policyholders are subject to obligations, duties, and penalties. It is strongly recommended that all operators read and understand their insurance policies.

These tutorials are not intended to address or discuss legal issues that are sometimes interconnected with insurance issues.

1 Life and Health Insurance: This refers to insurance products associated with a person’s health or life. These insurance products usually cover financial risks associated with the loss of life or loss of income arising from death, sickness, physical disability as well as many other related causes.

# 2. TUTORIAL ONE - How does insurance relate to risk management?

Risk management is a rational approach taken by a business to deal with risk. Risk management should be viewed as a process rather than be limited to one single technique or document. Part of the risk management process involves determining the level of exposure that is acceptable to the outdoor business and its clients, identifying the hazards to the business and its clients, evaluating those hazards, selecting the appropriate strategies, implementing mitigation strategies, and planning appropriate responses to emergency situations.[2]

Insurance is an integral part of the risk management process. Just as a business needs to develop documents such as a risk management plan, an emergency response plan, and a media plan, it needs to develop an insurance plan. The insurance plan will determine which assets and hazards to the business will be insured. The insurance plan will also determine how much of the assets and the hazards will be covered through an insurance policy and how much will be self-insured (covered by the business itself).

> ***A canoe-guiding operator might decide to purchase liability insurance to obtain protection against potential lawsuits, but the same operator might decide not to insure the physical assets such as the canoes and the camping equipment.***

## 2.1. Where do I get more information on risk management for outdoor tourism?

Good insurance brokers and consultants can provide valuable assistance on risk management and insurance matters. Suggested books, manuals, and Web sites can be found in the Appendix section.

## 2.2. Why does an outdoor operator need insurance?

Although most outdoor tourism operators purchase insurance for reasons such as peace of mind and to cover bank loans, other reasons make insurance a necessity for outdoor tourism operators.

- **The nature of the activities**

Because of the risks of injury to participants associated with many of the outdoor tourism experiences, and because of the legal avenues and remedies available to participants, it is not reasonable to expect business owners and operators to assume such risks without insurance.

- **Statutory requirement**

In certain circumstances, the law requires carrying insurance coverage.

- **Access to land**

Many land managers require operators to carry insurance as part of their contractual land access agreements or permit systems. This is often the case when operating in municipal, provincial and national parks, as well as on Crown and private land.

2 Cloutier, R. et al. (2000).

- **Industry partners**

Trade partners such as wholesalers, travel agencies, and tour operators often require insurance.

- **Protection of business and assets**

Many outdoor tourism operators have accumulated significant assets and equity. The physical and financial assets must be protected through property and liability insurance.

- **Protection of employees**

P&C insurance does not cover injuries or death caused to employees themselves. This is covered by workers compensation benefits. P&C insurance will indirectly provide coverage to employees through the liability insurance coverage. Employees hired as contractors are not automatically covered.

> ***In the event of a lawsuit against company A, it is likely that the employee (guide) and company A will be named as defendants.***
>
> ***If company A does not have liability insurance, the employee will have to provide his/her own defense and pay all costs unless the company assumes those costs for the employee. Furthermore, the employee could be required to pay part or all of the court settlement.***
>
> ***If company A has liability insurance, the employee is covered by the liability insurance and all costs related to the defense and settlement are usually covered by the insurance. Each policy will have specific limits and conditions.***

## 2.3. What insurance cannot do

Insurance will not make activities safer and will neither reduce the possibility of, nor stop incidents from happening. Insurance is usually part of the post-incident component of the risk management process. When an operator needs to call on insurance coverage, it is likely that something has gone wrong, for example, a client was injured, equipment was stolen, or a fire damaged a building.

Insurance is also part of the recovery process of a business. Recovery refers to how a business will recover and survive after a catastrophic event such as a fatality, a large lawsuit, or a fire that burned the lodge to the ground. Insurance might play a major part of the recovery process, but it will not save a business' reputation.

Insurance does not ensure a business' post-disaster survival. Even with the right insurance coverage, a business might still fail if customers stop buying the product or service.

## 2.4. Analyzing loss exposure

In deciding what insurance is needed, outdoor tourism operators should first determine their exposure to loss.[3]

"A **loss exposure** is defined as a situation or physical circumstance that makes an individual or an organization vulnerable to loss, damage, or injury and will lead to financial loss they are subject to."[4]

3 Insurance Institute of Canada C72 (1997), pp. 8-11.
4 ibid., p. 2.

Loss exposure can be divided into three elements:

**1. Items subject to loss.**

- **Physical assets**

Tangible property like buildings, equipment, merchandise, etc.

- **Loss of use of physical assets**

Physical assets damaged or destroyed to the point of loss of use. Such damage may result in the operator incurring a loss of revenue. For example, if a fire at the start of the season damages a backcountry ski lodge, the business might lose
revenue for the entire season as the lodge can only be rebuilt after the spring season arrives.

- **Legal liabilities**

The threat of lawsuits because of negligence or breach of contract. This is one of the more common risks in outdoor tourism

- **Personal health and earning capacity**

Owner/operator or a key employee/guide becomes unable to work because of injury, illness or death. Part of this risk could be covered by a personal accident insurance policy (which is not covered in the tutorials). Key personnel insurance can also be purchased but it is not common, especially in the outdoor tourism industry.

**2. Potential cause of the loss.**

- **Human causes**

Loss caused by human behavior such as vandalism, arson or theft. In outdoor tourism this also refers to mistakes made by a guide.

- **Natural causes**

Loss caused by natural forces such as weather, natural avalanches, tornados, hail, rock fall, etc.

- **Economic causes**

Loss caused by increased competition, changes in currency rates, a downturn in the economy, changes in consumer tastes and behaviour, etc. These events are generally not insurable.

**3. Financial consequences of loss.**

- What will be the financial consequence in the event of the loss of a physical asset, the loss of revenue because of the loss of a physical asset, a lawsuit, or the loss of key personnel? How much money will be lost if a lodge damaged by fire can only be rebuilt in the spring?
- When dealing with physical assets, it is important to calculate the financial consequences based on the replacement cost of those assets rather than the original purchase price, the book value, or the market value.

## 2.5. Managing the insurance portfolio

Managing the insurance portfolio in an outdoor tourism business includes:

- **Developing the insurance plan**

Determining what to insure, how much insurance to purchase, what insurance coverage is necessary, the conditions required.

- **Purchasing the insurance**

Preparing and packaging the documents to submit to brokers and insurers in order to get the best price and conditions possible. This includes the initial insurance purchase and subsequent renewals.

- **Reading and understanding the insurance policies**

Reading (more than once) and understanding all policies. Any need for clarification should be addressed as soon as possible.

- **Maintaining the insurance policies throughout the year**

Monitoring and managing insurance issues and making changes as necessary.

- **Dealing with claims**

Appointing a contact person to report possible claims to the broker/insurer as well as to act as the resource person throughout the claims process.

- **Developing and maintaining the relationships**

Dealing with the insurance broker, the insurer, and the claims adjuster on an ongoing basis.

- **Developing insurance expertise**

By taking insurance courses, attending workshops and conferences, and staying abreast of insurance-related developments.

- **Recordkeeping**

Ensuring that all necessary documents and information is obtained, kept, and managed. This includes keeping records of accidents and close calls, and managing and storing client documents such as legal release forms, medical questionnaires, and registration forms.

## 2.6. How to read an insurance policy

Many people think an insurance policy is a complicated document only to be read by insurance experts and judges. Various policies have, however, been converted to a plain language form and have replaced the earlier formal legal documents. They are not that difficult to understand. Business owners and managers should take some responsibility for their own affairs and read their insurance policies to get at least a general idea of what coverage each policy does and does not provide.

Start with a simple technique that will enable you to determine what and whom a policy covers. The basic idea is to break the policy down into understandable parts so that you can examine each part in relation to the whole. Take a policy wording and find the answers to the following questions using the words and expressions as they appear in the policy. DO NOT USE YOUR OWN WORDS.[5]

1. Who is covered?
2. What property is covered?
- Is there a general definition of property in the policy; if so, what is it?
- Is there a specific description of property covered; if so, what is it?
3. What perils are covered?
4. Where does the coverage apply?
5. What are the exclusions to
- who is covered?
- the property covered?
- the perils insured against?
- the location where coverage applies?
6. Are there any extensions of coverage; if so, which ones are
- automatic?
- optional?
- conditional?
7. What are the conditions of coverage? For example:
- What must the insured do if there is a loss?
- What must the insured do if there is a change in the risk?
- What must be done to recover a loss?
8. Is there anything else to consider?

The application of these questions to a variety of insurance policies will help develop an analytical approach and help avoid reaching incorrect conclusions due to not studying the entire contract. It only means that you are able to identify the important elements. From this base, with time and experience, you can develop greater interpretive skills.

Nowhere is the application of these skills more important and more frequently required than in the event of claims. When a claim is reported, the policy is activated and the insurance machinery swings into action. The insurer's claims department, in response to an alert from the broker, may appoint a staff or independent adjuster to investigate and settle the claim.

Brokers, too, need to understand how a policy will respond to an insured's needs. How else can they advise and direct their clients to the proper coverage?

## 2.7. Who should handle the insurance portfolio?

The insurance portfolio should be handled and managed by the same person all the time. This will enable this person to develop expertise, become familiar with the insurance contract and its content, and develop a relationship with the insurance broker and/or insurer. Ideally, the owner or a senior administrator of the organization should handle the insurance portfolio.

5 Insurance Institute of Canada C11 (1998) pp. 27-29.

## 2.8. Should all communications be in writing?

Yes. It is strongly recommended that any communication, clarification, modification or amendment regarding the insurance portfolio be made in writing. This is especially important in transactions and communications with the agent/broker and/or the insurer. Questions and answers on specific situations and coverage should also be in writing.

## 2.9. Should employees have access to the insurance policies?

Employees are strongly encouraged to obtain as much information as needed on the insurance coverage carried by their employers. Employers are also encouraged to provide the necessary insurance information to their employees. Nonexistent or inadequate insurance could have serious consequences for employees.

# 3. TUTORIAL TWO - The Insurance Contract

The insurance policy is sometimes trivially dealt with and regarded as a collage of incomprehensible clauses written (read hidden) in fine print. However, the insurance policy is the document that provides evidence of a contract between an insured and an insurer. Therefore, insurance policies are governed by the same rules that govern contracts in general: both parties receive benefits and have certain obligations.

For insurance purposes, contract means *a contract of insurance* and includes a policy, certificate, interim receipt, renewal receipt, or writing evidencing the contract, whether sealed or not, and a binding oral agreement.[6]

## 3.1. Particular requirements of an insurance contract

Because of the particular nature of insurance contracts the law requires the presence of three additional requirements.[7]

- There must be an insurable interest, that is, an insured can only obtain an insurance contract for something that has the potential to cause him a financial prejudice.

  ***You could not get insurance for someone else's rafting equipment unless you have an insurable interest. You have an insurable interest if, for example, you hold a loan that finances someone else's equipment.***

- There must be a risk and a promise of indemnity; the insurance contract is purchased to protect the insured against the possibility of a loss (risk). If a loss occurs, the insured is expected to be put back into the same financial position as prior to the loss, and this without profit. This is called the principle of indemnity. Without the requirement of indemnity, insureds would be tempted to profit from insurance.
- An insurance contract is a contract *uberrima fides,* or, of the "utmost good faith".[8] Because the insured knows more about the material facts of his own particular situation than the insurer does, he is in a superior knowledge position. The law therefore imposes a duty to disclose any information (material facts) that would influence the insurer in the way the coverage was provided. A material fact is a fact, which would influence a prudent underwriter in setting the premium or determining whether to accept or reject the insurance application.[9] Failing to disclose material facts might have serious consequences. Failing to disclose material facts is known as non-disclosure.[10] Non-disclosure can be an intentional or non-intentional omission of material facts. An insurer can render an insurance policy partially or totally void if there is non-disclosure on the part of the insured. The insurer will, in most cases, invoke non-disclosure when a claim arises and unknown material facts are discovered.

6 Hilker (1996), p.14.
7 Insurance Institute of Canada C11 (1997), ch. 9, p. 2.
8 Hilker (1996), p. 19.
9 Insurance Institute of Canada C11 (1997), ch. 9, p. 6.
10 ibid., ch. 7, p.14.

***An insurer provides liability insurance coverage to a canoe- tripping operator on the knowledge that all the trips are on flat water, the insured omitting to mention that a short section of whitewater between two lakes is part of the itinerary. The insurer can render the policy void and/or refuse to pay a claim based on the fact that coverage would not have been provided had it been known that whitewater was involved. The duty to disclose material facts starts with the negotiation and application process and continues throughout the policy period. This means that the insured must inform the insurer as soon as he becomes aware of new material facts or situation changes.***

## 3.2. What are the main components of insurance policies (contracts)?

Insurance policies might differ from one to another according to the type of coverage or depending on the province in which they are purchased, but most insurance policies are generally made up of several distinct parts:

- The declarations
- The insuring agreements
- Statutory conditions (known as general conditions in Quebec)
- Policy conditions
- Definitions
- Endorsements
- Exclusions
- Signature clause

A commercial enterprise such as an outdoor tourism business might be insured through more than one insurance policy/contract or will most likely be insured through one policy that contains multiple insurance coverage forms and wordings under one insurance policy.

The various components need to be read and understood before a claim occurs.

***Remember that insurance is, unfortunately, only tried and tested when a claim arises—usually not a good time to discover that something is missing or inadequate.***

### Declarations

This section is usually found on top of the insurance contracts and contains the following:

- The names of the parties to the contract (the insured and the insurer and also the broker/agent)
- The policy number
- The commencement and expiry date of the policy
- The premium (total and or per coverage type)
- The description of the operations and activities covered
- The schedule of coverage, including but not limited to
    - The different types of insurance coverage provided (e.g. property insurance, liability insurance, automobile insurance, etc.)
    - Location (address) of property insured

- Amount of coverage provided
- Main clauses (e.g. deductibles, co-insurance) and conditions
- Main exclusion or limitations
- List of the applicable insurance wording forms
- List of the endorsements

Outdoor tourism businesses need to pay attention to the declarations page as it will describe the operations and activities covered, the insurance amounts, and the main exclusions.

### Insuring Agreements (the coverage)

Insuring agreements are the heart of the insurance contract. They state the subject of the insurance and the property covered, the perils insured, the exclusions, and the conditions under which the insured may receive the proceeds of the insurance.

### Statutory Conditions (known as general conditions in Quebec)

Statutory conditions outline the rights and responsibilities of the insured and the insurer under the insurance policy. These conditions are required by law to be part of every insurance policy applying to certain types of coverage like automobile, accident and sickness, and fire insurance.

> ***A statutory condition would state that it is the obligation of the insurer to pay for a claim within 60 days of receiving the proof of loss from the insured.***

### Policy Conditions (also called general conditions)

Policy conditions are a variety of provisions and clauses that govern the actions of the insurer and the insured under the insurance policy. An example of a condition would be that all claims will be paid in Canadian currency.

### Definitions

Most policies and coverage will contain a section or sections that define specific terms, coverage and conditions.

> ***In a liability insurance policy, terms such as "bodily injury", "coverage territory", and "insured contract" will be defined.***

### Endorsements

Endorsements are documents that modify or make changes to an insurance policy. The endorsement can reduce, restrict, eliminate, define, exclude, or increase the coverage provided by an insurance policy. An endorsement will overrule any wording in the policy itself, which is inconsistent with the endorsement.[11]

### Signature Clause

The insurance policy should be signed by the insurer or by a duly authorized representative. Many policies warn that the declaration page is not binding if the policy is not countersigned by an authorized representative.

11 Insurance Institute of Canada C11 (1998).

# 4. TUTORIAL THREE - Purchasing insurance

## 4.1. Purchasing insurance for outdoor tourism businesses

Because of the nature of the activities involved and the perceived and real risks associated with them, the options available in the insurance marketplace for outdoor tourism businesses are much more limited than would be for “main stream” type business activities like retail businesses. Therefore, it is possible that a significant amount of an outdoor tourism business operator’s time and energy will be spent searching for affordable and adequate insurance options.

## 4.2. Is insurance necessary?

The following decisions regarding the purchase of insurance should be based on internal and external factors:

- Whether or not to purchase insurance
- How much insurance to purchase
- What type of coverage e.g. limited or broad
- What types of conditions e.g. large versus small deductible

#### 1. Internal factors

Examples of internal factors, which need to be considered, are as follows:

- Tolerance for risk
    - How much risk is the business and the business owners willing and capable of comfortably assuming? A low tolerance for risk will likely be compensated by insurance.
    - Are the business owners personally exposed to losses and are they willing to accept the risks?
    - Is the business capable of surviving losses? If yes, to what extent?
- Business longevity
    - Is the long-term survival of the business paramount? If yes, then how is this going to be achieved without insurance?
- Business structure
    - Is the business structured in a way that protects the owners and the assets? Depending on the business structure, insurance might or might not be necessary.

    ***A proprietorship offers little protection for personal assets belonging to the owners.***

- Assets to be protected
    - Are there assets that will be costly or difficult to replace?
- Employees
    - Does the business have employees? If so, some types of insurance might be necessary.

    ***Liability insurance purchased for the business will also cover the legal liability of employees. Without this insurance employees might personally be at risk.***

- Shareholders/owners/partners
  - Does the business have shareholders, partners, or more than one owner? What are their views on risk tolerance and insurance?
- Moral and ethical issues
  - Do the business owners feel that there is a moral or ethical issue associated with insurance?

**2. External factors**

Examples of external factors that need to be considered are as follows (see Tutorial 2: The Insurance Contract, Section 2.2 for more details on external factors):

- Statutory or legal requirements
  - Are there laws or regulations that impose insurance requirements?
- Industry and business requirements
  - Does the business have partners that impose insurance requirements, for example, the bank, a tour operator, a land manager, etc?

## 4.3. How much insurance is necessary?

This question is not easily answered, as every business has different needs and obligations.

- One rule of thumb is that "a business should buy insurance based on what the business can't afford to lose more than based on what the business can afford to pay." In other words, you should buy insurance based on the needs rather than the amount of money you are willing to devote to it.
- The need for insurance should be measured against the ability to withstand a loss. What losses, if any, will be greater than what the business or business owners can absorb?

## 4.4. The insurance broker's role

Most, if not all, outdoor tourism operators will purchase their insurance through an insurance broker. To evaluate the needs of the insured, the broker will ask the operator a number of questions and likely ask the operator to complete one or more insurance application questionnaires. The broker will then submit the insurance applications to one or more insurers to obtain different quotes for the operator.

The broker is expected to be an insurance expert and should be able to advise a client on insurance matters, capably interpreting and explaining the particularities of the insurance contracts as they pertain to outdoor tourism businesses.

Although it is unlikely that the broker will be an outdoor tourism expert, the broker is expected to become as knowledgeable as possible about a client's business operations.

## 4.5. Evaluation and rating of an insurance application by an insurer

The object of the insurance application for a specific business is referred to by the insurer as a risk.[12] In this context, *risk* does not mean the chance of loss.

12 Insurance Institute of Canada C11 (1997), ch. 3, p.13.

***When a backcountry skiing operator submits an application to obtain insurance for his lodge, the lodge itself will be referred to by the insurer as a risk. Depending on a variety of factors the lodge will be viewed as a good risk, a bad risk, or somewhere in between. The whole company will also be viewed as a risk and classified as a good risk, a bad risk, or somewhere in between. It will be the task of the underwriter (the employee of the insurer) to evaluate the risk (accept the risk, reject the risk, or accept the risk under certain conditions) and assign it an appropriate premium. This is called the underwriting process.***

Certain insurance terms like perils and hazards should be explained.

- **A peril**

A peril is an event that may cause a loss to occur. Insurance is purchased to get protection from perils.[13] Examples of perils are fire, wind, theft, and negligence in the case of liability insurance.

- **A hazard**

A hazard is a condition that may cause a peril to occur. Examples of hazards are a poorly maintained building, a wood stove used to dry wet clothes, or untrained employees. These hazards might cause a peril to happen.

***Untrained employees are seen as a hazard since they are more likely to make mistakes than trained employees, thus causing the peril of negligence to occur.***

## 4.6. What is the insurance underwriter's role?

When the underwriter evaluates the insurance application, he must decide whether to accept the risk and if so, at what premium and under what terms.  In order to do this, the underwriter will assess the risk based on the following factors: the moral hazard, the physical hazard, and factors pertaining to the type of risk.[14]

- **The moral hazard**

The moral hazard is the likelihood of loss caused by possible deficiencies in the personal character of the insured (the business owner/operator), the insured's claims history, financial situation, and past behaviour.

***An outdoor tourism operator with a bad credit history would be seen as a high moral risk.***

- **The physical hazard**

The physical hazard refers to the construction, situation, occupancy, condition, and exposure of the premises to be insured. Exposure refers to the possibility of loss arising from other tenants or businesses close by.

13 ibid., ch. 3, p. 8.
14 ibid.

***If an operator wants insurance for the canoes that he has stored in a rented space, the underwriter will evaluate the risk and establish the rate based on such things as the type of construction of the building, the proximity to a fire hall, and the other tenants. If there is a fireworks manufacturer in the building, for example, this will affect the premium of the insured because of the exposure from this other tenant.***

- **Factors pertaining to the type of risk**

Factors pertaining to the type of risk help the underwriter assess the risk. This can be statistical information, loss probabilities, and social trends. This type of information is especially useful to assess liability insurance applications where the information arising from the moral and physical sides of the risk are insufficient or irrelevant.

This is where most of the underwriting for outdoor tourism takes place. The insurer will classify outdoor tourism activities based on the level of risk (real or perceived), likelihood of claims, and predetermined classification based on the insurer's own system.

***An insurer might decide that it will underwrite rafting businesses that operate on rivers up to class 3. Any rafting businesses that operate on class 4 rivers and above will be declined.***

## 4.7. How do insurers establish rates?

The underwriter will use predetermined rates to establish the appropriate premium for an insurance contract. The predetermined rates are established by actuaries, statistical specialists that analyze past claims experience and calculate future claim probabilities. The rate is the price for a unit of insurance while the premium is the multiplication of the rate by the amount of insurance purchased or, in the case of liability insurance, the rate multiplied by the unit used to establish the premium.[15]

***The liability insurance rate for a canoe-tripping operator is $3.00 per client per day. This rate is then multiplied by the number of client days (200 clients per day for three days = 600 client days) to obtain a premium of $1,800. The premium could be higher if the insurer's minimum is more than $1,800.***

## 4.8. What is a minimum retained premium?

Many insurers will have a minimum premium. This means that the insurer will not issue an insurance policy under a certain amount of premium regardless of the size or nature of the business to be insured. Minimum premiums are especially difficult for small seasonal outdoor tourism operations.

***An insurance company has a minimum liability insurance premium of $5,000 for rafting operations. This means that even if the rafting company generates only $20,000 in revenues, the premium will be $5,000.***

15 ibid., ch. 3, p.12.

## 4.9. Being prepared

Outdoor tourism operators should treat the purchase of insurance much like getting a bank loan. The better prepared the operator, the easier it will be to obtain good quotes and a variety of different options. As purchasing insurance for outdoor tourism operations becomes increasingly difficult and expensive, presenting a complete and professional insurance application to insurers will become crucial.

## 4.10. Preparing to submit requests for insurance

Although the different brokers and insurers have their own insurance application questionnaires, the operator should prepare a comprehensive series of documents that will outline and describe the operations and the insurance needs of the business (the insurance application package). The goal is to make the insurance company understand the business, the operations, the risks, and the ability to manage the risks.

> ***The outdoor tourism operator needs to be able to demonstrate to the insurer that the ability to avoid claims has nothing to do with luck but is the result of high quality risk management practices.***

## 4.11. What should be contained in the insurance application package?

The insurance application package should provide enough information to educate the insurer on the business and its operations and convince the insurer that the business is a good risk.

The application should contain the following:[16]

- Description of the business and the operations
  - Origins and history of the business
  - Business philosophy regarding risk and risk management
  - Description of the operations and activities
  - Description of the business structure
- Marketing materials
  - Description of marketing tools and practices
  - Brochures, pamphlets, and other marketing and promotional materials
  - Web site information and address
- History of the insurance portfolio
  - How long the business has had insurance
  - History of incidents
  - History of claims
- Insurance coverage desired
  - Detailed insurance plan
  - Type of coverage desired
  - Insurance amounts desired
  - Conditions desired

16 Cloutier et al. (2000)

- Risk management documents
    - The risk management plan (identification of hazards, evaluation of hazards, risk management strategies, etc.)
    - Safety policies
    - Staff qualifications
    - Organization, roles, and responsibilities
    - Industry standards and certification adopted
    - Guide/client ratios
    - Incident response systems
- Trip planning documents
    - Trip plans
    - Emergency response plans
- Staff training documents
    - Staff manual
    - Policies and procedures
    - Guide emergency protocols
    - Safety talk outlines
    - Reports and forms
- Client Materials
    - Trip information package
    - Educational materials
    - Medical forms
    - Legal release documents (the waiver)
- Recordkeeping
    - What records are kept, by whom, for how long

## 4.12. How many quotes should be obtained?

Without adopting the "shop till you drop" motto, it is suggested that operators obtain at least two different quotes from different brokers (three is even better), as this will provide a good range of options and prices. It is important that any insurance matters be dealt with in writing, as this will avoid any ambiguities that might arise in the future.

**Note:**

if the insurance industry is in the midst of a difficult market, it might be impossible for many outdoor tourism businesses to obtain more than one quote.

## 4.13. What should be included in a quote?

The quote obtained from the broker/insurer should contain at least the following. Any clarifications, additions, or deletions to the quote should be in writing.

- The name of the parties
    - The insurance company
    - The broker
    - The insured
- The period of coverage
    - Start date and end date
- Description of the business, operations, and activities covered
- Summary of the insurance coverage
    - Item covered, e.g. liability, automobile, property
    - Type of coverage, e.g. broad or basic
    - Amounts of coverage for each type of coverage, e.g. building insured for $200,000
    - Major coverage extensions, e.g. independent contractors covered on liability insurance
    - Major coverage restrictions, e.g. injury to participants excluded
    - Deductibles
    - Co-Insurance clause percentage, e.g. 90% on equipment
    - Basis of loss settlement, e.g. replacement cost or actual cash value
    - Endorsements (listing of endorsements)
    - Special terms, conditions, and limitations, e.g. the commercial general liability policy is on claims-made basis
- The premium
    - Total and for each item covered, e.g. building $3,000, liability $5,000, etc.

## 4.14. Obtaining insurance from an non-admitted or non-licensed insurer

If a difficult insurance market exists, it is possible that some outdoor tourism operators will be forced to purchase insurance from non-admitted or non-licensed insurers. Non-admitted and non-licensed insurers are usually foreign insurers that do not have to meet the same strict financial regulations that licensed insurers do. They are not illegal insurers and can be very well established and respected. The majority of the insurance purchased through a Canadian licensed broker will be with a licensed insurer.

## 4.15. What types of insurance are available and what is necessary?

The answer is simple. Anything can be insured for a price! The main question is what insurance is necessary for an outdoor tourism business. Each business and business owner will have to make decisions based on factors identified in Tutorial 2: The Insurance Contract, Sections 2.2 and Tutorial 3: Purchasing Insurance,  Section 4.2 as to what is or is not necessary.

The main types of insurance needed by an average outdoor tourism operator can be divided into the following. Each type of insurance is individually covered in Tutorial 5 and Tutorial 6, sections 6 to 10.

- Liability insurance
- Property insurance
- Business interruption insurance
- Automobile insurance
- Other types of insurance such as marine insurance, aviation insurance, etc.

## 4.16. How to obtain the best coverage at the best price.

- Time insurance policy renewals carefully.

The insurance policy's renewal dates should coincide with the slowest period of the year. This will provide ample time to deal with the challenges of obtaining and negotiating appropriate coverage.

  - A renewal date closer to the start of the busy season will leave very little time to deal with last minute renewal issues and problems.
  - A renewal date closer to the end of the busy season will leave more time to deal with the insurance renewal and it is likely that cash flow will be better at this time.

- Identify a competent insurance professional and team up.

Make it a priority to find an agent or broker who demonstrates that he or she is an effective advocate for your insurance interests. There are two times when the mettle of an agent or broker is tested: during the purchasing process and following the filing of a claim. If your agent's performance during the buying or renewal process has been less than stellar, then you may be in trouble if you end up in a fight with the insurer about the coverage of a claim. An insurance professional should be a trusted source of information and eager to understand your organization's unique circumstances and needs.

- Seek the assistance of an experienced risk manager or consultant familiar with your type of business.
- Opt for higher deductibles.

A higher deductibles usually offers a premium reduction. The level of the deductible will depend on the following:

  - The capacity to absorb the higher deductible
  - The premium reduction provided by the insurer (is it worth it?)
  - Cash flow considerations (will the deductible put the business at risk?)
  - Psychological threshold (am I able to live with the higher deductible?)
  - The ability to plan for claims and losses

- Split the revenues into specific categories.

***A backcountry ski lodge operation has annual revenues of $1,000,000. The insurer might be inclined to assess the entire revenue as backcountry skiing revenues. In reality the total revenues can be split into the following:***

- $500,000 for backcountry ski operations
- $250,000 for accommodation
- $150,000 for food and beverage
- $50,000 for equipment sales
- $50,000 for transportation

It is possible that the insurance rates for the less risky components will be lower.

- Cover the core risks and assets.

In difficult insurance times it might be necessary to decide what needs or does not need to be insured.

> ***A canoe-tripping operator might decide not to insure the canoeing equipment this year and to put all the energy and budget into obtaining adequate liability insurance coverage.***
>
> ***or***
>
> ***The same canoe operator might decide to insure only the two most expensive canoes instead of all of the canoes. The insurer can issue coverage for specific items.***

- Avoid risks that arise from marginal activities.

If a certain component of the business or a certain activity causes insurance difficulties it might be wise to consider temporarily suspending those activities.

- Increase risk management knowledge and practices.

Risk management is paramount to an outdoor tourism business and might become one of the main deciding factors in the insurance negotiation process. The operations with the best risk management practices and standards will likely obtain better and cheaper insurance coverage. In difficult insurance periods, high quality risk management might be the difference between obtaining insurance or not.

- Network.

One of the best sources for information about insurance is your existing network of peer organizations.

  - Where do similar organizations go for coverage?
  - What kind of coverage do they obtain? Why?
  - What are they hearing about insurers, agents, and brokers?
  - Are there pools available to join that will offer better coverage at a better price?
  - Attend seminars, workshops, and conferences that relate to insurance and risk management.

- Budget wisely.

Even though you may be planning to stay with your current insurance company and not add new coverage, your insurance costs will likely increase. This assumes you won't face non-renewal or cancellation of your policy. The best way to predict the amount of the increase is to ask your broker what he or she sees with respect to other similar organizations, and what, if any, indications are coming from insurers. Find out from your colleagues, peer organizations, and associations what they see with regard to increases.

- Invest in loss prevention.
  - Consider investing in the installation of alarm systems, fire extinguishers, fire retardant materials, and safe storage of volatile materials.
  - Consider eliminating hazards that cause insurers concern, e.g. the wood-fired stove in the lodge.
  - This might reduce the insurance costs or in certain circumstances, eliminate the need for insurance altogether.
- Negotiate with your broker and insurer on what could be done to reduce the premium.
  - The insurer could negotiate coverage limitations and restrictions in return for a lower premium.
  - The insurer could negotiate improvements in risk management in exchange for a lower premium.
- Join groups or associations that have an insurance programs for their members.
- Obtain at least two different quotes (if possible).
- Inquire about insurance costs before embarking in new business sectors/activities or before purchasing assets.
  - Inquire about the cost of insurance before purchasing a vehicle. A different vehicle might still do the job and cost less to insure.
  - Consider the impact on insurance costs before adding a new activity or modifying an existing activity.
- Be prepared.

As discussed in Tutorial 4: Liability Insurance, Section 5.3, be prepared to demonstrate and convince the insurer that the business is professional and operates at the highest standards of the industry.

# 5. TUTORIAL FOUR - Liability Insurance

Liability insurance is often seen as the most important coverage needed by outdoor tourism businesses. It is also, unfortunately, one of the most difficult and expensive coverages to obtain. The following sections will describe the basic coverage of the main liability insurance policy as well as some of the main areas of concern for outdoor tourism operators. There is no substitute for due diligence; it is the responsibility of each operator to be familiar with the liability insurance coverage.

## 5.1. The Commercial General Liability insurance policy (CGL)

The CGL is the most widely used liability insurance policy and it is this policy that is likely to provide coverage to most outdoor tourism operators. Although some differences exist, most insurance companies use the same version of the CGL written by the Insurance Bureau of Canada in 1986.[17]

## 5.2. The coverage provided under the Commercial General Liability Policy - CGL

The CGL will provide coverage for four different types of liability exposure.[18] Each coverage will have its own insurance limits, conditions, exclusions, and limitations.

- Bodily Injury and Property Damage Liability
- Personal Injury Liability
- Medical Payments
- Tenants' Legal Liability

### 5.2.1. Who is an insured?

The CGL will not only cover the person(s) or business named as the insured on the declarations page, but will also cover the following:

- In the case of an individual, his or her spouse
- In the case of a partnership or joint venture, the partnership and joint venture members and their spouses
- In the case of an organization other than a partnership or joint venture, the organization itself, the executive officers, directors, and stockholders
- The employees of the named insured within the scope of their employment (bodily injury to employees themselves are excluded).[19]
- Besides the named insured, additional insureds such as governments, land owners, or any other party wanting to be covered by the operator's policy.

17 Hilker (1996), p. 114.
18 Insurance Institute of Canada C13 (1997), ch. 8, p. 5.

19 Insurance Institute of Canada C13 (1997), ch. 8, p. 21.

## 5.3. Bodily Injury and Property Damage Liability

Under a liability insurance policy, the insurer will pay the sums that the insured becomes legally obligated to pay as compensatory damages because of bodily injury or property damage arising out of the insured operations and activities. The bodily injury or property damages must be caused by an accident or occurrence, the accident or occurrence or the date of claim must occur during the policy period, and the accident or occurrence must take place in the coverage territory.[20]

### 5.3.1. Legally Obligated

Legally obligated to pay means that there must be a legal obligation to pay. This prevents the insured from making sympathy or gratuitous payments.

> ***A sea kayaking operator could not ask his insurance company to pay for a client's boat that was lost in a storm because the operator feels bad about the situation. The insurer would pay if there is a legal obligation to do so which means that the client would have to successfully sue the operator for compensation.***

### 5.3.2. Compensatory Damages

This means that the liability insurance contract only covers compensation for direct damages and does not cover punitive damages or any other sums imposed on the insured as a punishment. Punitive damages are awarded by the courts (or juries) and are more frequent in the United States.

### 5.3.3. Bodily Injury and Property Damage

Bodily injury includes physical injuries, sickness, death, and psychological injury.[21]

### 5.3.4. Accident or Occurrence

Most of the liability insurance policies sold cover damages based on an "occurrence basis" rather than based on an "accident basis." The term *occurrence* is defined as an accident including continuous or repeated exposure to substantially the same general harmful conditions. The term *accident* is more restrictive and implies suddenness and definiteness.[22] It is an important distinction and outdoor tourism operators should make sure that their policy covers occurrences rather that simply accidents.

> ***Hypothermia is caused by continuous exposure rather than being a sudden event. Therefore, hypothermia would not be covered by a policy that provides coverage on an accident-only basis.***

### 5.3.5. Duty to defend

The duty to defend is triggered when someone is demanding damages against the insured for bodily injury, property damage, or personal and advertising injury covered by the CGL policy. If the damages being sought are not covered by the CGL policy, the insurer does not have an obligation to defend.[23]

20 ibid., ch. 8, p. 6.
21 Hilker (1996), p.134.
22 Insurance Institute of Canada C13 (1997), ch. 8, p. 7.
23 Stanovitch, C.F. (2002).

The insurer will assume the legal and defense costs associated with the defense. The sums spent on the defense are in addition to the insurance limit of the policy. In other words, the money spent on the defense will not reduce the amount of insurance available for the final settlement.

**Note of Caution**

Some insurance policies currently on the market for outdoor tourism businesses will deduct the sums for the defense from the insurance limit. In other words, the money spent on defense will reduce the amount of insurance available for the final settlement.

> ***A lawsuit is filed against a sea kayak operator. The claimant is asking for $800,000. The operator has a $1 million liability insurance coverage. The legal and defense costs amount to $300,000. Only $700,000 will remain to cover the final settlement (if there is one). If the settlement exceeds the remaining coverage, the operator will have to assume the difference.***

## 5.4. Personal injury liability

The CGL also provides coverage for a different type of personal injury. This refers to injury to the character, reputation and position of a third party caused by libel or slander. The intention is to cover offenses that arise out of the conduct of the insured's business.[24] Intentional damages are excluded.

## 5.5. Medical payments

The CGL also provides coverage for medical expenses incurred by a third party without having the need to prove negligence or establish any legal obligation of the insured. This coverage is seen a goodwill gesture that might prevent further legal action.[25]

## 5.6. Tenants' legal liability

Under the CGL, the insured can be covered for damages to the premises he rents or occupies (which he does not own).[26] This coverage is not always automatic, therefore the insured must specifically request it if it has not been offered. For example, if an operator rents office or storage space he must purchase tenants' legal liability insurance to be covered for damages he might cause to the rented premises.

## 5.7. Areas of concern for outdoor tourism businesses

Each insurance policy and coverage forms have their own series of exclusions and each CGL has a series of general exclusions that are common to all coverage. Although the exclusions are part of the basic policy wording, they can be modified or removed using endorsements. Some of these exclusions might be more relevant to some operators than others. The following sections are

examples of common conditions, limitations, and exclusion of a CGL that might be relevant to outdoor tourism businesses. The list below should not be considered exhaustive or complete as each operator and each insurance policy will have its own particular issues. The main areas of concern (many more exist) common to most CGL policies and that relate to outdoor tourism are covered in section 5.7.1 to 5.7.19.

24 Insurance Institute of Canada C13 (1997), ch. 8, p. 16.
25 ibid.
26 ibid., p. 18.

### 5.7.1. Coverage Trigger

There are two different types of liability insurance policies on the market. They differ on the basis of when the coverage is triggered, i.e., when a claim would be covered. The two types are the **occurrence policy** and the **claims-made policy**. The occurrence policy is the most widely used while the claims-made policy usually surfaces when the insurance market is in crisis or for certain types of activities.

- **The occurrence policy**

Under the occurrence policy, a claim will be covered if the accident occurs during the policy period. This is the type of policy that is familiar to most operators.

> ***An operator purchases an occurrence insurance policy covering the period of January 1, 2004, to December 31, 2004, and an accident occurs on June 1, 2004 (during the policy period). The operator would be covered even if the actual claim is only made the next year. In summary, an operator is covered by an occurrence policy as long as the accident happens during the policy period.***

- **The claims-made policy**

Under a claims-made policy, a claim will be covered if the claim itself (not the accident) is made during the policy period. What matters is that there is a policy (claims-made) in force at the time of the claim.

> ***An operator purchases a claims-made insurance policy covering the period of January 1, 2004, to December 31, 2004, and an accident occurs on June 1, 2004. The operator receives a claim on July 1, 2005. Contrary to the previous example, the operator is not automatically covered. In fact, the operator will not be covered if there is a valid claims-made policy at the time of the claim (July 1 2005). In summary, an operator is covered by a claims-made policy as long as the claim is made during the policy period.***

The type of coverage trigger can have serious consequences on a business that is unaware of the coverage it has purchased. The best option is to be covered by an occurrence policy. An operator insured by a claims-made policy must in theory keep purchasing liability insurance until the possibility of a claim has subsided. Claims-made policies should be avoided, but in cases where this is not an option, operators should thoroughly understand the implications and discuss them with an insurance expert.

### 5.7.2. Coverage Territory

Most liability insurance policies restrict coverage to a certain geographical area. In the past, standard CGL policies' coverage territory included Canada, the United States of America, and its territories or possessions.[27] But it has now become standard for outdoor tourism operations to be insured by a CGL policy with a coverage territory limited to Canada only. This means that accidents that occur outside of Canada will not be covered and that the insurer will not defend lawsuits that are filed outside of Canada.

27 Insurance Institute of Canada C13 (1997), ch. 8, p. 8.

*A Canadian operator that caters to American clients in Canada would not be covered should the client launch a lawsuit in his home state or outside of Canada. The policy would cover the Canadian operator if the American client comes to Canada to file the lawsuit.*

Part of the territorial coverage issue can be minimized through a properly written comprehensive liability release document (waiver) containing choice of law and jurisdictional clauses. A legal professional should be consulted.

### 5.7.3. Aircraft Liability

The CGL policy does not cover any type of liability arising out of the use and operation of any type of aircraft or aircraft landing strip or landing pad. This includes accidents in and around the aircraft as well as accidents while getting on and off the aircraft. This is a normal exclusion. Landing pads can sometimes be insured through an endorsement and an additional premium.

It is recommended that operators obtain a certificate of insurance from any company which will provide aircraft service. Such certificate of insurance should mention that the operator is included as an additional insured and that the operator will be notified 30 days in advance if the coverage is to be cancelled. It is recommended that the deductible amount be shown on the certificate of insurance.

### 5.7.4. Automobile liability

The CGL policy does not cover any type of liability arising out of the use or operation of an automobile (automobile is defined in the insurance contract). This is a normal exclusion. Liability arising out of the use and operation of an automobile is covered by a separate automobile insurance contract.

Operators should ensure that all automobiles and vehicles and the liability arising out of the use of automobiles and vehicles be covered by an appropriate automobile insurance contract. Employees using their vehicles for business also need to purchase appropriate coverage. The automobile insurance contracts should be revised yearly.

### 5.7.5. Motorized vehicle liability

The CGL policy does not cover the liability arising out of the use of any licensed motorized snow vehicles, all-terrain vehicles, and their trailers. Operators should ensure that these vehicles are covered by an appropriate insurance contract.

### 5.7.6. Watercraft liability

The CGL policy does not cover any type of liability arising out of the use or operation of a watercraft unless it is specified that small watercraft are covered. Operators should ensure that watercraft and the liability arising out of the use of watercraft are insured under an appropriate policy.

### 5.7.7. Independent contractors and other types of employees

Guides and personnel hired as independent contractors are normally not covered by a CGL policy. Operators may also on occasion have volunteers, practicum students, guest guides, etc. involved in some aspects of the operations. The definition of "persons insured" does not automatically cover these people if they become liable for damages (property or bodily injury) they have caused. Operators should ask the insurer to modify the definition of persons insured to include volunteers, practicum students, guest guides, interns, etc.

### 5.7.8. Damages to employees

The CGL policy does not cover any injuries to employees. This is covered by the workers' compensation system. This is a normal exclusion.

### 5.7.9. Damage to property

The CGL policy does not cover any damage to any type of property unless it arises out of legal liability. This includes property not belonging to the operator but under the care and control of the operator, or property belonging to employees.

### 5.7.10. Consulting services

Under the professional liability exclusion, the preparation of maps, drawings, plans, opinions, reports, and surveys are excluded. This might be an issue for certain operators who provide these services.

### 5.7.11. Medical services

The liability arising out of providing or failing to provide professional health care services is excluded. This might be an issue in a first aid situation. The insurer can usually remove this exclusion through an "incidental medical malpractice" coverage.

### 5.7.12. Contractual liability

The liability arising of contracts or breach of contracts is generally excluded except for those covered under the definition of insured contracts (see the policy for the definition). This exclusion does not mean that all contracts are excluded.

> ***If it is proven that liability would have been imposed by law even with the absence of the contract then it is not excluded. Contracts can be covered with permission of the insurer usually with a surcharge, if applicable.***

### 5.7.13. Care custody and control

Property that is owned, rented, or occupied by the insured, or property for which the insured has care custody and control is not covered under the liability insurance policy. These property items can be covered by different insurance contracts. The tenants' legal liability coverage under the CGL (see above), if included, will compensate for this exclusion as it relates to rented premises.

### 5.7.14. Product and performance

The intent of the liability insurance policy is to cover the risk that the operator's products and services might cause bodily injury or property damage to a third party. This policy is not intended to cover bad services and products.

> ***The insurance will not consider a claim where the operator was sued by an unsatisfied client who wants to be reimbursed and obtain compensation for a bad experience.***[28]

28 Hilker (1996), p.173.

### 5.7.15. Pollution

This exclusion is very broad and usually excludes any type of pollution or environmental damage.

### 5.7.16. Deductibles

Most liability insurance policies have a deductible (an amount of the loss which the insured must pay)[29] but in some cases the deductible is tied to the use of the liability waiver.

> ***If a client sues the operator, some policies state that the deductible will be in the amount of $1,000 if the operator can provide a copy of the liability waiver signed by the client (plaintiff). If the operator cannot provide the insurer with a copy of the liability waiver, the deductible becomes $25,000. This is an incentive to persuade operators to use liability waivers all the time.***

### 5.7.17. Coverage of participants

Some liability insurance policies still define their coverage as third party liability. This could cause problems as clients of an outdoor tourism operator are not considered third party but part of the supplier-client contract. Some outdoor tourism operators are also unknowingly being sold liability insurance policies that exclude bodily injuries to participants.[30] All operators should ensure that their policy does cover injury and property damage to participants.

### 5.7.18. Liquor liability

Many insurers now exclude any liability associated with the serving of alcohol. Operators can obtain a “host liquor liability” coverage added to their CGL through an endorsement.

### 5.7.19. Other exclusions

The CGL and all the other liability insurance policies contain many more exclusions. It is strongly suggested that every operator be familiar with all of them. Many of the exclusions can be eliminated with endorsements or with the purchase of complementary insurance policies.

## 5.8. Limits of insurance

The declarations page of the CGL policy specifies the limits for the various coverages provided under the policy. The amount under each heading is the maximum amount the insurer will pay regardless of the number of claimants or claims made. The headings generally are as follows:[31]

- **The aggregate limit**

This is the maximum total amount payable by the policy in the policy period (usually one year). This means that no matter how many claims and lawsuits are incurred, this is the maximum money available for the whole year.

- **The occurrence limit**

This is the maximum payable for any one occurrence for any type or combination of damage (bodily injury, property damage, personal injury, tenants’ legal liability, or medical payments).

29 Insurance Institute of Canada C11 (1997), ch. 10, p. 11.
30 Huestis (1999).
31 Insurance Institute of Canada C13 (1997), ch. 8, p. 22.

- **The tenants' legal liability limit**

  This is the maximum amount payable because of property damage to any one premises an insured rents.

- **The personal injury limit**

  This is the maximum amount payable for personal injury sustained by any one person or organization.

- **The medical expense limit**

  This is the maximum medical expense amount payable per person and per accident.

Many of the policies have a decreasing limit, meaning that after a claim has been paid, the amount of insurance available for the next claim is decreased by the same amount. See the example below.

### An example of liability insurance limit

**Commercial General Liability Insurance Policy**

**Insurer:** The Safe Insurance Company
**Policy No:** 564-876
**Insured:** The Adventure Company
**Policy Period:** January 1, 2004 to December 31, 2005

**Limits of Insurance**

| | |
|---|---|
| Each Occurrence Limit | $ 2,000,000 |
| Aggregate Limit | $ 2,000,000 |
| Personal Injury Limit | $ 2,000,000 |
| Tenants Legal Liability Limit | $ 100,000 |
| Medical Expense Limit | $ 1,000/10,000 (any one person/any one accident) |

The insured negligently causes a fire in the premises he rents to store his equipment. Three of the insured's clients are also injured in the fire. They are transported to the hospital.

**The following damages and expenses are incurred:**

| | |
|---|---|
| Damage to the rented premises | $ 110,000 |
| Bodily injury to clients | 750,000 |
| Ambulance transportation | 150 |
| **Total** | $ 860,150 |

**The policy will pay:**

| | |
|---|---|
| Tenants Legal Liability | $ 100,000* |
| Bodily Injury | 750,000 |
| Medical Payments | 150 |
| **Total** | **$ 850,150** |

* Maximum payable under that section
The total amount of insurance available for the remainder of the policy period is:
(Aggregate limit) $2,000,000 - (Losses) $850,150 = (Insurance Available) $1,149,850

## 5.9. Endorsements

Many endorsements are available to extend the basic coverage or to remove exclusions of the basic CGL policy. Many endorsements are automatically added to a CGL free of charge. The insurance broker is responsible to ensure that these are added. On the other hand, endorsements are also used to reduce the coverage. These endorsements usually follow legal trends.

> ***Some endorsements might exclude certain types of activities like mountain biking while others will exclude situations that might be hard to defend in court like excluding any liability for damages caused by the selling, offering, or serving of alcoholic beverages.***

## 5.10. Other Types of Liability Insurance Policies

The coverage provided by a CGL might not be sufficient or might not be adequate to satisfy every operator's liability insurance needs. Many other different types of liability insurance policies are available on the insurance marketplace. Some of these policies will provide coverage for specific risks (for example, Directors and Officers Liability Insurance) while others provide additional liability insurance for outdoor tourism operators that have to manage potential catastrophic losses (for example, Excess Liability Insurance and Umbrella Insurance).

### 5.10.1. The Excess Liability Insurance Policy

This type of liability insurance, like the name implies, provides liability insurance in excess of an existing liability policy.

> ***If an operator has a CGL policy with a $2 million limit, and his existing insurer is not prepared to offer a higher limit, the operator can purchase an excess liability policy from a different insurer, for example, in the amount of an additional $2 million. This will provide the operator with a total liability coverage limit of $4 million.***

Generally, the conditions and coverage of the excess policy are similar to the primary CGL policy. One of the advantages is that the premium charged for the additional $2 million of excess insurance might be lower than that of the first $2 million.[32]

### 5.10.2. The Umbrella Insurance Policy

The umbrella policy is similar to the excess liability policy in the sense that it provides additional liability insurance. But unlike the excess policy, the umbrella policy usually provides broader coverage than the primary CGL policy. The wording and coverage varies widely from one umbrella policy to another so every policy should be analyzed carefully. If the umbrella policy does not provide broader coverage than the primary CGL, then it is nothing more than an excess liability policy. The reason it is called an umbrella policy comes from the fact this policy provides additional liability insurance over and above all of the liability coverage provided by all of the insured's insurance policies.

32 Insurance Institute of Canada C72 (1996), ch. 8, p. 16.

***The umbrella policy will provide additional liability coverage to the CGL policy, the automobile insurance policy, the watercraft insurance policy or any other policy that offers liability coverage. The deductible under an umbrella policy is generally quite substantial ($10,000).***[33]

### 5.10.3. The Directors and Officers Liability Insurance Policy

Many individuals acting as directors and officers of organizations can be held personally responsible for the decisions they make on behalf of the organization. It does not matter if this organization is small or big, for profit or non-profit—directors and officers can be held liable for a variety of reasons (lack of growth, financial problems, improper expenditures, and many other reasons). Directors' and Officers' liability insurance will provide protection to directors and officers against liability arising out of wrongful acts, negligence, and errors and omissions. One of the major exclusions of this type of policy is that the bodily injuries and property damage are not covered. This exclusion can greatly impact outdoor tourism organizations where bodily injuries are a main concern. The organization must purchase a CGL to cover bodily injury and property damage to participants and third parties.[34]

33 ibid., p. 17.
34 Insurance Institute of Canada C13 (1997), ch. 9, pp. 19-23.

# 6. TUTORIAL FIVE - PROPERTY INSURANCE

For many operators, insuring their property is as important, if not more important, than protecting themselves against liability claims. Property insurance is needed to protect operators against the financial risks associated with the loss of assets like buildings, equipment, merchandise, and supplies. Property insurance basically covers all physical assets except moving vehicles like automobiles, aircraft, watercraft and snow-vehicles that are covered by their own specific contracts. There are dozens of different policies available on the marketplace to provide coverage for these assets. Some policies will only cover specific assets while others will provide coverage for a variety of assets under one policy. Most of the property insurance policies have a number of features and conditions common to all of them.

## 6.1. All-risk and named peril policies

Property insurance policies are usually classified according to the perils insured by them. There are two general types of property policies on the market: **named peril** policies and **all-risk** policies.

- **The "named peril" insurance policy**

This policy only provides coverage for the perils mentioned. In other words, if the peril is not mentioned, it is not covered. The named perils usually covered are fire or lightning, explosion, impact by vehicles (land or aircraft), riot, vandalism, smoke, leakage from fire protective equipment, windstorms and hail. The named peril policy also contains a number of exclusions.

- **The "all-risk" policy**

This policy covers all perils except the ones that are excluded. In other words, if it is not excluded, it is covered. The all-risk policies provide a much broader coverage than the named perils policies. Common names for the all-risk policies are Commercial Building Form (CBF) and Commercial Property Floater Form (CPF). The all-risk policy contains numerous exclusions that every insured should be familiar with.

## 6.2. Actual cash value and replacement cost

Following a loss, the insurer will indemnify the insured for the damaged property based on the actual cash value of the property or the replacement cost of the property.

- **Actual cash value**

The actual value of the property, at the date of loss, taking into account physical depreciation and wear and tear. Actual cash value also means the actual value of the property on the market.

> ***A raft that was purchased 10 years ago for $3,500 might have an actual cash value of $500. The insured would have to make up the difference in order to purchase a new raft. To avoid this, replacement cost insurance is available.***

- **Replacement cost insurance**

Pays for the full cost of replacement or repair, without any deduction for depreciation. In the above example, the insurer would pay for a new raft of the same type and quality, regardless of the cost. One of the main conditions of replacement cost is that the item be replaced. If not replaced, the insurer will indemnify based on actual cash value. The replacement cost insurance does not cost anything itself except that the amount of insurance carried must reflect the replacement cost of the property insured.

If an operator knows that his 20-year-old lodge would cost $800,000 to rebuild today, he would have to purchase $800,000 of insurance to benefit from the replacement cost coverage. If the operator purchases only $200,000 worth of insurance because that is what the lodge is worth today, then he will only be indemnified based on actual cash value. Although there is no charge for the actual replacement cost coverage, the increased limit of insurance will, of course, cause a higher premium.

## 6.3. The coinsurance clause

The majority of property insurance contracts on the market contain a coinsurance clause of 80%, 90%, or 100%. The insured can be penalized by the coinsurance clause during a claim settlement. The coinsurance clause requires that the amount of insurance on a certain type of property represent at least 80%, 90%, or 100% of the value of that property. If the insurer does not abide by the percentage he will have to share part of the loss and thus become coinsurer.

An operator owns canoe and camping equipment, which is valued at a replacement cost of $100,000. The operator decides to purchase only $40,000 of insurance thinking that this is enough coverage and that the premium is within his budget. The insurance policy contains a coinsurance clause of 80%. A small fire in the warehouse destroys $10,000 of the equipment. Here is how the coinsurance will be applied by the insurer.

| | |
|---|---|
| **Value of equipment:** | $100,000 |
| **Coinsurance 80%:** | 80% of $100,000 represents $80,000 |
| **Insurance purchased:** | $40,000 |
| **Loss:** | $10,000 |

The $40,000 insurance purchased is equivalent to 50% of the minimum needed according to the coinsurance clause ($40,000 ÷ $80,000). Since the insured only purchased 50% of the required amount, the insurer will pay only 50% of the loss or $5,000 (50% of the $10,000 loss). If the insured had purchased $60,000, which represents 75% of the required amount ($60,000 ÷ $80,000) the insurer would have paid 75% of the loss or $7,500 (75% of the 10,000 loss). If the insured had purchased at least $80,000 of insurance he would not have been penalized.

It is important that operators understand this clause and carefully evaluate the value of their property every year to ensure it respects the coinsurance clause.

One alternative for those not wanting to insure all of their property or equipment is to purchase an insurance policy that will cover only the items listed in that policy. This type of policy would enable a canoe-tripping operator to insure only the canoes listed on the policy. The amount of insurance on these canoes would, of course, need to satisfy the coinsurance clause of that particular contract.

## 6.4. Areas of concern for outdoor tourism businesses

Because of the variety of property insurance contracts, it is impossible to cover all the possible exclusions and limitations except to say that many of them can be removed with the use of endorsements.

> ***Earthquakes are excluded from almost any property insurance contract, but can be added with an endorsement.***

Again, it is imperative that all operators familiarize themselves with their property insurance contracts.  There is popular belief that all acts of God are excluded from insurance contracts. This might not be completely true—many natural events like wind, hail, and lightning are covered.

The following items are examples of common exclusions of property insurance policies.

### 6.4.1. Vacant property

Property that is vacant, unoccupied, or inactive for more than 30 days is excluded. This can be an issue for outdoor tourism operators who may have vacant property on a regular basis.

### 6.4.2. Animals

There are generally some exclusions regarding the damage to animals. The operators that use dogs, horses, or pack animals may want to ensure that they are covered.

### 6.4.3. Vehicles etc.

The damage to automobiles, watercraft, aircraft, motorized vehicles, and trailers used for the business operations of the insured is not covered. These types of vehicles can be covered by separate policies.

### 6.4.4. Rented property

Property rented or loaned to clients or on conditional sale by the operator is generally excluded from a standard property insurance policy. These items can be covered though specific insurance policies.

### 6.4.5. Electronically stored data

Electronically stored data is now becoming a standard exclusion on many standard property insurance contracts.

## 6.5. Other types of property insurance

There are many other types of property insurance policies serving specific purposes. Some policies specifically cover computers and electronic data processing, valuable papers and records, office equipment, and more.  Business owners should work with their brokers in making sure that all of the important assets are covered by the appropriate insurance contract.

## 6.6. Questions to ask concerning property insurance

- Are the limits and deductibles adequate to serve the financial needs of the business?
- Is all the business' property covered under the policy, or are some items excluded from coverage by the policy? Be familiar with all exclusions. If the business owns real property, are important structures on the property covered, or are some structures, such as outbuildings, excluded?
- If building code requirements would increase the cost of rebuilding the structure, or law would require demolition and clearing of the remainder of a partially destroyed building before rebuilding, does the policy cover these increased costs?
- Does the policy cover the cost of removing the debris of a destroyed building before rebuilding?
- How is payment for damaged or destroyed property determined under the policy? Will the payment be adequate to replace the property, or will payment be reduced for depreciation? Will the payment be lower if the business chooses not to replace the property?
- If the business leases its premises, does its coverage comply with requirements in its lease?

- Is there a coinsurance penalty in the policy that reduces loss payment if the building is not insured at or close to its full value? Is the business' property adequately valued to avoid the coinsurance penalty?
- What perils are covered by the insurance policy? Are any excluded perils relevant to the business?
- Does the policy cover the business' property that is away from the business premises?
- Does the policy cover the property of others that is damaged or destroyed while on the business' premises?
- Does the policy's coverage for accounts receivable records and reconstruction of other valuable papers and records meet the business' needs?
- If the policy includes business interruption and extra expense coverage, is it sufficient to serve the business' needs?[35]

35 Reiss, Claire Lee.

# 7. TUTORIAL SIX - Automobile insurance

Because of its standardization, automobile insurance is usually not a complicated purchase (not necessarily cheap, but nonetheless not really complicated). The problems, if any, are encountered in the claim process where clients and insurers argue about the value of the vehicles, who is at fault, and other issues like vehicle use.

> ***It is sometimes discovered that the real use of the vehicle (commercial use) was different from the use indicated when the premium was established (pleasure use).***

## 7.1. Questions to ask concerning automobile insurance

- Are the vehicles insured for their actual use?
- Does the business' auto insurance policy provide comprehensive coverage on the vehicles?
- If the insurer requires that all covered vehicles be individually identified on the policy, are all covered vehicles identified, and does the business have a system for ensuring that the insurer is notified of additions to and deletions from the list of insured vehicles?
- If the vehicles are leased, does the lease agreement require the business leasing the vehicle to insure them, and does the business' automobile insurance cover those vehicles as required by the terms of the lease agreement?
- Does the policy cover the business for all its financial obligations under the lease agreement when a leased vehicle is damaged or destroyed?
- What perils are covered by the insurance policy? Are any excluded perils relevant to the business? [36]

36 Reiss, Claire Lee.

# 8. TUTORIAL SEVEN - Other types of insurance available

## 8.1. Business interruption insurance

Business interruption insurance is not as well known and not as popular as other forms of insurance. Although it is not property insurance per se, business interruption is part of the property insurance sector. For many outdoor tourism operators, especially those who own and depend on their accommodation revenues, business interruption insurance could mean the difference between disaster and survival. Business interruption coverage protects a business' income stream rather than its property. By paying the insured for its ongoing and extra expenses and its lost net profits, this insurance can make the difference between post disaster survival and failure for an otherwise viable business that is suddenly forced to limit or close its operations due to a covered loss.

There are two types of business interruption coverage available that would interest outdoor tourism businesses.[37]

#### 1. Business interruption insurance

This insurance is intended to compensate the insured for the income lost during the period of restoration or time necessary to repair or restore the physical damage to the covered property.

#### 2. Extended business interruption insurance

This insurance provides coverage for the income lost after the property is repaired but before the income returns to its pre-loss level.

> ***If a backcountry skiing lodge burns down in late November, it is unlikely that the operator would be able to rebuild until the spring, thus losing all the revenue of the busy winter season. Business interruption insurance would provide a revenue stream until the lodge is rebuilt or until income returns to pre-loss levels.***

### 8.1.1. Questions to ask concerning business interruption insurance

- How vulnerable is the business to interruption?
- Is the business service based and easily conducted out of an alternative location?
- Is the present location a crucial part of the operation, perhaps because the business has a customer base in the surrounding area?
- Does the coverage include the causes of loss (perils) to which the business is vulnerable? If the geographic region is subject to floods, earthquakes, or forest fires, are these perils covered?
- How long must the business wait before payments for lost income and extra expense begin? How long will those payments continue?
- Will the lost income payments be sufficient to keep the business alive financially while repair or reconstruction is completed?
- Are there any coinsurance requirements, and how will they affect payments?
- Does the coverage include closure by order of Civil Authority?
- Does the coverage include extended business income losses, and does any time limit give the business sufficient time to return to its previous level of operations?

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37 Berry, D. (2000)

- If the business suffers a loss, what information must it submit to document the claim? Does the business have a system to track this information?
- Does the lost income coverage include a schedule of payments that will delay the business' receipt of funds?
- Does the business need service interruption/off premises power interruption coverage?
- Does the business have contingency plans to resume operations as soon after a disaster as possible, either from its own premises or from an alternative site? Has the business identified the resources it will need and the expenses it will incur? [38]

## 8.2. Motorized transportation

Since most of the motorized transportation vehicles are excluded from regular property and liability insurance policies, separate insurance contracts must be purchased to cover these vehicles.

Those operators using boats in their operations (depending on the type and size) might need to obtain Marine insurance to cover both the boat and the liability arising from the use of the boats. Those using aircraft must obtain Aviation insurance. If the operator is contracting out this type of service, a proof of insurance from the contractor should be obtained. Not owning one of those vehicles does not mean that the exposure does not exist.[39] Other vehicles such as snowmobiles and motorcycles are also subject to separate insurance policies.

## 8.3. Rescue insurance

This is a very specialized market where operators can obtain insurance to cover the costs of rescues and evacuations. The coverage can be provided in two different ways. The operator can purchase a blanket rescue insurance policy that will cover all rescues and evacuations over a certain period, or the clients themselves can purchase individual rescue insurance for a certain trip.

38 Reiss, Claire Lee.
39 Insurance Institute of Canada C72 (1997), ch. 4, p. 23.

# 9. TUTORIAL EIGHT - The Claim process

Insurance is only a promise until the operator suffers a loss and it is tested. Insurance then becomes a tangible product. This section is not intended to teach how to adjust claims, but rather to explain the major steps in the claim process, the roles of the different players, and some of the terminology involved.

## 9.1. Reporting a claim

Most of the insurance policies have conditions regarding the reporting of claims or possible claims. A claims or an incident that might evolve into a claim must be reported as soon as possible. In many cases the insurers mention that a delay that causes prejudice to the insurer might invalidate a claim.

The conditions section of the liability insurance policy contains instructions on the insured's duties in case of an accident, occurrence, claim or suit. It states that the insured should inform the insurer (via the broker) as soon as he is made aware of a claim or any circumstances that might produce a claim. This means that the operators should advise the broker of any incident that might produce a claim and not wait to receive a lawsuit. This might enable the insurer to start an investigation and minimize the size of the loss.

> ***If a skier takes a fall and breaks a leg, the operator must report the incident to the insurer even if there is no indication that the injured skier might pursue legal action. This will allow the insurer to prepare for a possible claim from the clients.***

The conditions also state that the insured should cooperate with the insurer and assist in making settlements. An important warning is made regarding the insured's trying to settle a claim by himself. The warning basically means that if an operator admits responsibility and/or tries to make a settlement by himself, he is causing a prejudice to the insurer. Not complying with these conditions could result in the insurer not honoring the claim at all, or doing so under a non-waiver agreement.

The insurance broker should be the first person contacted in the event of a claim. The broker should also be a key player in the claim process. He will report the claim to the insurer and should work on behalf of the operator. The adjuster is the person that will handle the claim on behalf of the insurer. Adjusters can be employees of the insurer, or they can be independent adjusters. Depending on the type and size of a claim, a variety of experts and evaluators will be involved in determining coverage and/or value of the loss.

Operators need to familiarize themselves with the claim reporting guidelines included in their insurance policy conditions.

## 9.2. Elements of a claim

- **Proof of loss**

Once the claim is ready to be settled, the insurer will have the insured sign a document called a proof of loss. This document contains various details including the final amount of the claim and to whom it should be paid. When the insured signs the proof of loss document, the insurer is released from further obligations relating to the loss and transfers all salvageable items to the insurer.[40]

40 Insurance Institute of Canada C11 (1998), ch.11, p. 11.

- **Non-waiver agreement**

If during the investigation the insurer is suspicious about the claim it will have the insured sign a document called a non-waiver agreement. The non-waiver agreement means that the insurer will continue his investigation of the claim but that he (the insurer) retains the right to deny coverage. Having to sign a non-waiver agreement is a clear indication that something might be wrong with the claim and that the insured might be not be indemnified for the loss.[41]

- **Subrogation clause**

All contracts of indemnity (insurance) contain a subrogation clause. Subrogation gives the insurer the right to recover from the responsible party the sums that have be paid to the insured.[42]

> ***If the next-door tenant in the building where the operator stores his equipment causes a fire that damages the operator's equipment, the operator's insurer will indemnify the operator and then by subrogation will recover the sums paid from the responsible tenant.***

## 9.3. The onus of proof

In most insurance claims (other than liability) it is the responsibility of the insured to prove that he did suffer the damages he says he did and to prove that the cause of the loss is insured under the insurance policy. Once the insured has fulfilled his obligations by establishing coverage and the amount of the loss, it is the obligation of the insurer to pay the claim or deny coverage.[43]

> ***The operator must prove that he did own the canoes that were stolen and he must prove their value as well as the cause of the loss. The operator only needs to provide reasonable proof.***

## 9.4. The role of the insurer during the claim

In a liability coverage situation, once a claim or incident has been reported, the insurer will usually take over the defense and direct the defense strategies. This means that the insurer will use its own lawyers and investigators. If the operator wants his own lawyer he will have to pay the costs of that lawyer himself. The insurer will also require the assistance of the operator. The insurer might adopt a defense strategy that tries to pay the lowest amount possible. This means settling a claim out of court at a lesser cost even though it might make the operator look negligent or guilty rather than risking higher legal costs by defending a case in court to prove the operator's innocence.

In most claim situations the insurer will appoint a loss adjuster. The loss adjusters are engaged by insurance companies to help find the answers to certain questions, including the following, in the event of a claim:[44]

1. Am I (the insurer) liable?
2. If yes, how much?
3. If not, why not?
4. Is there someone else I could make a claim against?
5. Is there another insurer that will share the loss?

41 ibid., p. 13.
42 ibid., p. 19.

43 ibid., pp. 16-17.
44 Neo Lian Sun, N. (2000).

The loss adjuster's first duty is to ascertain whether, and to what extent, the insurance company is liable under the insurance policy. In other words, the loss adjuster will have to comment on whether the loss has been caused by any of the insured perils under, for example, a named peril insurance policy or whether any of the exclusions apply under an all-risk policy.

The loss adjuster will also enquire into other aspects, which would affect an insurance company's liability, such as the operation of conditions, warranties, or limits under the insurance policy.

The loss adjuster plays a crucial role, particularly at the outset of the loss. Many loss adjusters either directly or indirectly provide damage reclamation services. These range from independent technical advice, through expert guidance on loss limitation opportunities, to specific options to recover and restore damaged property, thereby preventing wastage. At the initial stage, procedures are agreed upon by the loss adjuster and the policyholder for the repair or replacement of property and the continuation of the business to limit any claim for loss of profit, thereby enabling the policyholder's business to return to normal in the shortest possible time. For goods that will have to be written off, a loss adjuster will have the skill to dispose of them at the best salvage value, thereby mitigating the damage.

The loss adjuster reports to insurers immediately after the initial visit, particularly on the loss reserves to be created so as to enable insurers to fulfill their statutory obligations. Thereafter, he will ensure that insurers are kept fully advised. His reports will incorporate facts, opinions, and recommendations when appropriate.

The loss adjuster will advise the insured that it is the latter's duty and not the adjuster's duty to submit a claim and to provide full and prompt information and supporting papers, e.g. repair estimates, invoices, receipts, proof of ownership, and value, etc.

When the claim has been presented, the loss adjuster will check it for quantity, description, and pricing and, after agreeing on any necessary adjustments with the claimant, the loss adjuster will present the final report to the insurers, recommending settlement.

An Acceptance Form confirming the amount of the adjusted loss will usually be issued by the loss adjuster for the policyholder to sign. The form will make it clear that the proposed figure is subject to the insurers' approval under the terms and conditions of the policy.

Another main task of the loss adjuster is to consider whether someone else may have been responsible for the loss. If so, he will obtain statements and physical and photographic evidence to use later in negotiations when recovery of the insurers' outlay from a third party is sought.

As part of his initial enquiries, the loss adjuster must satisfy himself that the policyholder has an insurable interest, and that the risk is anticipated by insurers.

The loss adjuster will also check whether there are any other policies, which may be brought into the apportionment of loss and, if so, he is the expert for apportioning the loss to each policy.

It is the tendency for some claimants to inflate their claims as they may have the notion that insurers will never pay in full. The policyholder will often perceive the loss adjuster as the agent of the insurer with a single purpose — to avoid paying the claim or some part of it. It is not, however, the brief of a loss adjuster to "chop" claims and insurers do not engage the services of loss adjusters for that purpose.

## 9.5. Conflicts between the customer and the insurance company

Conflicts between insurance companies and their customers can sometimes arise. All federally-licensed home, car and business insurance companies are required to have procedures in place to address disputes, including a complaint liaison officer. All federally licensed insurance companies are also required to be member of an independent organization such as the General Insurance OmbudService (GIO).

### The General Insurance OmbudService

Established in 2002, the GIO assists in the resolution of conflicts between the insurance companies and their customers. The GIO provides neutral and professional mediators to find the best solution. For more information on the GIO, go to www.gio-scad.org.

### When a disagreement arises follow these steps:

- **Step 1**

Contact the Insurance Bureau of Canada (IBC), which has offices across the country. A phone call might be sufficient to resolve the issue. If not, IBC will put the consumer in contact with the insurance company's complaint liaison officer. After following the complaint process, the insurance company will send the consumer a letter explaining how it plans to resolve the issue.

If the proposed settlement is not satisfactory, the consumer may ask the GIO for mediation. The consumer must first attempt to resolve the issue with the insurance company before asking the GIO to intervene.

- **Step 2**

Contact the GIO by phone or fax to get the process underway. The GIO will help select an independent mediator. Once the necessary documents have been received by the GIO, the mediator will facilitate a 90-minute discussion between the consumer and the insurance company.

If there is still disagreement, the mediator will prepare a non-binding report with recommendations.

There is no cost to the consumer for the GIO services except the costs associated with attending the meeting.

- **Step 3**

If the matter is still not resolved, the consumer can pursue legal options. The GIO will not assist in the legal process. [45]

45 Insurance Bureau of Canada (2003)

# 10. Appendix

## 10.1. Insurance glossaries

http://www.lcgroup.com/explanations/
http://www.insweb.com/learningcenter/glossary/default.htm
http://www.imms.com/glossary/Agloss.htm
http://suntimes.moving.com/Mortgage_and_Finance/Department/Insurance_center/glossary.asp
http://www.mimsintl.com/content.asp?CID=13

## 10.2. General insurance and risk management resources

**Risk Management Textbook for Outdoor Tourism**

Cloutier, Ross (2000). *Legal Liability and Risk Management in Adventure Tourism.* Bhudak Consultants Ltd., Kamloops, B.C.
ISBN 0-9682474-1-5
http://www.bhudak.com/books.htm

**Insurance and Risk Management resources from the Canadian Tourism Commission at www.canadatourism.com**

- **Database of Insurance Providers**

http://ftp.canadatourism.com/ctxUploads/en_publications/InsuranceServiceProviders.pdf

- **Risk Management Guide for Tourism Operators**

http://ftp.canadatourism.com/ctxuploads/en_publications/rmg.pdf

- **Risk Management and Insurance Guide For the Adventure, Ecotourism and Alpine Skiing Industries**

http://www.canadatourism.com/en/ctc/ctx/publications/pdf/RiskManagement.pdf

**Insurance Bureau of Canada**

www.ibc.ca

**General Risk management Resources**

Non-profit Risk Management Center: www.nonprofitrisk.org
International Risk Management Institute: www.irmi.com

**Agencies and regulators:**

http://www.cfson-crcsf.ca/en/helpful/agencies/default.asp

**Office of the Superintendent of Financial Institutions**

http://www.osfi-bsif.gc.ca/eng/insurers/index.asp

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Stanovich, C.F. (2002). Duty to Defend in the CGL Policy. *IRMI Expert Commentary.* Retrieved from http://www.irmi.com/expert/articles/stanovich002.asp.