



The FOAMLINE

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FISHING OUTFITTERS ASSOCIATION OF MONTANA
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FOAM INSURANCE AGENT, CARRIER UPDATE

A New Policy, More Efficiency, Cheaper Rates, Local Agent

Payne Financial's 2009 season long turn-around time, relatively high rates, and a complicated chain-of-command led FOAM staff to review and explore the insurance coverage market, looking for better rates and more efficient paper-handling. And, after some searching, we've found a better situation with new agents and insurance providers for 2010.

Art Hoffart and his Bissell Agency of Bozeman is our new agent. With over 30 years experience in the insurance business, Art brings a more comprehensive, open approach to our liability coverage. Art scoured his connections in the industry looking for lower rates and high-quality coverage and found that our prior long-time carrier, Capital Indemnity, was willing to cut rates to earn our business.

2010 INSURANCE RATES

Basic liability insurance:	\$300 (our lowest rate since 2002)
Additional employee:	\$250
Bird hunting:	\$150
Big game hunting:	\$200 (down \$50)
Powerboats:	\$107 (a \$143 savings)
Rental boats:	\$75
Optional boat & gear:	\$14.75 / \$1000 value, \$500 deductible (was \$40 per \$1000, \$400 deductible)

Coverage

\$1 million per incident for each outfitter or guide (IC)
 \$2 million per year total for all incidents for each outfitter, guide
 \$5,000 client non-fault medical limit per incident
 \$0 deductible for all property damage events
 (\$250 less than 2009)

What about application-handling? Holly, the Bissell Agency insurance certificate mastermind, wondered aloud why Payne Financial took up to two weeks to process a member's insurance application, certificates, and additional insureds. She's dedicated to a very short turn-around time, aiming at three days or less in most cases.

NOTE: With the Bissell Agency, members CANNOT drop off their applications and checks, but must stick to the two-forms,

two-checks, mail-it-to-FOAM process we used this year. And, Acknowledgment of Risk forms are still *required*. We talked to Capital about the new state law regarding client acceptance of risk and they said a signed form AND the state law together were the best guarantee of avoiding or defending against unnecessary claims. Some members have cited the new risk acknowledgement statute, 27-1-753 MCA, in their own versions of the risk forms. When signed, this doubles the effect - clients are informed of the state law and understand the risks outlined in our original form. FOAM may be able to change the standard form to contain the state law reference, too.

OUTFITTERS AS ADDITIONAL INSURED FOR GUIDES

While many outfitters ask their IC guides for proof of liability insurance coverage, others also ask to be added as an additional insured (AI) on the guide's policy. Many outfitters have asked the FOAM staff or our previous agent about AI status and coverage. The following is a brief explanation based on Art Hoffart's reasoning and experience.

For simple proof of coverage, outfitters should ask for a copy of the guide's liability policy. Adding themselves as an AI on a guide's policy when the outfitter already has a FOAM or other policy of their own offers the benefit of having any possible claim defense costs paid by the guide's policy instead of the outfitter's own policy.

OK, but with an outfitter listed as an AI, is there better coverage for the outfitter? Is there double coverage on an individual incident when both the guide and outfitter have policies? No. Each policy 'exhausts' it's own individual incident or claim limit before a claim or judgement can move on to the next policy down the line in a lawsuit. There's no 'doubled' limit for defense or claim payout.

For example, suppose a client initiated a claim against a guide and eventually the guide was judged liable for his/her own defense costs and an eventual insurance payout of, say, \$2 million. With FOAM coverage, the guide's policy would pay for the guide's defense and judgement costs up to the \$1 million limit per incident. IF the guide's outfitter was an AI AND was named in the suit, that outfitter's defense expenses would come from the guide's policy first, then, if necessary, from the outfitter's own policy, up to their

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\$1million limit. Ditto as to award payments.

IF the outfitter was not an additional insured on the guide's policy, but was named in the suit, the outfitter's defense costs would be applied against the outfitter's \$1 million limit instead of the guide's limit.

Government agencies, businesses, and individuals should be listed as AI's when they're associated with an outfitter or guide or allow access to land under their control or ownership for outfitted or guided services since they typically don't have liability coverage for outfitted or guided services.

Questions about the new policy or additional insured situations? Call the FOAM offices: (406) 763.5436.

MBO BUDGET IN THE RED, CHANGES EYED

New Executive Director Sought, Cost-cutting Explored

A budget review at the August MBO meeting included projected fiscal year-end income and expense calculations showing a budget deficit of about \$20,000 rather than an expected surplus. Originally, Wayne Johnston, then MBO E.D., expected a budget surplus due to some double-charged expenses, but a review by his boss, Jeannie Worsech, during the meeting showed no such expenses to recoup and she confirmed the projected deficit .

MBO Chairman Lee Kinsey immediately arranged for a further budget review by staff of the Business and Professional Licensing Bureau, BOLB, headed up by Ms. Worsech. Kinsey,

FOAM, MOGA, and BOLB staff will meet in October to review Worsech's findings and look for ways to cut overhead to avoid a licensee fee increase.

The 2008 license fee increase based on Mr. Johnston's detailed budget projections purportedly guarded against another fee change for approximately 10 years. The MBO members only agreed on the '08 fee change because of this projected annual surplus for years to come.

Yet, apparently, increased BOLB expenses, MBO salaries, and other factors drove up expenses while fewer licensee renewals dropped income. The board will have some 'vacancy savings' - no salary expenses - while the BOLB searches for Wayne Johnston's replacement. Mr. Johnston left the MBO at the end of August, taking another job elsewhere in state government.

FOAM will track and report on these money questions. We wonder why the quality of MBO services doesn't change while board/BOLB expenses consistently increase. We'd urge closer board-member involvement in BOLB budgeting for the board and a hard look at expenses - including personnel requirements - not directly tied to board services. Something's got to change.

Ms. Worsech is very familiar with MBO expenses and she is past E.D. for the Board of Nursing - the board with the largest number of licensees and largest budget. Her experience and sharp-pencil accounting techniques may well help bring the MBO budget in line. We hope so.

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- New FOAM Insurance Rates for 2010

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