



# United States Department of the Interior

NATIONAL PARK SERVICE

1849 C Street, NW  
Washington, DC 20240

(2410)

## Memorandum

To: NPS Field Memos

From: Deputy Director, Management and Administration

Subject: Concessioner Insurance Deductibles and Self-Insured Retentions

### **PURPOSE**

This memorandum revises National Park Service (NPS) policy for concessioners regarding deductibles and self-insured retentions. The NPS is removing the requirement that concession contracts specify deductible and self-insured retention limits for liability and property insurance. This action is being taken to address insurance availability and cost impacts, streamline processes, and better align NPS policy with industry and other Federal agency practices.

This policy revises the requirements contained in the Insurance Exhibit to the Standard Concession Contract and Simplified Concession Contract published May 4, 2000, and July 19, 2000, respectively.

Concessioners may begin exercising this change in policy as of the date of this memorandum. Insurance exhibits will be modified to reflect these changes as outlined in this memorandum.

### **BACKGROUND**

The NPS established liability and property insurance deductible and self-insured retention limits in the standard concession contracts published in 2000. The standard concession contracts require that the concessioner's deductibles or self-insured retention amounts on liability insurance policies (other than umbrella liability, environmental impairment liability, or professional liability, if maintained) cannot exceed \$5,000 without the prior written approval of the Director. Deductibles or self-insured retentions on umbrella liability, environmental impairment liability, and professional liability cannot exceed \$25,000. Property insurance coverages are subject to deductibles as follows: direct damage deductibles must not exceed the lesser of 10% of the amount of insurance or \$50,000 (except flood coverage and earthquake coverage may be subject to deductibles not exceeding 5% of the property value for flood, windstorm and earthquake) and extra expense deductibles (when coverage is not combined with business interruption) must not exceed 72 hours.

These amounts were established based upon input from the NPS's insurance consultant at the time. The deductible and self-insured retention limits were established to ensure that

concessioners had adequate insurance coverage to cover bona fide liability and property loss claims without impact to the financial stability of the company. The NPS has not raised the deductible and self-insured retention amounts in the 25 years since.

Concessioners have indicated that these deductible and self-insured retention limits are outdated, too low, and are resulting in insurance becoming unavailable or unaffordable. They also have indicated that setting deductible and self-insured retention limits is unnecessary because insurance brokers and advisors already determine appropriate deductibles or self-insured retention amounts when issuing policies.

The NPS's insurance consultant has validated that this is commonly the case. When obtaining insurance, brokers and advisors typically complete an underwriting analysis and issue policies with deductibles or self-insured retention amounts that account for the business's financial capacity, risk, claim history, asset portfolio, and other factors. Removing limits on insurance deductibles and self-insured retention amounts in standard concession contracts would allow for a market-based approach that is less burdensome to concessioners and allows for more appropriate deductible and self-insured retention amounts to be set by insurance providers consistent with industry standards for the particular business profile. This approach will assist in addressing current insurance availability and affordability issues. It also aligns the policy for NPS concession contracts with NPS policy or practice for commercial use authorizations and commercial leases and with the policy or practice of other Federal land management entities, including the Forest Service, Bureau of Land Management, Bureau of Reclamation, and Fish and Wildlife Service, which do not specify insurance deductibles or self-insured retention limits in their commercial visitor service authorizations.

## **POLICY**

The NPS will not define deductible or self-insured retention limits for liability or property insurance required in concession contracts. Exceptions may be made for certain concession contracts when the NPS determines there is a need to ensure that the concessioner will have sufficient resources to cover losses or otherwise to protect the interests of the United States or park visitors based upon the particular circumstances of the concession contract. In such cases, the deductible or self-insured retention amounts will be specified in the solicitation for that concession contract.

Concessioners must engage insurance brokers and advisors to conduct underwriting analysis to establish the deductible or self-insured retention amounts for their liability and property insurance, which must be appropriate for the concession contract and consistent with prudent business practice. Additionally, concessioners must maintain insurance deductibles and self-insured retention amounts that comply with any applicable State and Federal laws.

The NPS will not be responsible for any omissions or inadequacies of insurance coverages and amounts in the event the insurance purchased by the concessioner proves to be inadequate or otherwise insufficient for any reason whatsoever. The concessioner is responsible for determining whether to accept the insurance deductibles or self-insured retentions offered by their insurance broker or advisors as an independent business decision. The NPS is not responsible for any

hardship incurred by the concessioner in paying any insurance deductible or self-insured retention amount.

Concessioners must include deductible and self-insured retention amounts, by coverage line, on their Certificates of Insurance and other documentation they submit for annual proof of compliance with their contract's insurance requirements. In the NPS Concessions Management Improvement Act of 1998 (1998 Act), Congress determined that visitor services should be provided within National Park System units only under carefully controlled safeguards against unregulated and indiscriminate use and authorized the NPS to use and establish the terms and conditions of concession contracts in furtherance of the findings and policies in the 1998 Act. In accordance with this statutory oversight responsibility, the NPS establishes insurance requirements in concession contracts and reviews concessioner compliance with insurance requirements during the term of the contract. The NPS may review the concessioner's insurance deductibles and self-insured retentions during this compliance process. If the NPS determines that the concessioner's deductibles or self-insured retentions are not consistent with prudent business practice, the 1998 Act, or the terms of the concession contract, the NPS may advise the concessioner of this finding and may modify the concession contract's insurance requirements to specify deductible or self-insured retention limits if the NPS determines such action is warranted. Such determinations must be approved by the NPS Director, Deputy Director of Management and Administration, or Associate Director of Business Services.

The Standard Concession Contract Insurance Exhibits for new concession contracts will be revised to reflect this new policy. Parks must modify the insurance exhibits for existing concession contracts as soon as practical. Attachment 1 provides a red-line version of the concession contract language in Exhibit I, F, and D, respectively, for the differing categories of concession contracts with the applicable changes.

### **Other Changes**

On February 10, 2025, the NPS issued a policy change to allow commercial recreation service providers to use exculpatory agreements (i.e., waivers of liability (WoL) and indemnifications) where historically it only allowed visitor acknowledgments of risk.

The NPS recognizes that the insurance market is very dynamic. The NPS will continue to monitor and may make additional changes to insurance requirements as necessary or appropriate.

### **For Further Information**

For additional information contact [Liz Tinker@nps.gov](mailto:Liz_Tinker@nps.gov) at 202-558-8042, or [Kurt Rausch@nps.gov](mailto:Kurt_Rausch@nps.gov), at 202-513-7202, in the WASO Commercial Services Program.

Attachment

**ATTACHMENT 1**  
**Changes to Standard Insurance Exhibit in Existing Concession Contracts**

**The following presents modifications to the standard contract insurance exhibit to reflect the policy change for the NPS to no longer specify deductible or self-insured retention amounts.**

**SEC. 2. LIABILITY INSURANCE**

~~(m) Deductibles/Self-Insured Retentions~~

~~The Concessioner's self-insured retentions or deductibles on any of the above-described liability insurance policies (other than umbrella liability, environmental impairment liability or professional liability, if maintained) may not exceed \$5,000 without the prior written approval of the Director. Deductibles or retentions on umbrella liability, environmental impairment liability and professional liability may be up to \$25,000.~~

~~(nm) Workers' Compensation and Employers' Liability~~

**SEC. 3. PROPERTY INSURANCE [not applicable to Cat. III contracts, Exhibit D]**

(a) Building(s) and Contents Coverage

....

(7) The Concessioner must maintain earthquake coverage at the maximum limit available not to exceed 100% replacement value, ~~without a deductible greater than 5% of the property value,~~ or its equivalent in whole dollars if the Concession Facilities are located in Seismic Zones Orange or Red.

~~(f) Deductibles~~

~~Property insurance coverages described above may be subject to deductibles as follows:~~

~~(1) Direct damage deductibles must not exceed the lesser of 10% of the amount of insurance or \$50,000 (except flood coverage and earthquake coverage may be subject to deductibles not exceeding 5% of the property value for flood, windstorm and earthquake).~~

~~(2) Extra expense deductibles (when coverage is not combined with business interruption) must not exceed 72 hours.~~

~~(gf) Required Clause~~

**SEC. 7. CERTIFICATES OF INSURANCE**

All certificates of insurance required by this Contract must be completed in sufficient detail to allow easy identification of the coverages, limits, **deductibles and self-insured retentions**, and coverage amendments that are described above. In addition, the insurance companies must be accurately listed

along with their A.M. Best Identification Number (“AMB#”). The name, address, and telephone number of the issuing insurance agent or broker must be clearly shown on the certificate of insurance as well.

Due to the space limitations of most standard certificates of insurance, it is expected that an addendum will be attached to the appropriate certificate(s) in order to provide the space needed to show the required information.

In addition to providing certificates of insurance, the Concessioner, upon written request of the Director, must provide the Director with a complete copy of any of the insurance policies (and all endorsements thereto) required herein to be maintained by the Contract including this Exhibit.