

Insurance

✓ THE TREE CARE COMPANY INSURANCE CHECK-LIST

By Robert Rouse

Insurance coverage is a necessary part of overhead for every legitimate business. What to buy, how much to buy and who to buy from are only a few of the factors to consider.

This article highlights some of the things tree care companies should consider when purchasing insurance. It will also help you develop a good working relationship with your agent. Just as you prefer to work with well-informed clients, your agent will appreciate your understanding of insurance.

Remember, your agent works for you, through fees and commissions paid based on your insurance premium. You are a valued client and your agent will be more than happy to discuss any of the items addressed in this article with you.



General Liability

Liability policies can differ greatly when it comes to coverage. Here are some things for a tree care professional to consider.

Do I have adequate limits of liability protection?

On average, a tree care company should carry a bare minimum of \$1 million per occurrence and \$2 million aggregate policy limits. The TCIA Accreditation standard asks that your insurance company have an AM Best-rating (www.ambest.com) of B++ or better with a minimum financial size VIII.

Occurrence Form coverage

Verify that your liability policy is on "Occurrence Form" coverage vs. less advantageous "Claims Made" form. "Claims Made" policy forms can result in significant coverage gaps if you cancel coverage, or change to an alternative insurer.

Does my policy include "Professional" Liability?

Tree care professionals often assume liability exposures similar to those found with

other professions, as many offer consulting type services to their clients. A tree care professional's liability policy is not complete without this relatively inexpensive coverage. Visit TCIA's website to learn more about errors and omissions coverage: www.tcia.org/insurance/ArborMax_ErrorsAndOmissions.htm

Does my policy include pesticide and herbicide applicator coverage?

This coverage is extremely inexpensive and should be purchased by virtually all tree care professionals for obvious reasons.

Per Project Aggregate.

The "aggregate" limit stated in the policy means that once that limit is exhausted due to one or a number of claims, then the policy has "used up" all of its coverage for the remainder of the policy period. By changing the policy condition to a "Per Project" Aggregate one can avoid this rare but potentially devastating coverage short-fall.

Blanket Additional Insured for ongoing and completed operations.

More and more commercial/business clients are requiring, often by contract,

that they be additionally insured on the policies of those who they hire or subcontract with. By adding this condition one can better their chances of being in compliance from an insurance standpoint when entering into contracts with clients.

Limited Pollution Liability coverage.

All liability policies contain some form of pollution exclusion in their coverage; however in some cases limited amounts of this coverage may be available. Remember that all tree care professionals have some pollution exposure.

Suggested minimum liability limits to purchase: At least \$1 million per occurrence/\$2 million aggregate.

Workers' Compensation

Does my tree care company have a Workers' Compensation policy?

It is surprising that many tree care companies do not have this coverage in place. It is important to remember that in many situations Workers' Compensation is required by law, and failure to have the coverage can result in serious fines and

penalties, not to mention uncovered claims.

Is my Workers' Compensation policy written correctly to properly address the services and operations that I perform?

As we all know, many tree care professionals offer a wide variety of services that involve different types of activities. Services such as general tree care, landscaping and lawn and landscape maintenance often have different WC codes and rates (depending on your state rules). It is important that your Workers' Compensation policy properly reflect all of the proper work classifications as failure to do so can result in unexpected cost increases, or in some cases, over payment of premium. Visit the TCIA website for a general review of some commonly used codes (actual codes are variable from state to state): www.tcia.org/public/WC-Codes.htm

Suggested Workers' Compensation insurance purchase

Workers' compensation is required by law in all states. Anyone who has employees **MUST** purchase workers' compensation insurance.

Suggested workers' comp purchase for individual sole proprietors, & LLC's: Many states allow owners of these entity types to "opt in" for coverage. We suggest that ALL owners opt in for coverage.

Business Auto coverage

Are my vehicles properly insured?

It is of extreme importance that you periodically check to make sure that all of your vehicles are properly insured and are covered correctly on your business auto policy. Oftentimes tree care professionals bring business vehicles in and out of service for various reasons. Whenever possible it is preferable for your vehicle coverage to be based on "any auto" to avoid coverage gaps when vehicles are moved in and out of service.

Suggested auto insurance limits to purchase: Suggest minimum liability limits of \$1 million per occurrence, physical damage coverage, hired & non owned auto liability limits of \$1 million and "Symbol 1" coverage – any auto.

Tools & Equipment coverage

Are my tools and equipment properly insured?

Since tree care professionals operate a wide variety of equipment (other than vehicles) that they may own, lease or borrow from others, it is of extreme importance that you make sure that all equipment is properly insured. This is done with an Equipment policy. Generally speaking, these policies tend to have flexibility in how you insure equipment so it is advisable that you review this with your insurance professional regularly to make sure all equipment is properly insured.

Suggested Equipment Insurance limits to purchase: At minimum, insure all large pieces of equipment and any equipment for which there is a third party interest such as lien holders. It also may be important to insure any equipment that you rent, lease or borrow from others.

Should I have an Excess (Umbrella) Liability Policy?

Understanding that tree care operations pose extremely high risk, one should consider the option of adding this coverage as it allows one to drastically increase their liability protection above and beyond the maximum allowable limits on their General Liability, Auto Liability and, when applicable, employer's liability assumed under Workers' Compensation. This coverage can be purchased in million dollar increments.

Minimum limits to purchase: \$1 million per occurrence/\$1 million aggregate.

Should I consider adding Employment Practices Liability (EPLI) coverage?

Lawsuits against employers from wrongful termination, age discrimination, sexual harassment and a host of other employment related allegations are on the rise. Not long ago, lawsuits of this nature were more common in large employer company environments, but recently claims of this nature have started to increase with smaller employers, including many tree care companies. This coverage is readily available from a large group of insurers and continues to be affordable even in light of the increased claims activity.

Minimum limits to purchase: \$1 million

Here is a checklist of items to review with your agent:

General Liability

- Min. limit: \$1 million per occurrence
- Occurrence Form
- Per project aggregate
- Arborist and landscapers professional services (errors & omissions) liability at policy limits, that include coverage for consulting
- Pesticide & herbicide applicator coverage
- Coverage for incidental operations (check for exclusions)

Commercial Automobile

- Same/concurrent limits as general liability
- Are special use vehicles properly described and insured to value?
- Are there restrictions on incidental operations? Example: snow plowing

Workers' Compensation

- Are all exemptions (for sole proprietors, partners and corporate officers) properly documented as either opted in or out?

Inland Marine

- Is all mobile equipment properly scheduled and current?
- Are major tools and equipment properly schedule and current?
- Are cranes exempted from "boom exclusions" for incidental operations? Note: Crane rental contracts often require boom overload coverage in the small print.
- Is there adequate blanket coverage for miscellaneous tools and equipment?

Umbrella

- Are there adequate limits in force (\$1 million-\$5 million)?

Property

- Is all real and personal property insured to proper value?

per occurrence/\$1 million aggregate.

Do I have adequate insurance on my property other than my equipment & tools?

All tree care companies have some form of office from which they run their business. In some cases this is just a small in home office, but in others it may be a separate structure on a residence premises, or they may lease or own property at another location. It is important to make sure that all property, office contents, buildings and so on be properly and adequately insured on some form of property insurance policy.

Proper limits to purchase: Replacement cost limits on all buildings and contents.

Other Important Considerations

Does your insurance carrier have specialty in the tree care industry?

Many insurers will offer a varied number

of insurance policy products to tree care professionals, however some have more specialized coverage and industry knowledge than others. Some insurers may also be endorsed by one or more tree care industry associations. For example, TCIA endorses the ArborMAX insurance program because of the ArborMAX team knowledge of our industry and the unique product they offer, designed specifically for our industry. You should ask your agent if they have access to these specialized insurers.

Some specialized insurers not only offer specific coverage addressing the unique exposures of tree care operations, but also offer added services such as risk management and loss control services, and perhaps added safety training as well. For example, the TCIA Foundation (TCIAF) runs the loss control program for the ArborMAX insurance program. This allows TCIAF to place tree care industry experts at companies for on-site reviews. The experts make suggestions for improvement that can help

the company avoid losses, resulting in lower premiums.

Is my agent knowledgeable about the tree care industry?

One should ask their agent if they have special knowledge and background on the tree care industry. Do they insure other tree care companies in your area? Are they members of any of the various tree care associations such as TCIA, and/or perhaps other local organizations? Are they partnered with insurers who specialize in the tree care industry?

Price

With the cost of insurance being the tree care company owner's second largest expense in many situations, cost of insurance can easily become the sole motivating factor in one's decision regarding who to place their insurance with. As a general rule, if one partners with an insurance professional who has specialty in, and commitment to, working in the tree care

industry, in most cases pricing concerns can be removed from the equation.

Insurance professionals with specific knowledge of the industry can properly assess your insurance needs and exposures, and also point out potentially weak areas in your operations that may be having an adverse effect on insurance coverage and costs. By focusing on these areas the insurance professional can place your coverage with the most appropriate insurer while setting a plan in motion to control your insurance costs and keep them at their minimum, while maintaining adequate coverage.

Robert Rouse is vice president of industry standards and credentialing for the Tree Care Industry Association.

This article is intended only as information and does not/cannot address all insurance issues and coverage you may need for your business. Only you and an insurance professional can determine that after a specific needs analysis is completed for your company.



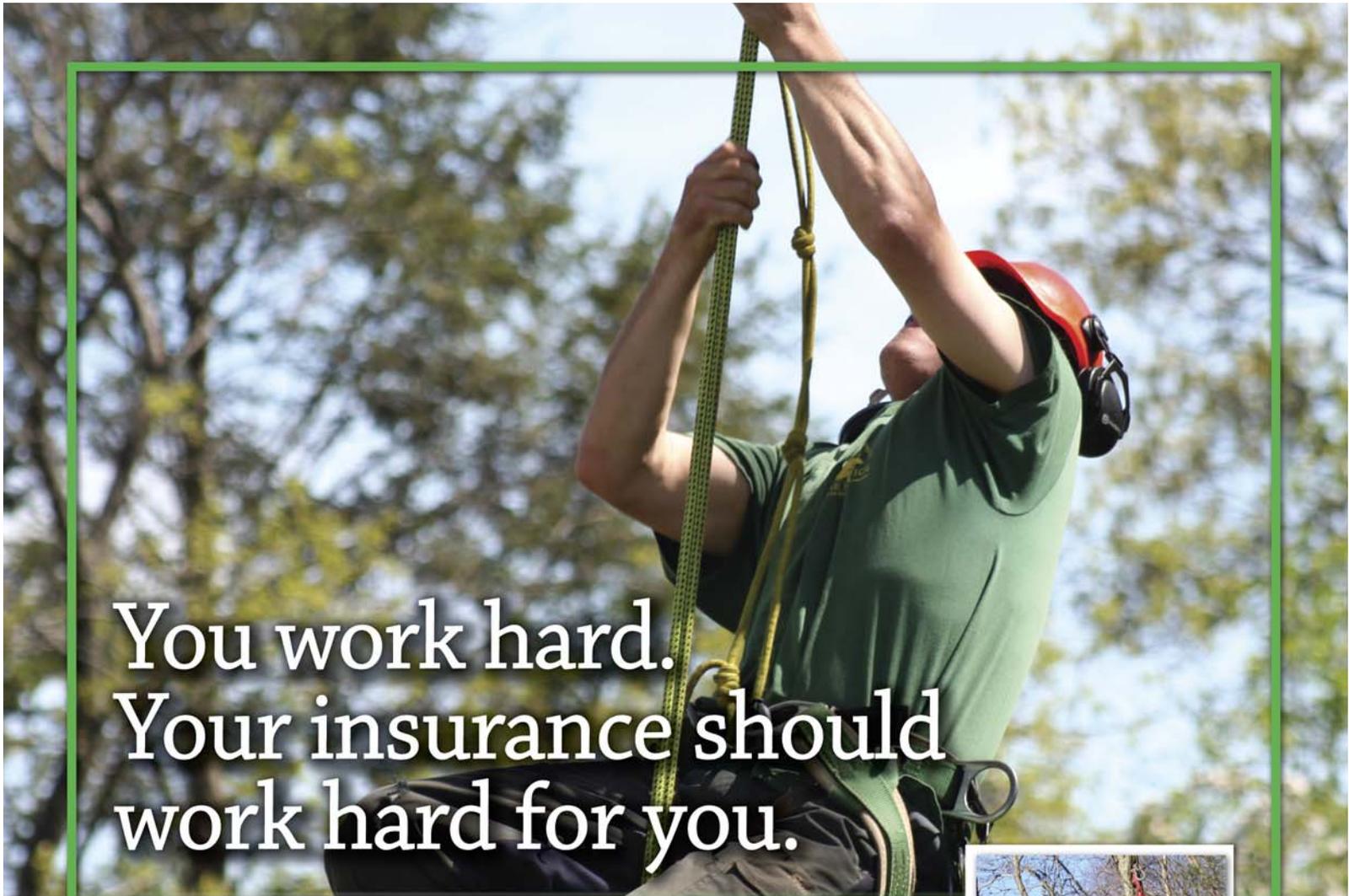
Business strong.

Before accreditation we had 6 climbers that had a "job" trimming trees. Since accreditation, we have 14 climbers who have a "career" and a passion for what they do.

*Bryan Moller | President
Four Seasons Tree Care, Vista, CA
Accredited since 2009*

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Arbor MAX

insurance for tree care companies

ArborMAX supports the tree care industry through: competitive pricing and by contributing to industry safety and loss control programs.

ArborMAX is the only insurance program endorsed by TCIA.



for a list of agents in your area, go online to **tcia.org**

Coverages Available:

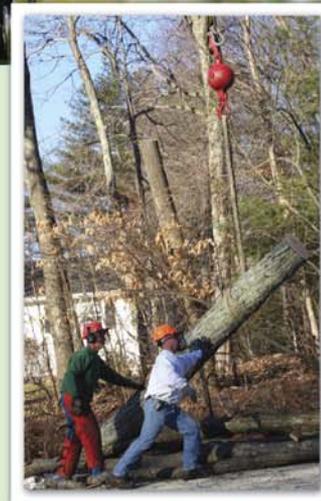
- Commercial General Liability
- Commercial Automobile
- Inland Marine
- Crime
- Property
- Umbrella

Workers' Compensation

TCIA Accredited companies and companies that have a full-time CTSP are eligible for consideration.

Tree Care Specific Coverages:

- Arborist & Landscape Professional Services (Errors & Omissions)
- Pesticide & Herbicide Applicator
- Tools & Equipment
- Per Project Aggregate
- Blanket Additional Insureds (including Primary Wording)
- Plus numerous additional customized products



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