

BE A BETTER AGENT

**THE ULTIMATE
GUIDE
TO
INSURING
HOTELS**



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How to insure Hotels

This course follows Cameron as he prepares to call on Avec Moi Hotel. Cameron will speak with Jazmine, one of the owners of the hotel who is also the general manager. Cameron met Jazmine in college and writes her personal insurance coverages. She consulted with him about commercial coverages after the hotel's current carrier denied coverage for two losses and the current agent refused to help.

The Avec Moi is a 15-room boutique hotel located in an upscale young urban area in a major metropolitan community. It has been in business for five years and is profitable. Jazmine is the founder and has been the general manager since it started. It is an LLC and there are two other members. The hotel has a small restaurant and bar primarily for the hotel's guests but that is also open to the public. SIC CODE: 7011 Hotels and Motels

Throughout this course, we will be providing regular updates on how our agent is progressing with the customer. At these updates, we will take time to review the course material with a short quiz. After you answer the quiz question, the correct answer will be shown.

NAICS CODE: 721110 Hotels (except Casino Hotels) and Motels

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RISK OVERVIEW

Description of operations

Hotels provide lodging to the general public. Rooms may be rented on a short-term or long-term basis. The hotel may offer a bar or lounge (sometimes with live entertainment), beauty or barber shops, child or pet care, full-service restaurant, gift shops, laundry, and dry-cleaning, limousine services, spas, or various recreational attractions. Many hotels also offer meeting facilities for seminars and conferences.

Property exposures

are due to the high combustibility of contents and the multiple sources of ignition. Electrical wiring, plumbing, cooling, heating, and laundering systems must be adequate and meet current code. Hard-wired smoke detectors should be installed in all guest rooms and common areas. Cooking equipment must meet all NFPA requirements. Flammables should be stored properly. If there is a pool, chemicals used to treat it should be stored separately. Business Interruption exposure can be substantial due to the lack of backup facilities and the seasonality of some hotel operations.

Equipment breakdown exposures

include breakdown losses to the heating and air conditioning systems, cooking equipment, laundry equipment, hot water systems, electrical control panels, and other apparatus. Breakdown and loss of use could result in significant loss, both direct and under time element, if replacement parts are unavailable or repair time is lengthy.

Crime exposure

includes employee dishonesty and money and securities. References and background checks should be conducted on all employees. Cashiers' drawers should be kept stripped with regular deposits made throughout the day. A minimal amount of cash should be kept overnight. Monetary transactions must be monitored and audited on a regular basis to prevent employee theft. Money-handling responsibilities should be separated, with no employee handling both receivables and disbursements. Guest property coverage is important to protect guests' property from theft by employees, other guests, or trespassers. Coverage is provided for each room and for items in lock deposit boxes. Controls should be in place to verify guest identity before permitting access to lock boxes.

Inland marine exposure

comes from accounts receivables if the hotel bills for services, computers, and valuable papers and records for guests' and suppliers' information. Duplicates must be made and stored off-site for easy restoration. There may be bailees customer if goods of others are held for exhibitions, there is a dry-cleaning or laundry service, or there is a coat check at the restaurant, commercial articles floater for cameras, audio visual equipment and musical instruments, contractors' equipment for exterior maintenance, fine arts for paintings, antiques or sculptures, or a special floater for items used off-site.

Premises liability exposure is high due to the number of guests and visitors. The hotel should meet all life safety codes to assure guest safety. To prevent trips, slips, and falls, the hotel must be well maintained with floor covering in good condition. The number of exits must be sufficient and well-marked, with backup lighting in case of power failure. Steps should have handrails, be well-lighted, marked, and in good repair. Balconies should be regularly inspected and maintained. Swimming pools, exercise facilities, and playgrounds should be limited to guest use only, and be properly maintained. Parking lots and sidewalks need to be in good repair, with snow and ice removed, and generally level. Guest rooms should be accessed by magnetic keys or other systems that are unique for each new guest to prevent unauthorized access. Universal access keys should be kept secure and their use monitored to prevent unauthorized use. High-rise hotels and crowd events pose special life safety issues that may require additional security and evacuation plans. Recreational facilities offered to guests, such as boating, golf, horseback riding, water sports, or winter sports, or services such as barber, beauty, and other personal services pose additional exposures. Tanning services may require the use of specialty insurance markets because of the relatively unknown loss potential from long-term exposure to radiation and the possibility of contracting cancer and related diseases. Personal injury losses may occur due to alleged wrongful eviction, invasion of privacy, or discrimination.

Products liability exposures can be high if the hotel has a restaurant or lounge. Employees should be trained in the proper handling of consumables to prevent foreign objects in food, food poisoning, or the spread of other transmissible diseases. Other product liability exposures can arise from vending machines and gift shops.

Liquor liability exposures can be high if employees are not properly trained to recognize the effects of excessive alcohol consumption. Employees must also be trained to verify the age of guests ordering alcoholic beverages and to refuse service to underage guests.

Automobile exposure is high for many hotels due to pickup and delivery of guests, which may include driving in congested areas or in inclement weather. Hands-free two-way communication devices should be used to track vehicle locations. Any driver should have an appropriate driver's license and an acceptable MVR. Vehicles must be maintained and records kept in a central location. Valet services present Garagekeepers exposures for damages to guests' vehicles.

Workers compensation exposure is moderate. Cleaning and maintenance operations can result in lung, eye or skin irritations and reactions. Slip and falls, back injury, hernias, sprains and strains from lifting and working at awkward positions are common. Parking lot and sidewalk snow removal may be handled by employees or outside contractors. If employees are responsible, there are potentials for strain and fall injuries. Food preparation operations can result in cuts, scrapes, and burns. Driving limousines presents exposure to over-the-road accidents. Interaction with guests can be difficult. Employees, particularly security personnel, should be trained in dealing with rowdy guests. Animals owned by guests can bite, scratch, or kick workers.

Minimum recommended coverage:

Building, Business Personal Property, Business Income and Extra Expense, Equipment Breakdown, Employee Dishonesty, Guests Property, Money and Securities, Accounts Receivable, Computers, Valuable Papers and Records, General Liability, Employee Benefits, Liquor Liability, Umbrella, Business Auto Liability and Physical Damage, Hired and Nonownership Auto, Workers Compensation

Other coverages to consider:

Earthquake, Flood, Computer Fraud, Forgery, Bailees Customers, Commercial Articles Floater, Contractors Equipment, Fine Arts, Special Floater, Cyberliability, Employment-related Practices, Professional Liability, Garagekeepers, Stop Gap Liability

QUIZ: RISK OVERVIEW

The Avec Moi is a 15-room boutique hotel located in an upscale young urban area in a major metropolitan community. It has been in business for five years and is profitable. Jazmine is the founder and has been the general manager since it started. It is an LLC and there are two other members. The hotel has a small restaurant and bar primarily for the hotel's guests but that is also open to the public.

All hotels must provide the following:

- a. Gift shops
- b. Laundry services
- c. Lodging - Yes, That's correct! Very good!
- d. Food and drink service

Why are hotel property exposures considered high?

- a. There are multiple sources of ignition. - Yes, That's correct! Very good!
- b. A restaurant may be on premises.
- c. Swimming pool chemicals
- d. Electrical wiring may not be up to code.

What unique crime coverage should a hotel purchase to protect its guests?

- a. Counterfeit money and money orders
- b. Guest Property - Yes, That's correct! Very good!
- c. Money and securities
- d. Forgery

What general liability concern is unique to hotels?

- a. Swimming pools
- b. Room key control - Yes, That's correct! Very good!
- c. Children's playground
- d. Professional services

Hotels do not have an automobile exposure.

True

False - Yes, That's correct! Very good!

Quiz questions are good re-enforcers of the material covered. If you were able to answer all of the questions correctly, please continue. If you were not able to answer all of them correctly, feel free to restart the quiz and try again

Now that he has some basic knowledge of the industry, Cameron wants to determine the types of questions he should ask during his meeting with Jazmine. He is familiar with ACORD forms but wants something more detailed that applies specifically to hotels. He selects the questionnaire.

Cameron chooses the minimum recommended coverages from the narrative and builds the questionnaire. He reviews each section carefully to be sure he is comfortable with the questions he plans to ask.

GENERAL INFORMATION

Account: _____

Account number: _____

Agency: _____

Agency number: _____

Producer: _____

Producer number: _____

Legal business name(s)

Mailing address:

The correct legal name is needed because policy conditions provide for payment for only the financial interest of the named insured. If the name is incorrect, payment could be denied.

Individual Corporation Sub-S Corp. Partnership

Joint Venture Not-for-profit Limited Liability Company

SIC Code(s): _____

NAICS Code(s): _____

Federal ID Number: _____

When did the applicant start business operations? _____

When did the present management assume control? _____

How many years' experience does the owner have in this type of business? _____

How many years' experience does the manager have in this type of business? _____

Has the applicant ever been involved in a bankruptcy procedure? Yes No

If yes, explain including the type of bankruptcy, the filing date, and the resolution.

Bankruptcy is a serious concern for an underwriter because of the disruption it brings to an operation and the moral and morale hazards that can accompany it. If an applicant has a prior bankruptcy it is important to provide an explanation of how it occurred and what the applicant is doing differently to prevent another one.

Names of subsidiary companies or joint ventures that are not part of this application:

Important People

Name

Phone Number

Owner/Principal _____

Other Decision Makers _____

Plant and Grounds _____

Financial _____

Legal _____

Claims _____

People are what make a business. Successful risk management depends on knowing who can make decisions and who must be consulted. Interviewing the individuals identified here assists in finding and resolving gaps in coverage.

The applicant's primary operations are:

The applicant's secondary and/or incidental operations are:

The applicant used to be involved in the following operations, but they have been discontinued:

Some hotels may add activities in order to increase revenue and attract customers. They may hold special events that are attractive to certain niche groups or provide various types of entertainment. It is important to know what the hotel did in the past as an indicator of what it may try to do in the future.

The hours of operations are: _____

How many days per week is the applicant open? ____

Is this a seasonal operation? ___ Yes ___ No

If yes, what is the season? From _____ to _____

Seasonal operations have a shorter time frame in which to make a profit and are often dependent on the climate. Poor snowfall in a ski resort town can result in a loss for the year for all its retailers. In addition, any seasonal operation with buildings will have an occupied building for only part of the year, which increases its hazards and loss potential.

Does the applicant have a safety program? ___ Yes ___ No

If yes, answer the following:

Name of safety director: _____

Safety director phone number: _____

Safety director email address: _____

Attach a copy of the safety program.

Does the applicant have a disaster plan? ___ Yes ___ No

If yes, answer the following:

Name of disaster coordinator: _____

Disaster coordinator phone number: _____

Disaster coordinator email address: _____

Attach a copy of the disaster plan.

Safety should be a top priority for any hotel. A formal safety program should be in place that the hotel publishes and provides to every employee. The hotel should conduct regular tests to ensure that all procedures are understood, effective and working.

How many rooms are available? ____

What is the average occupancy per room?

___ 1 ___ 2 ___ 3 ___ 4 ___ More

Is cooking permitted in rooms? ___ Yes ___ No

If yes, what type of cooking?

___ Hot Plate ___ Microwave ___ Other

Describe other.

The potential for fires increases significantly when cooking is permitted in individual rooms. If stove top or hot plate cooking is permitted, the unit must be permanent and located under a hood. Fire extinguishers should be easily accessible.

What are the gross sales for the past 3 years?

20 ___ Food \$ _____ Liquor \$ _____

20 ___ Food \$ _____ Liquor \$ _____

20 ___ Food \$ _____ Liquor \$ _____

Optimally, sales should be increasing. A significant change in the ratio between food and liquor sales could indicate a shift in operations. However, it could also indicate a change in policy that provides food within the room cost.

Is there a separate bar or lounge? ___ Yes ___ No

If yes, answer the following:

Area of bar or lounge: _____ sq. ft.

Indicate how many days each week the following are on the premises:

___ Live bands ___ Male/female reviews ___ Public dancing ___ Disc jockey

___ Dancers ___ Pool tables ___ Bouncers ___ Happy Hour activities

Does the establishment use antennas, satellite dishes or streaming video to provide entertainment for customers? ___ Yes ___ No

If yes, describe any antennas or dishes and also the type of programming.

Are there other types of entertainment? ___ Yes ___ No

If yes, describe.

The answer to the question about a separate bar and lounge often depends on local liquor laws. Some locales require serving all alcohol in a separate room or area that prohibits minors. However, in states without such codes, a separate bar area may indicate an operation that depends heavily on alcohol for profit.

Any form of entertainment (and related safety measures) must be evaluated. Entertainment tends to encourage customers to linger and drink more alcohol, which can lead to an increased liquor liability exposure.

Are operations, such as catering, conducted away from the premises? ___ Yes ___ No

If yes, describe.

The usual hotel operation does not contemplate off-premises operations. While such operations reduce the on-premises exposure, supervising off-premises activity is very important, along with employing proper sanitation methods to prevent food poisoning.

QUIZ: GENERAL INFORMATION

Avec Moi is the trade name of Jazmine and Friends, LLC. Jazmine is the managing member of the LLC with 75% of the ownership but there are two additional members.

What is the legal name of the hotel?

- a. Avec Moi
- b. Jazmine and Friends, LLC
- c. Avec Moi and Jazmine and Friends, LLC
- d. The names of the three members of the LLC - Sorry, that's incorrect. The correct answer is b.

Avec Moi has closed in January, February, and March in previous years but has recently decided to remain open year around. Does this change increase its hazards and loss potential?

- Yes
- No

Avec Moi plans to add several wintertime get-away weekend entertainment specials to fill the rooms in the winter months.

- a. This will increase the hazards. - Sorry, that's incorrect. The correct answer is c.
- b. This will decrease the hazards.
- c. The exposure changes must be evaluated.
- d. It depends on whether liquor is involved.

Two guest rooms are considered extended stay rooms and are equipped with stoves. What precautions should be in place?

- a. Pot holders
- b. Automatic extinguishing system - Sorry, that's incorrect. The correct answer is c.
- c. Hood over stove
- d. Extra heavy aluminum cookware

Avec Moi's chef is becoming very well known, but he is considering expanding into catering instead of increasing the size of its restaurant. This will not have any impact on Avec Moi's exposures.

- True
- False - Yes, That's correct! Very good!

BUILDING AND BUSINESS INCOME

BUILDING

Premises # _____ Building # _____

Location address:

Does the applicant own the building? Yes No

If no, answer the following:

Who owns the building?

Is the applicant contractually obligated to insure the building? Yes No

If yes, attach a copy of the contract.

Many buildings that appear to be owned are actually leased on a long-term basis. By the terms of the lease, the insured who is leasing may be required to provide the building property insurance. In those cases, the Limit of Insurance, the

Causes of Loss and other coverage details are described in the lease. The lease should also address responsibility for the coverage on improvements and betterments. These factors affect the coverage and valuation decisions made by the insured.

If the building sustains a major loss, would the applicant replace it with the same type of structure? ___ Yes ___ No

If no, what would the applicant do?

If the building sustains a major loss, what new building codes would be imposed on the applicant in order to rebuild?

Property valuation and Limits of Insurance selected should reflect the anticipated actions of the insured following a loss. The insured can select from many options, but the selection should be made BEFORE the loss so that the policy coverage and limits match the selection. The valuation and limits decision reached at the initial application should be periodically reviewed since circumstances change over time.

Building codes are upgraded regularly. Since building owners cannot afford to constantly upgrade to meet new codes, they often do not apply to existing buildings until the building owner makes major changes due to updating or damages. Occasionally, codes even require a change in occupancy. Most property forms exclude any additional costs to comply with new code requirements but the coverage is available through an endorsement.

Describe any barriers or obstacles that would prevent the fire department from responding to a fire at the applicant's building on a timely basis. These could include locked gates, railroad crossings, and congested or narrow roads.

Describe any barriers or obstacles that would prevent efficiently evacuating the building.

Hotels are often situated in scenic areas that are exciting for guests but present access difficulties for emergency vehicles. Such hotels should have on-premises firefighting capabilities and develop a coordinated plan with surrounding communities' emergency responders.

Guests must know how to exit the building quickly. Signage must be clear, regardless of the language spoken. Exits must be free of obstacles. Employees must be trained in the proper way to evacuate the premises and be able to verify that all guests have vacated the premises.

How many fire extinguishers and smoke alarms are on premises?

___ Fire extinguishers ___ Smoke alarms

When was the building built? _____

In what year were the following systems last updated?

_____ Heating _____ Electrical _____ Roof _____ Plumbing

Have any additions been made to the building? ___ Yes ___ No

If yes, describe the addition and the date it was completed.

Hotels are heavy users of heating, electrical and plumbing systems, and they must be properly maintained and operational. Regularly updating such systems should be a part of the hotel owner's maintenance plan.

When additions are made to a hotel, all systems must be evaluated to anticipate the impact and need for significant upgrades due to increased usage. Life safety considerations are critically important and guests must be able to exit the building quickly and efficiently in case of an emergency.

Was the building built for the current occupancy? ___ Yes ___ No

If no, answer the following:

In what year was the building converted to the current occupancy? _____

Which of the following were updated to current code at the time of conversion?

Indicate which of the following were updated to current code at the time of conversion?

_____ Heating _____ Electrical _____ Roof _____ Plumbing _____ Exits

Hotels converted from other occupancies must be evaluated carefully due to significant differences in the use of the building. A warehouse or manufacturing occupancy does not have a hotel's extensive plumbing, heating or electrical needs. In addition, the exit and evacuation needs are also quite different. Conversions are a particular concern in communities with minimal building codes and enforcement capabilities.

BUSINESS INCOME

Premises # _____ Building # _____

Location address:

What expenses of the applicant continue during any business suspension?

\$ _____ preceding 12 months \$ _____ current year

How many days does the applicant need to resume operations? _____

It is important for an insured to determine and distinguish between expenses that continue, those that do not, and others that are elective or voluntary. Payroll expense is an example of an expense that can be included, included with conditions, or totally excluded.

Will the applicant's net income equal its pre-loss levels as soon as operations resume? ___ Yes ___ No

If no, how many days will the applicant need before the income returns to its pre-loss level?

___ 30 ___ 60 ___ 90 ___ 120 ___ 150 ___ 180
___ 210 ___ 240 ___ 270 ___ 310 ___ 340 ___ 370

Describe a piece of equipment or type of operation that might force the applicant to suspend operations until it was replaced, repaired, or resumed.

There is coverage for only 30 additional days after the business resumes normal operations. The insured should consider how long it may take to reestablish its clientele after an extended business interruption. If it can't accomplish this within 30 days, purchasing coverage for a longer period should be considered.

QUIZ: BUILDING AND BUSINESS INCOME

Avec Moi occupies a unique structure. The single building is actually three connected structures. The middle structure was built in 2009. It houses the kitchen, the restaurant, the community area, and the hotel offices. The other structures were both residential two story dwellings that were gutted and converted into hotel rooms. One was built in 1890 and the other in 1902.

Jazmine owns the building but leases it to Jazmine and Friends, LLC. The LLC is contractually obligated to provide all property insurance.

Can Jazmine and Friends, LLC purchase insurance for the building even though it does not own it?

___ Yes - Yes, That's correct! Very good!

___ No

Recent changes in local building codes do not permit Avec Moi to rebuild at its current location following a significant loss. These codes also impose additional costs to any reconstruction. Does the building coverage form cover those costs?

a. Yes

b. No

c. Yes, but only if an endorsement is added. - Yes, That's correct! Very good!

d. It would have but does not because of the relocation requirement.

Avec Moi is located two miles off a small road up a winding and narrow tree-lined lane. It sits on a hill that overlooks a creek-fed pond. The hotel is inaccessible when the creek floods. What loss prevention measures should Avec Moi take?

- a. Nothing. Many places are inaccessible when it floods.
- b. Have pontoons ready to transport emergency vehicles. - Sorry, that's incorrect. The correct answer is d.
- c. Petition the city to improve the lane.
- d. Train employees in fire-fighting techniques to control small fires.

What systems must be evaluated because of a hotel's heavy usage of them?

- a. Heating
- b. Electrical
- c. Plumbing
- d. All of the above - Yes, That's correct! Very good!

Does business income expense always include payroll?

- Yes
- No - Yes, That's correct! Very good!

BUSINESS PERSONAL PROPERTY

Premises # _____ Building # _____

Location address:

Describe the business personal property.

Do the applicant's business personal property values fluctuate? Yes No

If yes, is the fluctuation Monthly Seasonal (from _____ to _____)

Hotels actually have very little business personal property based on the definitions in the building and business personal property coverage form. A property inventory usually reveals that many items classified as business personal property should actually be classified as building. This usually results in lower premiums because building rates are usually lower than business personal property rates. In addition, the value of business personal property such as computers and commercial articles covered under Inland Marine floaters should be removed to keep the insured from paying for duplicate coverage.

Is the applicant's business personal property:

Highly flammable: Yes No

Susceptible to severe damage from: Smoke Heat Water Temperature

Do any other occupancies in this building present a significant exposure hazard to the applicant? Examples are explosion, fire or chemical hazards but are not limited to just them. Yes No

If yes, describe.

Would the applicant's business personal property be damaged if the off-premises supplied heat, light or power failed? Yes No

If yes, answer the following:

Describe what would be damaged and how quickly.

How is the heat, light or power transmitted to the applicant?

Will alarms sound or will there be other notification if power fails or shuts off? ___ Yes ___ No

Are backup generators available? ___ Yes ___ No

Hotels cannot function without utility services. If utility services are disrupted, the business personal property loss is minimal but there may be significant expenses to move guests to other locations until the hotel can resume normal operations and services. A utility interruption may damage food, drink, and other property that depends on temperature or climate controls.

Are detailed records kept of all of the applicant's inventory, machinery, fixtures, or equipment, including their purchase date and price? ___ Yes ___ No

Does the applicant label and assign inventory numbers to all items? ___ Yes ___ No

Does the applicant store paints and varnishes on the premises? ___ Yes ___ No

If yes, how much and how are they stored?

Fumes from varnish and paint are extremely combustible. All varnishes and paints should be stored in separate temperature-controlled room or building separated from the main facility. Storage containers should be enclosed, bonded, grounded and free of static. No more than a one-day supply should be in the processing area at any one time.

Does the applicant cook or prepare any food at the table? ___ Yes ___ No

If yes, describe the type of food prepared and its percentage of the applicant's total receipts.

Was the building originally built for a restaurant occupancy? ___ Yes ___ No

If no, have any alterations been made for it to be occupied as a restaurant? ___ Yes ___ No

If yes, when were they made? _____

Any building with a restaurant occupancy must have electrical, plumbing, heating and air-conditioning systems designed for the heavy usage demanded by that occupancy. In addition, grease-laden vapors can permeate dropped ceilings and partitions and cause a fire hazard from the unseen grease accumulation.

If the restaurant is in a multi-story building, on which floor is the restaurant located? _____

Is smoking permitted? ___ Yes ___ No

If yes, describe how the applicant disposes of smoking materials.

The restaurant housekeeping is considered:

___ Excellent ___ Good ___ Fair ___ Poor

Describe the type of cooking done on the restaurant premises.

Fast response is necessary to contain restaurant fires. A restaurant located on upper floors of a multi-story building hampers the fire-fighting efforts and a fire can quickly get out of control.

Cigarettes should be emptied regularly into a closed metal container.

Grease-laden vapors accumulate on any surface they touch. This grease acts as an accelerant when a fire starts. Constant cleaning is needed to keep the kitchen clear of grease accumulation.

The fire load of the kitchen depends on the type of cooking. Deep fat frying and broiling produce the most grease-laden vapors. Closed oven cooking produces the least.

Does an automatic extinguishing system protect the following?

Cooking Surfaces ___ Yes ___ No

Deep fat fryers ___ Yes ___ No

Exhaust duct work ___ Yes ___ No

Hoods ___ Yes ___ No

All other cooking appliances ___ Yes ___ No

Do all deep fat fryers have high temperature limit switches? ___ Yes ___ No

Do cooking appliances have automatic fuel shut-off valves? ___ Yes ___ No

Automatic extinguishing systems stop the fire before it can spread from the cooking area.

The automatic extinguishing system only works once and then must be recharged. A fire can be extinguished but if the fuel is not cut off and continues to heat the grease, the fire can be rekindled and quickly become out of control.

Does the automatic extinguishing system have an accessible manual release control? ___ Yes ___ No

Is the automatic extinguishing system Underwriters Laboratories (UL) listed? ___ Yes ___ No

Is there a written automatic extinguishing system inspection/maintenance agreement? ___ Yes ___ No

How often is the system inspected?

___ Annual ___ Semi-annually ___ Each quarter ___ Other

Explain other.

Underwriters Laboratories (UL) is an independent testing organization that certifies a product will respond as advertised. Only UL approved automatic extinguishing systems receive rate credit from ISO.

An automatic extinguishing system must be checked on a regular basis and recharged as indicated. It is important to have a maintenance agreement in place to be certain of a regular review so that the system is operational when needed.

Does an outside contractor clean the restaurant's hoods and duct work? ___ Yes ___ No

If yes, how often are they cleaned?

___ Annually ___ Semi-annually ___ Quarterly ___ Other

Explain other.

How often are the restaurant's grease filters cleaned?

___ Daily ___ Weekly ___ Monthly ___ Other

Explain other.

Are the grease filters cleaned by an outside contractor? ___ Yes ___ No

Provide a copy of all service contracts.

A maintenance contractor has the equipment and the expertise to properly clean the hood and ductwork for a restaurant. The frequency of cleaning depends on the type and amount of cooking done.

How many fire extinguishers of each type are on premises?

___ Soda Acid ___ CO2 ___ Dry chemical

When were they last serviced and tagged? ___ Month ___ Year

Are the extinguishers mounted and accessible to cooking areas? ___ Yes ___ No

Does the applicant train employees to properly use the extinguishing equipment? ___ Yes ___ No

Fire extinguishers are useful in fighting some small fires but employees must be trained in when and how to use them.

Does the applicant have 24-hour guard surveillance? ___ Yes ___ No

Can firefighters enter the premises if a fire occurs? ___ Yes ___ No

Does the fire department know about any chemicals on the applicant's premises? ___ Yes ___ No

Is a current firefighting plan filed with the local fire department? ___ Yes ___ No

Is a laundry on premises? ___ Yes ___ No

Laundries produce heat, dust and lint. All laundry areas should be regularly cleaned and well ventilated to prevent explosions and fires.

BURGLAR ALARM

Describe any burglary exposures beyond what is usual to the applicant's type of business.

Describe any special features of the applicant's burglar alarm or safe or vault alarm systems not noted elsewhere.

IMPROVEMENTS AND BETTERMENTS

Is the applicant a tenant? ___ Yes ___ No

If yes, answer the following.

Describe all improvements or betterments that have been added by or for the applicant but that will remain with the building when the applicant leaves.

What is the term of the applicant's lease? _____

What is the applicant's lease renewal option term? _____

An alarm is only as effective as the response to the alarm. In addition to making an audible sound at the location, it should also notify the police department or an alarm monitoring company.

QUIZ: BUSINESS PERSONAL PROPERTY

The guest room furnishings at Avec Moi are not standard hotel fare. Each is unique with its own decorating scheme and unique headboards, lighting, wall hangings, and chairs.

Jazmine shares her inventory appraisal with Cameron. He notices that \$75,000 should fall in the fixtures category. To which limit should this be added?

- a. Building
- b. Business Personal Property - Sorry, that's incorrect. The correct answer is a.
- c. Business Personal Property of Others
- d. Any of the above

Jazmine and her partners repair any damaged furniture or fixtures. Where should Jazmine store the paints and varnishes used for the repairs?

- a. Anywhere, except in the kitchen
- b. In a separate building away from the hotel - Yes, That's correct! Very good!
- c. In the furnace room
- d. In the basement with the other cleaning supplies

Why should Jazmine install automatic fuel shut-off valves on all equipment when there is an automatic extinguishing system in the hood over all cooking surfaces?

- a. Because the automatic extinguishing system may not work
- b. To keep the unit from overheating
- c. Because the local fire department requires it
- d. To keep the fire from rekindling after the automatic extinguishing system extinguished it - Yes, That's correct! Very good!

Avec Moi has a laundry facility onsite but Jazmine is thinking about sending the hotel's laundry to an off-site commercial service. Will that change reduce the hotel's fire and explosion loss potential?

- Yes
- No - Sorry, that's incorrect. The correct answer is yes.

A burglar alarm system protects all common area doors and windows. The front desk receives a silent alarm notice if any of them are open after the system is turned on. What additional features should Cameron require?

- a. The alarm should sound throughout the entire hotel.
- b. The alarm should sound at a monitoring service or at the local police station. - Yes, That's correct! Very good!
- c. No additional features are needed.
- d. Jazmine should receive notice on her cell phone.

INLAND MARINE: ACCOUNTS RECEIVABLE

Premises # _____ Building # _____

Location address:

What is the average monthly amount of receivables over the past 12 months? _____

What is the maximum monthly amount of receivables during the past 12 months? _____

What is the estimated cost to re-create all records of accounts receivable? \$ _____

Describe the present disaster plan to reconstruct/re-create records of accounts receivables.

Hotels that specialize in serving only individual guests have very limited accounts receivables exposure. However, many hotels develop relationships with commercial clients and catering events, which can result in significant accounts receivable exposures.

Accounts receivable coverage includes the cost of recovering the accounts as well as the value of the accounts receivable. The valuation for the accounts receivable should include any expenses or costs anticipated to re-create the records. These include retrieval, employee time (including overtime) and other needed expenditures to restore the accounts receivable.

Where are the records of accounts receivables stored?

What percentage of the records of accounts receivable is duplicated and stored separately? _____%

How long are duplicates kept? _____

Where and in what type of receptacle(s) are the duplicate records stored?

A critical risk management technique is to maintain a complete copy of company financial records off-premises.

INLAND MARINE: COMPUTERS

Premises # _____ Building # _____

Provide values for the following owned and leased items that are used and/or stored primarily at this location:

Description	ACV	RCV
Owned computer hardware	\$ _____	\$ _____
Leased computer hardware	\$ _____	\$ _____
Owned and leased hardware in transit	\$ _____	\$ _____
Proprietary software	\$ _____	\$ _____
Purchased software	\$ _____	\$ _____
Software-related books, forms, documents	\$ _____	\$ _____
Software in transit	\$ _____	\$ _____
Fax machinery	\$ _____	\$ _____
Telephone systems	\$ _____	\$ _____
Photocopiers	\$ _____	\$ _____
Other	\$ _____	\$ _____

Describe other.

Hotels cannot operate without computers. They are necessary for all front office administrative functions, including reservations, checking in, checking out, and verifying credit card information.

It is important to list the items and their values that are to be covered under the Computer Policy since all those items can then be removed from the business personal property values. Coverage under the Computer Policy is broader and duplicate coverage does not result in double payment – just double premium!

If a loss occurs, will the applicant significantly change the types of computers, networks, other electronic devices and/or software? ___ Yes ___ No

If yes, describe the anticipated changes and estimate the total cost to do so.

If the insured has a plan to replace computers, it should be shared with the insurance company and the policy endorsed accordingly. Advance agreements make loss settlements easier for all parties.

INLAND MARINE: VALUABLE PAPERS

Premises # _____ Building # _____

Location address: _____

Can the valuable papers be replaced? ___ Yes ___ No

What percentage of the valuable papers will need to be replaced? _____%

What is the estimated cost to re-create the valuable papers? \$ _____

Describe the present disaster plan for reconstruction/re-creation of valuable papers.

If a valuable paper or document cannot be replaced with one of like kind or quality, it must be specifically described on the policy. If not scheduled, it is not covered.

The insured should do an assessment of its valuable papers. A determination is first made as to which documents are valuable. The insured then determines which can be replaced or re-created and which are irreplaceable. Replaceable

documents are valued and included as a single limit for coverage and the irreplaceable items are individually valued and scheduled.

Where does the applicant store the valuable papers?

What percentage of the valuable papers is duplicated and stored separately? _____%

How long are the duplicates kept? _____

Describe the location and receptacle where the applicant stores the duplicate valuable papers.

The valuable papers policy or coverage form stipulates that all valuable papers must be returned to receptacles described on the Declarations when not in use. This means that by listing receptacles on the Declarations, the insured warrants that the receptacle will be used. Better receptacles yield better credits but in return for that credit, items not in the receptacle when a loss occurs are not covered.

No credit is given and no warranty is imposed for the duplication of valuable papers. However, by duplicating the papers the insured can return to full operations more quickly after a loss.

Duplicate valuable papers should be kept for as long as the originals exist.

QUIZ: INLAND MARINE

The front desk is the hub of all business activity at Avec Moi. Jazmine keeps all records in a file cabinet in that area so she can quickly access required information and answer questions. She can also work on financial matters during downtime without going to another area. Her goal is to be available for her guests at all times.

What is a key step in an accounts receivable disaster plan?

- a. Limit credit
- b. Maintain duplicate copies of all accounts receivable off premises - Yes, That's correct! Very good!
- c. Keep the accountant's telephone number and address handy
- d. Maintain documentation of all accounts receivable kept on premises

Which of following do Computer Policies not cover?

- a. Fax machine
- b. Photocopier
- c. Leased computer hardware
- d. Software storage cabinet - Yes, That's correct! Very good!

Jazmine framed the original deeds for the two residences and displays them at the front desk. They cannot be replaced. Can they be covered as valuable papers?

- a. Yes, if the policy describes them.
- b. Yes, they are covered as unscheduled valuable papers. - Sorry, that's incorrect. The correct answer is a.
- c. Yes, but only if they are removed from the frames and stored in the file cabinet.
- d. No, they should be covered as fine arts.

Jazmine made copies of all valuable papers and stores those copies off-site. How long should she maintain the copies?

- a. 10 years
- b. 25 years
- c. As long as the original copies exist - Yes, That's correct! Very good!
- d. Seven years

If a receptacle is listed on the declarations, all valuable papers must be stored in that receptacle when they are not being used.

True

False - Sorry, that's incorrect. The correct answer is true.

CRIME: EMPLOYEE DISHONESTY

PRIOR POLICY

Provide the policy number, carrier, limits and the inception and expiration dates of any policy that provided employee dishonesty coverage for the applicant over the last five years.

Policy number Carrier Employee dishonesty limit Inception date Expiration date

Note: This information is needed when a loss is discovered in the current policy year for an occurrence that took place in prior years

EMPLOYEES

Does the applicant employ any person who has committed a theft or dishonest act? Yes No

Note: These employees are excluded from coverage and should not be included for rating purposes.

Are all potential employees screened prior to employment? Yes No

Are references required and verified? Yes No

Does the applicant contract with another firm to lease employees? Yes No

Does the applicant lease employees without using an outside agency? Yes No

Does the applicant use volunteers? Yes No

Note: Temporary leased employees who substitute for regular employees are covered. Others, including volunteers, are excluded and should not be included for rating purposes.

The insured must be aware that the policy does not cover losses caused by any individual who has previously committed a dishonest act. This coverage gap could be significant and expensive for the insured.

A volunteer is an individual who works for the insured without compensation. Losses caused by them are not covered under the bond. If a friend who is simply helping out while an employee is out ill causes a loss, there is no coverage. In addition, there is no coverage when a friend or helpful stranger offers to deliver a package or perform a service and then disappears with the property entrusted to them.

CRIME: EMPLOYEE DISHONESTY MANAGEMENT CONTROLS

Does a person outside of the applicant's accounts payable unit verify the accuracy of all monthly paid invoices? Yes No

Are invoices stamped "paid" at the time checks are issued to prevent duplicate checks from being issued to fictitious persons? Yes No

Does the applicant implement improvements in internal controls that auditors suggest? Yes No

Does the applicant maintain an adequate separation of duties between employees who:

Receive money and those who keep books? Yes No

Disperse money and those who keep books? Yes No

Reconcile bank accounts and those who deposit or withdraw? Yes No

Smaller operations may not be able to financially justify more than one employee handling the books, accounts and records. In these situations using a reputable outside accountant or bookkeeping firm may be more cost effective than having one employee performing these functions without supervision.

CRIME: MONEY AND SECURITIES

Premises # _____ Building # _____

Location address: _____

INSIDE THE PREMISES

Does the applicant keep money and securities in a locked safe, vault, or other type of receptacle? ___ Yes ___ No

If yes, describe.

If no, where are they kept?

Does this location require a different limit than other locations? ___ Yes ___ No

If yes, what is this location's limit? \$ _____

Locked receptacles are great for preventing casual thievery and they also help minimize other types of losses. Safes or other similar receptacles can protect money and securities during fire, windstorm and other causes of loss.

Does the applicant have any peak periods with significant increases in the amount of cash on hand? ___ Yes ___ No

(Examples: Churches/synagogues – high holy days; nonprofits – fund raising events)

If yes, amount \$ _____ Time period(s) _____

Does the applicant place all cash registers in well-lit areas that are easily seen from the street and/or other parts of the premises? ___ Yes ___ No

Are customers' credit/debit cards checked for validity? ___ Yes ___ No

Does the applicant accept personal checks? ___ Yes ___ No

Smaller hotels may provide check cashing services for their guests. This practice can require larger amounts of cash than for hotels that do not provide this service. This practice could make the hotel an attractive target for robbery.

Does the applicant have a safe deposit box? ___ Yes ___ No

If yes, answer the following.

Where is the applicant's safe deposit box? Name and address of depository:

What is the minimum value of the contents in the safe deposit box? \$ _____

What is the maximum value of the contents in the safe deposit box? \$ _____

CRIME: MONEY AND SECURITIES OUTSIDE THE PREMISES

What is the maximum amount of money and securities that any one person can carry off premises? \$ _____

Do these individuals vary:

the time of day when they go to the bank? ___ Yes ___ No

the conveyance they use to go to the bank? ___ Yes ___ No

the route they take to the bank? ___ Yes ___ No

Do salespersons, truck drivers, or any other employees keep money or other valuables away from premises at night or on weekends? ___ Yes ___ No

What is the maximum amount of money and securities that any one person can carry off premises?

Off-premises coverage begins when a messenger leaves one building and heads to another. The sidewalks and green spaces of a hotel are not considered part of a premises.

Individuals who regularly deposit money should periodically change routines and routes when going to the bank so that criminals cannot "lie in wait" for them.

Money and securities coverage applies off premises at a residence only if the employee transporting the covered property stays with the property at the residence. If the employee leaves the property unattended and it is stolen, coverage could be denied. Coverage is intended to apply only when covered property is being transported - not for overnight or extended periods at temporary locations.

Do salespersons, delivery persons or others collect money off premises? ___ Yes ___ No

If yes, what are the average and the maximum amounts any person may carry?

\$ _____ Average \$ _____ Maximum

Does the applicant use an armored car service? ___ Yes ___ No

If yes, describe the armored car service.

CRIME: SUPPLEMENT – GUEST’S PROPERTY

The Insurance Services Office (ISO) provides this coverage in crime form CR 04 11–Guest Property. This two-part form can provide coverage for the legal liability a lodging operation has for guests’ property that is on the premises and/or in an on-premises safe deposit box. Because ACORD forms do not ask the appropriate questions to rate this exposure, this supplement asks both rating and exposure identification questions.

How many guest's rooms are on premises? _____

Does the applicant want coverage to protect its legal liability for customer property that is on premises but is not in a safety deposit box? ___ Yes ___ No

If yes, answer the following:

What per-room limit is desired? (In multiples of \$ 1,000)? \$ _____

Is coverage needed for damage to the property from food or liquid beverage? ___ Yes ___ No

Is coverage needed for property left with the laundry or cleaner? ___ Yes ___ No

If yes, does the applicant provide the laundry or cleaning service? ___ Yes ___ No

Is coverage needed for salesmen’s samples kept in guest rooms? ___ Yes ___ No

Is coverage to also include leased accommodations? ___ Yes ___ No

If yes, how many guest rooms are leased? _____

Rating is based on the number of rooms in the hotel.

The limit cannot be scaled based on the type of room. This means that the limit for a suite is the same as the limit for a twin room.

Coverage can and should be customized based on the types of guests and the applicant’s perceived exposures. Hotels that specialize in business customers are more interested in coverage for salesmen’s samples and laundry damage than hotels that specialize in leisure or family customers.

Long-term guests may have more items in their rooms than short-term guests, which means an increased exposure. A more appropriate coverage for leased accommodations may be a commercial property coverage form that insures property of others.

Does the applicant want coverage to protect its legal liability for customer property that is kept in an on-premises safety deposit box? ___ Yes ___ No

If yes, answer the following:

What aggregate limit to cover all safe deposit boxes? _____

Where are the safe deposit boxes located?

At the front desk In the guests' rooms Other

Describe other.

Who controls the key(s) to a guest's safe deposit box?

Guest Manager Other

Describe other.

Describe the applicant's procedures for a guest to examine or remove items in his or her safe deposit box.

Property placed in safe deposit boxes is usually higher-valued items. A documented procedure must be in place and the procedure must be followed at all times. Access to the boxes must be limited to only certain individuals.

QUIZ: CRIME

One reason Jazmine wants to change carriers is because the current carrier declined a loss when a guest's property was stolen. If such a claim occurs again, she wants to be sure that her new carrier will respond.

Jazmine's sister, Kayla, occasionally takes over the front desk as a favor when Jazmine must be away. If Kayla embezzles funds, does employee dishonesty coverage pay for the loss?

Yes

No - Yes, That's correct! Very good!

Jazmine cashes personal checks for her guests. What loss exposure increases because of this practice?

- a. Business personal property
- b. Money and securities
- c. Guest property
- d. Accounts receivable - Sorry, that's incorrect. The correct answer is b.

Jazmine is walking down the garden path to the hotel parking lot when someone grabs the hotel receipts deposit bag from out of her hand. Which of the following coverages apply?

- a. Money and securities – On Premises - Sorry, that's incorrect. The correct answer is b.
- b. Money and securities – Off Premises
- c. Guest property
- d. None

The rating basis for Guest Property coverage is the number of rooms in the hotel.

True - Yes, That's correct! Very good!

False

The Guest Property limit of insurance selected can vary based on the type of room.

True

False - Yes, That's correct! Very good!

GENERAL LIABILITY: ON PREMISES EXPOSURES

Describe the applicant's on-premises operations.

Describe how the applicant disposes of waste.

The hotel grounds is the premises. This means that all buildings, structures, gardens, and other acreage must be evaluated. Areas where outdoor events take place require special attention. Appropriate safeguards should be in place.

Does the facility comply with the National Fire Protection Association's (NFPA) Life Safety Code concerning the number, size and arrangement of exits? ___ Yes ___ No

If no, explain.

Are employees instructed in proper evacuation procedures? ___ Yes ___ No

Does management conduct regular fire drills? ___ Yes ___ No

Regardless of the size of an operation, there are concerns on how employees and others can exit the premises during an emergency. Exits must be adequate in number and properly positioned and marked.

Fire drills are important in larger facilities. What appears simple during normal operations is very difficult when regular lighting is out and alarms are sounding. Fire drills reduce the chance of panic and injuries in a real fire.

Are large panes of glass, both inside and outside, properly marked or etched to prevent accidental contact?

___ Yes ___ No

Does the applicant own, jointly own, hire or lease any watercraft or aircraft? ___ Yes ___ No

Note: If yes, there is limited or no coverage for these operations under the General Liability policy. Consider completing the appropriate Aircraft Ownership or Ship or Boat Ownership Supplement.

Does the applicant provide any child or adult care on premises? ___ Yes ___ No

Note: If yes, consider including the day care supplement.

It is important to identify gaps in coverage, because the General Liability Policy excludes most watercraft and all aircraft liability exposures.

On-site day care is a benefit offered by some businesses. It is a great service for the employees and a significant responsibility and liability exposure for the employer. A complete Day Care Supplement should be completed since this exposure is not standard and needs to be evaluated independently from the main operation.

Is food handled on premises? ___ Yes ___ No

If yes, answer the following:

Are food handlers required to use proper hygiene? ___ Yes ___ No

Has the Board of Health cited the establishment? ___ Yes ___ No

If yes, explain:

Does the insured store cleaning materials in a separate area distant from the food storage area? ___ Yes ___ No

Food poisoning can develop simply from having snacks available for workers. All food-related exposures must be identified and evaluated.

What are the percentages of types of floor covering in public areas?

___% Wood ___% Linoleum ___%Tile ___% Carpet ___% Other

Describe other.

How many exits are in the building? _____

Are all exits free of obstruction, illuminated, and marked with exit signs? ___ Yes ___ No

Is the emergency lighting operable? ___ Yes ___ No

Are all exits equipped with panic door hardware? ___ Yes ___ No

If no, are all exits that do not have panic door hardware kept unlocked during business hours? ___ Yes ___ No

Slips and falls are the leading cause of premises losses. Floor coverings contribute significantly to losses if not properly maintained. Safety recommendations to prevent slip and fall losses vary depending on the type of floor covering used.

Hotel guests must be able to exit the building if there is an emergency. Emergency lighting is particularly important because most guests will be unfamiliar with the hotel configuration and will need lighting to exit quickly and safely.

Is the building or parts of the building available for public rental? ___ Yes ___ No

If yes, answer the following:

What is the posted capacity of the available area? _____

What amenities are available to the renters?

Who provides security when it is determined to be necessary? _____

Are the applicant's employees required to be on premises? ___ Yes ___ No

Who is responsible for opening, cleanup, and closing? _____

Is alcohol permitted on the premises? ___ Yes ___ No

Some hotels may rent out parts of their facility to others. The details of the rental arrangement are very important. The additional exposures must be thoroughly evaluated, especially if alcohol is permitted and/or if the expected activities are different from those the hotel usually provides.

Describe the fire/life safety protection.

Have all food handlers undergone recent health examinations? ___ Yes ___ No

Is an adequate supply of hot water available to ensure that all dishes are properly sanitized? ___ Yes ___ No

Are waiters and waitresses instructed to warn customers when plates are hot? ___ Yes ___ No

Are employees trained in how to properly assist a patron who is choking? ___ Yes ___ No

Typhoid Mary, who worked as a cook for a number of employers, caused several deaths before she was arrested and stopped from working around food. She was a typhoid carrier but showed no symptoms of the disease. Many employees with contagious diseases appear healthy and are unaware that they are spreading disease. Periodic health examinations with appropriate blood work can identify employees with contagious diseases and help prevent the spread of those diseases.

Choking can be stopped by the Heimlich maneuver but employees must be trained in the effective use of the procedure. Post signs and make training available to employees to assist choking customers.

Are retail operations conducted on the premises? ___ Yes ___ No

Are special activities available that encourage children and youth to attend? ___ Yes ___ No

If yes, describe the activities and include information about who provides the adult supervision.

What is the ratio of adults to children? ___ to ___

Is a terrorist action plan in place and are all employees aware of their duties if there is a terrorist event? ___ Yes ___ No

When children or young people are encouraged to attend an event, extensive planning is needed to ensure that it is age appropriate and that proper safeguards are in place. The ratio of adults to children must be in line with the activity and whether or not parents also attend. Youth-oriented events often require additional security in order to prevent unruly behavior.

QUIZ: GENERAL LIABILITY

Avec Moi's beautiful out-of-the-way setting has resulted in it becoming a very popular wedding venue. The entire hotel is rented for a weekend, including all rooms and the restaurant facilities. Guests can enjoy walking the trails, sitting around an outdoor fire pit, playing various games in the bar/restaurant area, watching movies, or playing outdoor games of croquet, corn hole, volleyball, or badminton.

What activities that take place on the hotel grounds does the Commercial General Liability (CGL) coverage insure?

- a. All of them - Yes, That's correct! Very good!
- b. Only activities that take place inside the building
- c. Only activities that take place inside the building or on its sidewalks and parking areas
- d. Only activities that Avec Moi's employees supervise

What are keys to protecting guests from injury during an emergency?

- a. Emergency lighting
- b. Exits that do not have any obstructions
- c. An adequate number of well-marked exits
- d. All of the above - Yes, That's correct! Very good!

Why is it important to know about the type of floor coverings in the hotel's public areas?

- a. Floor covering(s) affect(s) the building's insurance to value
- b. Methods to prevent slip and fall losses depend on the type of floor covering used - Yes, That's correct! Very good!
- c. An unusual type of floor covering could indicate a change in business operations
- d. The type of floor covering affects the premises' fire load

Why is it important for all employees who handle food to have periodic health examinations?

- a. This is a board of health requirement.
- b. Health examinations can prevent hiring employees with attendance problems.
- c. Screening employees improves the chance of obtaining health insurance at a reasonable price.
- d. Health examinations identify employees with contagious diseases and reduce the spread of those diseases. - Yes, That's correct! Very good!

Avec Moi hosts a monthly etiquette-training dinners for young children. What information is needed in order to provide adequate safeguards for the event?

- a. The type of food being served
- b. The ages and number of children. - Yes, That's correct! Very good!
- c. The location of the event.
- d. The cost of the event.

GENERAL LIABILITY AND EMPLOYEE BENEFITS LIABILITY

GENERAL LIABILITY: PARKING LOTS AND SIDEWALKS

Does the applicant own or rent parking facilities that are available for clients, customers, employees, and/or the general public? ___ Yes ___ No

If yes, answer the following:

Does the applicant charge a fee? ___ Yes ___ No

If yes, consider completing the Garagekeepers questionnaire.

Does the applicant hire a towing company to remove vehicles parked on the premises without permission? ___ Yes ___ No

If yes, attach a copy of the contractual agreement, if any, with the towing company.

Does the applicant require a certificate of insurance from any towing company that provides services on the premises? ___ Yes ___ No

Parking lots increase an operation's loss potential because customers expect them to be safe. However, lots are outside of the building, so there is less control over them. Customers expect to be able to safely use a lot before and after enjoying the insured's premises. It is the insured's responsibility to eliminate as many hazards as possible in order to protect their customers.

Describe the parking facility(ies).

Length Width # stories # spaces Attendant (Y/N) Proximity to applicant premises

Has the applicant made arrangements to remove snow and ice from the parking facility(ies) and walkways? ___ Yes ___ No

Describe security measures to protect customers.

Loss prevention measures should take into consideration both weather and crime environments. Snow and ice removal should be similar or better than that provided in surrounding areas. Similarly crime protection, such as security guards, lighting, barriers, etc. should be similar or better than that provided by other businesses in the surrounding areas.

GENERAL LIABILITY: OFF-PREMISES

Do applicant employees interact on a regular basis with customers off premises? ___ Yes ___ No

If yes, answer the following:

Describe the clientele by percentage.

___% Residential ___% Commercial ___% Institutional ___% Public

Do employees travel alone? ___ Yes ___ No

Are employees subject to criminal background checks? ___ Yes ___ No

Describe the procedure to train, monitor, and supervise all such off-premises employees.

Most hotels have very limited off-premises exposures. The owners and/or marketing staff occasionally travel off site in order to visit commercial customers and encourage them to use their facility. There may be other off-premises exposures if the hotel organizes special events or tours.

GENERAL LIABILITY: CONTRACTUAL EXPOSURES

Does the applicant lease the premises? ___ Yes ___ No

If yes, answer the following:

Does the lease include a written waiver-of-rights provision for damage to property? ___ Yes ___ No

Does the lease include a written waiver of subrogation? ___ Yes ___ No

Does the lease include a written hold harmless agreement? ___ Yes ___ No

Does the lease clearly delineate maintenance responsibilities? ___ Yes ___ No

Indicate under which of the following agreements the applicant has assumed liability of others:

___ Lease agreements for real estate ___ Lease agreements for signs, refrigerators, etc.

___ Sidetrack agreements ___ Contracts for electric power, steam, etc.

___ Easement agreements ___ Elevator maintenance

___ Other contracts such as construction, installation, compliance certificates, etc.

Attach a copy of each contract and/or agreement indicated above.

Is the applicant's insurance policy required to be primary under any of the indicated contracts? ___ Yes ___ No

Insured's regularly sign contracts expecting coverage for them under their liability policy and then are surprised when there is no coverage. It is important that the insured understand that not all contracts or circumstances are covered.

Legal representatives should periodically review every contract entered into by the insured with any external customer. Contractual law changes over time and revisions may be needed to bring the language in line with those changes.

GENERAL LIABILITY: SUBCONTRACTORS

Does the applicant regularly use subcontractors? ___ Yes ___ No

If yes, answer the following:

Describe the type of work the subcontractors perform.

Describe procedures used to monitor the timely receipt of certificates of insurance from subcontractors.

Does the applicant have a written contract with each subcontractor? ___ Yes ___ No

If yes, attach a copy of each contract.

If no, describe the terms and agreements between the applicant and the subcontractor.

What are the subcontractors' required insurance limits? \$_____

Certificates of insurance are necessary for audit purposes and proper risk transfer. In some cases, lack of a certificate of insurance causes subcontracted work to be rated as if it were performed by the insured. Premium earned as a result of such work will be charged to the insured instead of to the subcontractor.

A written contract prevents the subcontractor from being considered an insured's employee. Subcontractors are hired for their expertise. The insured and the subcontractor should always have a contract that specifies responsibility and clearly defines the role of the subcontractor. Open-ended contracts, or no contract at all, can substantially complicate a loss.

GENERAL LIABILITY: PERSONAL AND ADVERTISING INJURY EXPOSURES

Does the applicant advertise its products, goods or services? ___ Yes ___ No

If yes, what media does the applicant use and what is that medium's percentage of the overall advertising budget?

___% Television ___% Direct mail ___% Radio ___% Signs
___% Newspaper ___% Yellow Pages ___% Magazine ___% Internet ___% Other

Describe other.

Does the applicant have a web page? ___ Yes ___ No

Does the applicant use an advertising firm and/or outside web designer? ___ Yes ___ No

All media advertising should be arranged through a qualified advertising agency or a company that specializes in advertising. These companies should have professional coverage to protect the insured if there is a problem with the ad content.

Websites are an important part of business identification today. If the material on the website is considered informational only, it is not considered advertising. However, if the website is an advocacy or sales tool, the website is considered advertising. This distinction will affect the coverage.

An outside website designer or firm should have professional coverage for any advertising they place on a website.

GENERAL LIABILITY: PRODUCTS

Describe all of the applicant's products or services.

If the product is a component part, describe the items it might become a part of.

If the product or service is defective or used improperly, describe the possible damage that could occur.

GENERAL LIABILITY: LIQUOR

Does the applicant ever serve, sell or furnish alcoholic beverages to employees, customers or general public? Yes No

If yes, is the applicant in the business of selling, distributing, or serving liquor? Yes No

Note: If yes, there is no liquor coverage under the General Liability policy. Consider completing the liquor liability questionnaire.

If no, what precautions are taken to prevent guests from driving while intoxicated?

Liquor is a part of many operations that do not sell, distribute or serve alcohol, and coverage for this exposure is part of the policy. This is a risk management question to guide the insured in the proper handling of alcohol and alcoholic beverages and to make the insured aware of their responsibilities.

GENERAL LIABILITY: OTHER PROFESSIONAL SERVICES

Is there any exposure for professional services performed by the applicant's own personnel or through the use of subcontractors (i.e., beauty/barber shops, accounting, notary public, druggists, data processing, etc.)?

Yes No

Note: If yes, consider completing the Professional Liability Questionnaire.

Hotels may employ professionals to provide services to its guests. Examples are beauticians, barbers, massage therapists, dieticians and nurses. If an injury due to professional services rendered occurs, the hotel could be named in the suit. There may be a gap in coverage because commercial general liability coverage forms do not provide professional liability coverage

EMPLOYEE BENEFITS LIABILITY

Does the applicant provide benefits to its employees? Yes No

If yes, describe the benefits offered.

Health Life Disability Stock purchase
 Pension 401(k) Workers Compensation Other

Describe other.

Are all benefits listed above available to all employees? Yes No

If no, identify the employees who do qualify and explain how the applicant advises its employees of their eligibility for benefits.

Who administers the benefit programs?

If an outside firm provides services, provide a copy of the contract between that party and the applicant.

What is the employee turnover rate? _____

Is there an established procedure for termination of an employee that includes an explanation of the benefits along with signed documentation? ___ Yes ___ No

Employees receive many different types of benefits. The employer is responsible to administer them fairly, transparently, and consistently. Failure to do so can result in a lawsuit.

Any employee benefit plan must be clearly written, published and available for all employees to review. Guidelines must be precise as to eligibility and enrollment procedures as well as details concerning termination of plan eligibility.

If an outside firm is used to provide human resource services, a contract must be in place that outlines the exact services provided and the liability that the other firm assumes. A certificate of insurance should be required.

Most employee benefits lawsuits come from the termination process. This means that the higher the turnover rates, the greater the likelihood of a mistake in administering the plan that could result in a lawsuit. The insured must have a written step-by-step procedure consistently followed and documented with each termination. The procedure must include complete notification to the employee of his or her rights and responsibilities concerning continuation of benefits. All information should be in writing with important time frames highlighted so that the employee can refer to it at any time.

QUIZ: GENERAL LIABILITY AND EMPLOYEE BENEFITS LIABILITY

Avec Moi does not employ maintenance staff. Instead, Jazmine has contracts with a number of independent contractors who respond when needed.

Does having an owned parking lot reduce the hotel's loss potential?

- a. Yes, it reduces loss potential because customers do not have to park on the street or at another lot.
- b. No, it increases loss potential because customers expect the lot to be safe. - Yes, That's correct! Very good!
- c. Yes, it reduces the loss potential because entrance to the premises can be more direct and controlled.
- d. No, it increases the loss potential because of valet parking operations.

Why ask detailed questions about the nature and type of contracts the hotel enters into and signs?

- a. CGL coverage excludes contractual liability.
- b. CGL coverage applies to only certain types of contracts.
- c. CGL coverage applies to only the contracts listed on the application.
- d. Because CGL coverage applies to all contracts, this question is for underwriting purposes only. - Sorry, that's incorrect. The correct answer is b.

What is the most practical risk management advice concerning contractual liability?

- a. Never sign any contracts
- b. Have a lawyer write every contract
- c. Have legal counsel review all contracts - Yes, That's correct! Very good!
- d. Use only standardized contracts

Does CGL coverage apply to website liability?

- a. There is coverage only if the website's content is purely informational. - Yes, That's correct! Very good!
- b. There is no coverage for any website content because it is advertising.
- c. There is coverage if an outside service develops the site.
- d. Personal and Advertising Injury Liability coverage specifically excludes all website coverage.

What is an essential element of any employee benefit plan?

- a. Written rules that address who can be covered and how they are to be covered - Yes, That's correct! Very good!
- b. An employer's matching 401(k) Plan
- c. Health and life coverage for all employees and their families
- d. Equal coverage for all employees

UMBRELLA AND HIRED AND NONOWNERSHIP AUTOMOBILE

List all policies that provide liability coverages for the applicant.

Insurance coverage	Primary carrier	Limits of Insurance
_____	_____	_____

List countries where the applicant has locations and/or where employees regularly travel.

Umbrella coverage is over only the policies that are listed in the underlying coverage section of the Umbrella Policy. No Umbrella coverage applies over an underlying policy that has not been listed.

UMBRELLA: UNDERLYING GENERAL LIABILITY INFORMATION

List all of the exclusion endorsements attached to the applicant’s underlying policy(ies).

List or describe any amendments or endorsements attached to the applicant’s underlying policy(ies).

Check the coverages that the underlying policy(ies) provide.

- Employee Benefits
- Care Custody and Control
- Product Recall Expense
- Employment-related Practice
- Underground Storage Tank
- Stop Gap

The Umbrella Policy may not provide coverages for these additional coverages even if they are shown on the Umbrella Policy as underlying coverage. Umbrella policy language and coverages are not standardized and this can lead to a coverage gap that is not discovered until after a loss occurs.

Does the applicant have any owned, hired, or leased watercraft exposures? Yes No

If yes, describe the watercraft including where it is kept and/or used and the duration of exposure.

What are the applicant’s total annual receipts? \$ _____

What is the applicant’s annual cost for subcontractors? \$ _____

These are significant exposures that need to be brought to the insurance company’s attention. If coverage is not needed, the exposures should be excluded.

Umbrellas may be subject to audit. The audit can be based on payroll, receipts or another basis acceptable to all parties. Annual receipts and payroll provided in advance helps in determining both the initial and final price.

UMBRELLA: UNDERLYING AUTOMOBILE LIABILITY INFORMATION

List all exclusion endorsements attached to the applicant’s underlying policy(ies).

List and/or describe any amendments or endorsements attached to the applicant’s underlying policy(ies).

The Umbrella Policy is not a following form product so exclusions, extensions and special amendments used on the underlying primary policies must be arranged to apply to the Umbrella as well. If the underlying coverages are unique, purchasing an excess policy may be the most effective way to address coverage gaps.

How many vehicles of the following types does the applicant own or lease?

- Private passenger
- Small trucks
- Medium trucks
- Heavy trucks
- Extra heavy
- Bus

Are vehicles ever hired? ___ Yes ___ No

If yes, describe the vehicles hired, the annual cost, and the duration.

Neither individual vehicles nor classes of vehicles are listed on the Umbrella Policy. Underwriting and rating need to know this information in order to determine exposures and develop premium charges.

UMBRELLA: UNDERLYING WORKERS COMPENSATION – EMPLOYERS LIABILITY INFORMATION

List all exclusion endorsements attached to the applicant’s policy(ies).

List and/or describe amendments and endorsements attached to the applicant’s policy(ies).

This question is not about Workers Compensation coverage. It is about Employers Liability or the Stop Gap Liability coverage on this part of the underlying policy. Umbrella coverage does not apply to Workers Compensation coverage, since the benefits are set by each state. However, there are limits for Employers Liability coverage and, as a result, a need for Umbrella coverage above those limits.

Provide the number of the applicant’s employees by state.

State # of employees State # of employees State # of employees

What is the applicant’s total annual payroll? _____

Monopolistic states are of greater concern. Their plans do not include Employers Liability coverage, so no standard for writing the coverage exists in those states. The underlying Employers Liability provisions can vary considerably from one another in those states.

HIRED AND NONOWNERSHIP AUTOMOBILE: HIRED/BORROWED AUTO

Is the applicant required to provide the primary coverage for any hired or borrowed vehicles? ___ Yes ___ No

If yes, answer the following:

Will the applicant hire or borrow the same vehicle for more than six months? ___ Yes ___ No

Note: If yes, the auto should be covered in the same way as an owned vehicle is covered.

Does an employee of the applicant own the vehicle? ___ Yes ___ No

Does the applicant’s employee hire the vehicle in his or her own name to perform the applicant’s business? ___ Yes ___ No

List the states where the applicant may hire or borrow vehicles. Provide the estimated annual cost (put "if any" if unknown).

State Cost State Cost State Cost

Does the applicant require hired auto physical damage coverage? ___ Yes ___ No

Does the applicant hire vehicles with drivers? ___ Yes ___ No

Describe the types of vehicles the applicant hires or borrows and the reason(s) why the applicant hires or borrows them

HIRED AND NONOWNERSHIP AUTOMOBILE: NON-OWNED

What is the total number of employees at all locations? _____

If the applicant is a partnership, what is the total number of active and inactive partners? _____

What percentage of employees regularly use their own vehicles in the applicants' business? ____%

Does the applicant want to have employees covered as insureds when they are using their automobiles for the applicant's business? ___ Yes ___ No

Do the applicant's employees use their personal vehicles to provide "on demand" deliveries to homes and/or businesses? ___ Yes ___ No

Nonownership coverage protects the business, not the employee. An endorsement can be purchased to extend coverage to include the employee.

QUIZ: UMBRELLA AND HIRED AND NONOWNERSHIP AUTOMOBILE

Jazmine and Friends, LLC does not own any vehicles. Jazmine uses her personal vehicle to run errands as do some of her employees. Jazmine gives her guests the names of different limousine services if they need transportation, but she does not have contractual relationships with any of them.

What policies must be listed on the umbrella policy?

- a. General Liability
- b. Automobile Liability
- c. Workers Compensation
- d. Any policy that provides coverage that the umbrella is to cover - Yes, That's correct! Very good!

Only the vehicles scheduled on the umbrella policy are covered.

- ___ True
- ___ False - Yes, That's correct! Very good!

Does the umbrella policy increase the workers compensation coverage?

- ___ Yes
- ___ No - Yes, That's correct! Very good!

The umbrella policy automatically includes all amendments and exclusions in the underlying policies.

- ___ True
- ___ False - Yes, That's correct! Very good!

Jazmine often uses her own vehicle to run errands. Does hired/non-ownership coverage insure her if she strikes another vehicle and injures its driver, who later sues her for damages?

- ___ Yes - Sorry, that's incorrect. The correct answer is no.
- ___ No

WORKERS COMPENSATION: OPERATIONS

List all states where the applicant anticipates working during the next twelve (12) months.

Does the applicant perform operations on public works projects outside of the United States? ___ Yes ___ No

If yes, describe such public works projects.

Note: Consider completing the Foreign Operations Supplement.

Workers compensation laws vary by state, so knowing where employees are working, or where they are expected to be working during the policy period, is important.

Does the applicant perform operations on docks, piers, wharves, etc. that are on navigable waters? ___ Yes ___ No

If yes, describe such operations.

Note: Consider completing the Longshore and Harbor Workers Compensation Act and Maritime Coverages Questionnaire.

Does the applicant perform any work on barges, vessels, or bridges that span navigable waters? ___ Yes ___ No

Note: If yes, consider completing the Longshore and Harbor Workers Compensation Act and Maritime Coverages Questionnaire.

Working over water may subject an insured to the United States Longshore and Harborworkers Act. Its benefits are dramatically higher than normal state benefit levels.

Does the applicant perform operations on fixed platforms on the outer continental shelf? ___ Yes ___ No

If yes, answer the following:

What is the nearest governing state? _____

Where is the work located?

Describe type of work.

Note: The Outer Continental Shelf Lands Act extends the Longshore and Harbor Workers Compensation Act to apply to employees who work on fixed platforms on outer continental shelves so consider completing the Longshore and Harbor Workers Compensation Act and Maritime Coverages Questionnaire.

Does the applicant perform operations on U.S. defense bases? ___ Yes ___ No

If yes, describe such operations.

Note: Consider completing the Defense Base Act and Federal Employers Liability Act Coverages Questionnaire.

Does the applicant perform operations in monopolistic workers compensation states? ___ Yes ___ No

Note: If yes, consider completing the Employer's Liability - Stop Gap Questionnaire.

Does the applicant own or jointly own, operate or lease aircraft/watercraft? ___ Yes ___ No

Note: Consider completing the Aircraft Ownership Supplement if the applicant has an aircraft exposure. Consider completing the Ship or Boat Ownership Supplement if the applicant has a watercraft exposure.

Employees working, or operations performed, in a monopolistic state must be covered under that state's Workers Compensation plan or arrangement. Employers Liability coverage must be written as a separate coverage in monopolistic states.

Workers Compensation coverage for aircraft or watercraft exposures involves special classifications and endorsements not provided by all insurance companies. Coverage for these exposures may only be available in a specialty or surplus lines market.

Does the applicant employ migrant laborers? ___ Yes ___ No

If yes, describe the operation, the duties they perform, and the duration of their employment.

Type of operation

Job duties performed by migrant employees Number of days migrant workers are employed

Do any of the applicant's employees travel outside the United States to work? ___ Yes ___ No

If yes, identify the countries involved and indicate the average length of time they are out of country.

Note: If yes, consider completing the Foreign Operations Supplement.

Migrant workers are an important part of the agricultural workforce. The Migrant and Seasonal Agricultural Worker Protection Act protects them and works with state workers compensation laws to provide coverage for on-the-job injuries.

WORKERS COMPENSATION: EMPLOYEES

Are any of the applicant's employees considered exempt from workers compensation statutes in the jurisdiction where they work? ___ Yes ___ No

If yes, describe the employees' job functions and the applicant's safety procedures for those employees.

Do any of the applicant's employees telecommute or otherwise work out of their homes? ___ Yes ___ No

If yes, describe the employee job functions and safety procedures for them.

Do the employees of the applicant's establishment provide any entertainment? ___ Yes ___ No

Does the applicant train its employees to use proper lifting techniques including when and how to use a dolly? ___ Yes ___ No

Not all employees are required to be covered by workers compensation. Each state has exemptions for certain occupations. However, when a worker is not subject to the workers compensation laws, the employer loses the lawsuit protections under that law. An employer may have a significant coverage gap if an employee is not included under the Workers Compensation coverage since the Commercial General Liability coverage excludes all employees whether they are eligible for Workers Compensation coverage or not.

WORKERS COMPENSATION: MANAGEMENT

Does the applicant obtain work permits as local, state, or federal statutes require? ___ Yes ___ No

Does the applicant have an organizational policy that specifies the maximum number of key employees who may travel together? ___ Yes ___ No

If yes, attach a copy of the organizational policy.

If the applicant employs subcontractors, how does it monitor their certificates of insurance and ensure that it receives them on a timely basis?

The potential of losing several key employees in a single accident creates a significant Workers Compensation exposure. Such a loss would also negatively impact the ability of the company to continue operations.

If a subcontractor does not have Workers Compensation insurance, the organization that hires that subcontractor will be held responsible for injuries to any subcontractor employee injured during his or her work for the hiring organization.

Are all of the applicant's machinery and equipment properly guarded and secured? ___ Yes ___ No

Does the applicant train employees before they operate any machinery and equipment? ___ Yes ___ No

Does the applicant train employees in the proper way to clean machinery and equipment? ___ Yes ___ No

If the answer to the training questions above is yes, attach a copy of the applicant's training manual plus the documentation it uses to ensure that the training is appropriate.

Training is the key to effective loss prevention in workers compensation. There should be a training program manual that outlines the proper use of all equipment. Employees should be trained and supervised before they begin working with any equipment.

Are the doors on all walk-in freezers, cold storage boxes, and other automatic locking storage area equipped with a pass-type latch that can be opened from the inside? ___ Yes ___ No

Are first aid kits provided? ___ Yes ___ No

Is at least one employee (on duty) trained in administering first aid? ___ Yes ___ No

Is all cutting equipment properly guarded and secured? ___ Yes ___ No

Does the applicant require that all employees wear wire mesh gloves when they clean the slicer? ___ Yes ___ No

First aid kits should be strategically placed in the working area, readily accessible and fully stocked. The insured should have written procedures for re-stocking as needed. At least one employee on each shift at each location should be trained in emergency procedures directly related to the type of work being performed. These employees should also know how to contact health care professionals as quickly as possible. First aid is important but should never be treated as a suitable alternative to outside professional care.

Are swinging doors equipped with see-through safety glass? ___ Yes ___ No

Does the applicant instruct employees in the proper way to use microwave ovens and infrared lights? ___ Yes ___ No

Are trash compactors equipped with a safety device that renders them inoperable when the unit is opened? ___ Yes ___ No

Are all water faucets equipped with scald guards? ___ Yes ___ No

Are employees instructed in how to handle unruly customers? ___ Yes ___ No

Does the applicant conduct regular evacuation drills? ___ Yes ___ No

Unruly customers are an unwelcome part of dealing with the public. The insured should have specific guidelines for how employees should handle unruly customers.

Regular evacuation drills help employees rehearse the roles they must play in case of an emergency. These practice drills can identify problems in procedures and give employees the knowledge they need to save their own lives as well as the lives of others.

QUIZ: WORKERS COMPENSATION

Avec Moi has 20 employees who provide its housekeeping and food service. Subcontractors provide all grounds keeping, maintenance, and repair services.

Does Avec Moi have a gap in coverage when certain employees are exempt from Workers Compensation coverage?

- a. Yes. If an exempt employee is injured, Avec Moi does not have coverage under its Workers Compensation or CGL coverages. - Yes, That's correct! Very good!
- b. No. Workers Compensation does not provide coverage but CGL coverage does.
- c. Yes. If an exempt employee injures a non-exempt employee, Workers Compensation coverage does not apply to the non-exempt employee's injuries.
- d. No. The exempt employee's health insurance plan covers his or her injuries.

Why should an insured obtain certificates of insurance from subcontractors as proof that they have Workers Compensation coverage for their employees?

- a. The named insured incurs a premium surcharge for any uninsured subcontractor's employee. - Sorry, that's incorrect. The correct answer is b.
- b. The named insured may be liable for injury to any uninsured subcontractor's employee.
- c. The subcontractor's certificate of insurance guarantees that the named insured receives advance notice of cancellation of the subcontractor's Workers Compensation coverage.
- d. The Occupational Safety and Health Administration (OSHA) requires that the certificates be on file or the insured is subject to a fine.

Why does Workers Compensation coverage place so much emphasis on training?

- a. Credits are given for training, resulting in a reduction of premium.
- b. The Occupational Safety and Health Administration (OSHA) requires that the named insured conduct training.
- c. Training is the key to preventing Workers Compensation losses. - Yes, That's correct! Very good!

d. Tax credits are available for training employees and helping them move from unemployed to full employed status.

How should the named insured deal with unruly customers?

- a. The named insured should employ a "bouncer" and eliminate the problem.
- b. Customers are customers and the named insured must treat them with the utmost respect.
- c. The named insured should have written guidelines that address how to treat unruly customers. - Yes, That's correct! Very good!
- d. The named insured should notify the police department and request assistance when problems arise.

Evacuation drills that involve all employees should be conducted regularly.

True - Yes, That's correct! Very good!
 False

SUPPLEMENT - EQUIPMENT BREAKDOWN

Premises # _____ Building # _____

Location address: _____

Does the applicant own the premises? Yes No

Is the applicant responsible for maintaining the boilers and pressure vessels in the building? Yes No

If yes, answer the following:

Do the boilers provide heat to the building? Yes No

How often is the equipment required to be inspected by a certified inspector? _____

Have all of the inspector's recommendations been implemented? Yes No

Where is the equipment located?

Separate reinforced furnace room Throughout the building Other

Describe other.

Describe what would probably happen if the boiler failed.

It is the premises owner's responsibility to maintain equipment that is part of the building. However, that responsibility can be (and often is) contractually transferred to a tenant.

Boilers and pressure vessels can be covered, but they are not the only equipment this policy covers.

Regular inspections of the boiler is one of the most important aspects of this coverage.

A boiler explosion is like a bomb going off. It will damage anything that is nearby. As a result, it is important that the boiler be in a room specifically built to contain and direct the damage. That room should not be compromised or used to store any other property.

Is the applicant responsible for maintaining the electrical system including the miscellaneous electrical apparatus? Yes No

If yes, answer the following:

Provide the date when the electrical system was last updated?

_____ Control panels/circuit breakers _____ All other parts of the system

Does the applicant generate any of its own power? Yes No

How long can the applicant continue operations if a public utility power source is disrupted? _____ Days

A sudden breakdown in the electrical system can result in damage throughout a business that no other property coverage form covers.

Regular maintenance and proactive improvements to the electrical system as power demands increase are vital to prevent breakdowns.

Is the applicant responsible for maintaining pumps and compressors for cooling? ___ Yes ___ No

If yes, answer the following:

Describe the system.

What would probably happen if the system failed?

Effective cooling systems are conveniences in certain industries but extremely important in others.

A complete evaluation of the impact of a loss of cooling is needed in order to determine if such coverage is needed and also to develop an action plan in case there is loss of cooling.

Is the applicant responsible for maintaining refrigeration systems? ___ Yes ___ No

If yes, answer the following:

Where are the units located?

___ Basement ___ Production areas ___ Storage areas ___ Other

Describe other.

What would probably happen if the system failed?

A complete evaluation of the impact of loss of refrigeration is needed to determine if such coverage is needed and also to develop an action plan if there is loss of refrigeration.

Does the applicant have communication equipment, computer equipment or other similar electronic equipment? ___ Yes ___ No

If yes, answer the following:

What would probably happen if the equipment broke down?

Does the applicant have production equipment? ___ Yes ___ No

If yes, answer the following:

What would probably happen if the equipment broke down?

If equipment breaks down, what is maximum period of time over which business income could be lost? ___ Days

Similar coverage for computer, communication, or electronic equipment can be purchased as part of an Inland Maine Electronic Data Processing Coverage Form. Coverage forms should be compared and evaluated based on the particular risk's specific needs.

Is there any part of the applicant's operation where a specific temperature or humidity level must be maintained? ___ Yes ___ No

If yes, answer the following:

Describe the temperature/humidity controlled operation.

How long can the temperature/humidity range be maintained following a breakdown? ___ Hours

Are backup systems in place to help control the temperature/humidity? ___ Yes ___ No

What probably happens when the temperature/humidity are outside the controlled boundaries?

Operations that require certain temperatures or humidity levels will sustain a significant property loss and loss of business income if the systems that control the temperature or humidity break down.

A complete evaluation of the potential damage that could occur and the available backup services are extremely important to effective risk management of this exposure.

QUIZ: SUPPLEMENT - EQUIPMENT BREAKDOWN

Avec Moi has a boiler that heats the hotel. There is also a large water heater that provides hot water to the guests, the laundry room, and the kitchen.

One of the most important aspects of this coverage is regular boiler inspections.

True - Yes, That's correct! Very good!

False

Where should the boiler be located to prevent or minimize damage to the hotel?

- a. The boiler's location is not important.
- b. Near the kitchen
- c. In a room specifically constructed for it
- d. In a separate building

What can be done to prevent electrical system breakdowns?

- a. Turn off lights whenever rooms are not occupied.
- b. Programmable thermostats
- c. Grounding wires that surround the hotel
- d. Regular maintenance and system upgrades

Computer breakdown protection is similar to electronic data processing coverage. Which of the following provides the best coverage for Avec Moi?

- a. The forms should be compared based on Avec Moi's coverage needs.
- b. The electronic data processing coverage form is best because it is an inland marine coverage form.
- c. The equipment breakdown coverage form is best because it is specific to breakdown.
- d. The only differences are the name and the premium charge.

Is coverage available for breakdown of temperature control equipment?

Yes

No

QUIZ: ISO EQUIPMENT BREAKDOWN PROTECTION COVERAGE FORM

Cameron is now ready to develop a Client/Agent Coverage Agreement to take with him to the client. This will allow him to recommend coverages and allow Jazmine to accept or reject the recommendations. Before making recommendation, he selects the Supplement so that he can review the various coverage definitions.

Cameron looks over the coverages on the list. He is pleased to see the equipment breakdown coverage form because Jazmine was very upset when her claim for refrigeration equipment breakdown was rejected. Cameron must understand this coverage in order to obtain the account. He selects it and reviews the definition.

Jazmine's second uncovered loss occurred when she was preparing for a wedding at the hotel. The filled cake, other desserts, and appetizers were prepared and stored in the refrigerator when the power went out. All of the refrigerated food for the wedding was ruined and coverage was denied.

What Equipment Breakdown Protection Coverage did Jazmine need in order to be covered?

- a. Utility Interruption

- b. Spoilage
- c. Ordinance or Law
- d. Business Interruption

The Equipment Breakdown Protection Coverage Form provides the following causes of loss:

- a. Fire
- b. Theft
- c. Breakdown
- d. All of the above

A \$25,000 limit is available to pay for the increased costs to replace damaged equipment with more environmental friendly equipment.

- True
- False

What is the limit of liability for public or private utility property that the named insured does not own?

- a. The limit on the declarations for property damage
- b. Coverage is not available because it is not owned
- c. \$1.00
- d. \$25,000

What unique condition in this coverage form explains how the property insurance carrier and the equipment breakdown carrier adjust a disputed loss?

- a. The Other Insurance Condition
- b. The Joint or Disputed Loss Agreement Condition
- c. The No Benefit to Bailee Condition
- d. The Transfer of Rights of Recovery against Others to Us Condition

ANSWERS: RISK OVERVIEW

All hotels must provide the following:

c. Lodging

Why are hotel property exposures considered high?

a. There are multiple sources of ignition.

What unique crime coverage should a hotel purchase to protect its guests?

b. Guest Property

What general liability concern is unique to hotels?

b. Room key control

Hotels do not have an automobile exposure.

False

ANSWERS: GENERAL INFORMATION

What is the legal name of the hotel?

b. Jazmine and Friends, LLC

Avec Moi has closed in January, February, and March in previous years but has recently decided to remain open year around. Does this change increase its hazards and loss potential?

No

Avec Moi plans to add several wintertime get-away weekend entertainment specials to fill the rooms in the winter months.

c. The exposure changes must be evaluated.

Two guest rooms are considered extended stay rooms and are equipped with stoves. What precautions should be in place?

c. Hood over stove

Avec Moi's chef is becoming very well known, but he is considering expanding into catering instead of increasing the size of its restaurant. This will not have any impact on Avec Moi's exposures.

False

ANSWERS: BUILDING AND BUSINESS INCOME

Can Jazmine and Friends, LLC purchase insurance for the building even though it does not own it?

Yes

Recent changes in local building codes do not permit Avec Moi to rebuild at its current location following a significant loss. These codes also impose additional costs to any reconstruction. Does the building coverage form cover those costs?

c. Yes, but only if an endorsement is added.

Avec Moi is located two miles off a small road up a winding and narrow tree-lined lane. It sits on a hill that overlooks a creek-fed pond. The hotel is inaccessible when the creek floods. What loss prevention measures should Avec Moi take?

d. Train employees in fire-fighting techniques to control small fires.

What systems must be evaluated because of a hotel's heavy usage of them?

d. All of the above

Does business income expense always include payroll?

No

ANSWERS: BUSINESS PERSONAL PROPERTY

Jazmine shares her inventory appraisal with Cameron. He notices that \$75,000 should fall in the fixtures category. To which limit should this be added?

a. Building

Jazmine and her partners repair any damaged furniture or fixtures. Where should Jazmine store the paints and varnishes used for the repairs?

b. In a separate building away from the hotel

Why should Jazmine install automatic fuel shut-off valves on all equipment when there is an automatic extinguishing system in the hood over all cooking surfaces?

d. To keep the fire from rekindling after the automatic extinguishing system extinguished it

Avec Moi has a laundry facility onsite but Jazmine is thinking about sending the hotel's laundry to an off-site commercial service. Will that change reduce the hotel's fire and explosion loss potential?

Yes

A burglar alarm system protects all common area doors and windows. The front desk receives a silent alarm notice if any of them are open after the system is turned on. What additional features should Cameron require?

b. The alarm should sound at a monitoring service or at the local police station.

ANSWERS: INLAND MARINE

What is a key step in an accounts receivable disaster plan?

b. Maintain duplicate copies of all accounts receivable off premises

Which of following do Computer Policies not cover?

d. Software storage cabinet

Jazmine framed the original deeds for the two residences and displays them at the front desk. They cannot be replaced. Can they be covered as valuable papers?

a. Yes, if the policy describes them.

Jazmine made copies of all valuable papers and stores those copies off-site. How long should she maintain the copies?

c. As long as the original copies exist

If a receptacle is listed on the declarations, all valuable papers must be stored in that receptacle when they are not being used.

True

ANSWERS: CRIME

Jazmine's sister, Kayla, occasionally takes over the front desk as a favor when Jazmine must be away. If Kayla embezzles funds, does employee dishonesty coverage pay for the loss?

No

Jazmine cashes personal checks for her guests. What loss exposure increases because of this practice?

b. Money and securities

Jazmine is walking down the garden path to the hotel parking lot when someone grabs the hotel receipts deposit bag from out of her hand. Which of the following coverages apply?

b. Money and securities – Off Premises

The rating basis for Guest Property coverage is the number of rooms in the hotel.

True

The Guest Property limit of insurance selected can vary based on the type of room.

False

ANSWERS: GENERAL LIABILITY

What activities that take place on the hotel grounds does the Commercial General Liability (CGL) coverage insure?

a. All of them

What are keys to protecting guests from injury during an emergency?

d. All of the above

Why is it important to know about the type of floor coverings in the hotel's public areas?

b. Methods to prevent slip and fall losses depend on the type of floor covering used

Why is it important for all employees who handle food to have periodic health examinations?

d. Health examinations identify employees with contagious diseases and reduce the spread of those diseases.

Avec Moi hosts a monthly etiquette-training dinners for young children. What information is needed in order to provide adequate safeguards for the event?

b. The ages and number of children.

ANSWERS: GENERAL LIABILITY AND EMPLOYEE BENEFITS LIABILITY

Does having an owned parking lot reduce the hotel's loss potential?

b. No, it increases loss potential because customers expect the lot to be safe.

Why ask detailed questions about the nature and type of contracts the hotel enters into and signs?

b. CGL coverage applies to only certain types of contracts.

What is the most practical risk management advice concerning contractual liability?

c. Have legal counsel review all contracts

Does CGL coverage apply to website liability?

a. There is coverage only if the website's content is purely informational.

What is an essential element of any employee benefit plan?

a. Written rules that address who can be covered and how they are to be covered

ANSWERS: UMBRELLA AND HIRED AND NONOWNERSHIP AUTOMOBILE

What policies must be listed on the umbrella policy?

d. Any policy that provides coverage that the umbrella is to cover

Only the vehicles scheduled on the umbrella policy are covered.

False

Does the umbrella policy increase the workers compensation coverage?

No

The umbrella policy automatically includes all amendments and exclusions in the underlying policies.

False

Jazmine often uses her own vehicle to run errands. Does hired/non-ownership coverage insure her if she strikes another vehicle and injures its driver, who later sues her for damages?

No

ANSWERS: WORKERS COMPENSATION

Avec Moi has 20 employees who provide its housekeeping and food service. Subcontractors provide all grounds keeping, maintenance, and repair services.

Does Avec Moi have a gap in coverage when certain employees are exempt from Workers Compensation coverage?

a. Yes. If an exempt employee is injured, Avec Moi does not have coverage under its Workers Compensation or CGL coverages.

Why should an insured obtain certificates of insurance from subcontractors as proof that they have Workers Compensation coverage for their employees?

b. The named insured may be liable for injury to any uninsured subcontractor's employee.

Why does Workers Compensation coverage place so much emphasis on training?

c. Training is the key to preventing Workers Compensation losses.

How should the named insured deal with unruly customers?

c. The named insured should have written guidelines that address how to treat unruly customers.

Evacuation drills that involve all employees should be conducted regularly.

True

ANSWERS: SUPPLEMENT - EQUIPMENT BREAKDOWN

Avec Moi has a boiler that heats the hotel. There is also a large water heater that provides hot water to the guests, the laundry room, and the kitchen.

One of the most important aspects of this coverage is regular boiler inspections.

True

Where should the boiler be located to prevent or minimize damage to the hotel?

c. In a room specifically constructed for it

What can be done to prevent electrical system breakdowns?

d. Regular maintenance and system upgrades

Computer breakdown protection is similar to electronic data processing coverage. Which of the following provides the best coverage for Avec Moi?

a. The forms should be compared based on Avec Moi's coverage needs.

Is coverage available for breakdown of temperature control equipment?

Yes

ANSWERS: ISO EQUIPMENT BREAKDOWN PROTECTION COVERAGE FORM

Jazmine's second uncovered loss occurred when she was preparing for a wedding at the hotel. The filled cake, other desserts, and appetizers were prepared and stored in the refrigerator when the power went out. All of the refrigerated food for the wedding was ruined and coverage was denied. What Equipment Breakdown Protection Coverage did Jazmine need in order to be covered?

b. Spoilage

The Equipment Breakdown Protection Coverage Form provides the following causes of loss:

c. Breakdown

A \$25,000 limit is available to pay for the increased costs to replace damaged equipment with more environmental friendly equipment.

True

What is the limit of liability for public or private utility property that the named insured does not own?

c. \$1.00

What unique condition in this coverage form explains how the property insurance carrier and the equipment breakdown carrier adjust a disputed loss?

b. The Joint or Disputed Loss Agreement Condition

Minimum Recommended Coverages Overview

Building and Personal Property Coverage Form

Four types of property are associated with every structure:

- The building or structure itself
- Business personal property inside the building
- Personal property of others in the building
- Improvements and betterments added to a building space for the benefit of a named insured tenant

The Building and Personal Property Coverage Form insures all four types of property. Each can be written with its own specific limit or can be combined in various ways on a blanket basis. A separate causes of loss form must be attached. The causes of loss form selected can vary by type of property.

Lodging operations will normally use this form for most property coverage.

Related Article: [CP 00 10–Building and Personal Property Coverage Form Analysis](#)

Equipment Breakdown Coverage Form

This coverage has ten separate parts:

- Property Damage
- Expediting Expense
- Business Income/Extra Expense
- Spoilage Damage
- Utility Interruption
- Newly Acquired Premises
- Ordinance or Law
- Errors and Omissions
- Brands and Labels
- Contingent Business Income/Extra Expense

Coverage applies to equipment under pressure in addition to mechanical or electrical equipment that generates energy. Communication and computer equipment is also covered. All are subject to certain restrictions. The major carriers that write this coverage use their own coverage forms but the structure is similar to ISO's version.

All building owners and tenants responsible for operating the above types of equipment should seriously consider purchasing this coverage because it resolves a significant gap in coverage in standard Commercial Property Coverage forms.

This coverage should be mandatory for lodging operations because of their heavy reliance on heating and air conditioning plus laundry services.

Related Article: [ISO Equipment Breakdown Protection Coverage Form Analysis](#)

Business Income With Extra Expense

Business income with extra expense covers the loss of income a business sustains after direct damage to covered property. Coverage also applies to extra expenses that the insured incurs to remain in operation or to resume operations more quickly above and beyond the amount necessary to reduce the business income loss.

Most lodging operations will want this coverage since they will need to remain in operation after physical damage.

Related Article: [ISO Time Element Coverage Forms Analysis](#)

Accounts Receivable

This coverage protects against loss resulting from an inability to collect accounts receivable due to the loss, damage or destruction of books or records of accounts. This coverage may be written using a standard ISO or AAIS Inland Marine Form.

This coverage is very important to any lodging operation that carries accounts for their customers.

Related Articles:

[.ISO Accounts Receivable Coverage Form](#)

Valuable Papers and Records

The policy insures on a risk of direct physical loss basis, including misplacement or mysterious or unexplained disappearance. It covers the costs to research and replicate damaged important documents, books, and records or to

replace them. Coverage is provided using standard ISO or AAIS Inland Marine Forms. There is a limited amount of coverage provided in property forms, but it is not as broad as the Inland Marine Form.

Lodging operations will have valuable papers relating to their customers and also may have contracts and other important documents that are critical to the survival of the operation.

Related Articles:

[ISO Valuable Papers and Records Coverage Form](#)

Money, Securities and Other Property

The coverage forms in this section provide coverage for securities, other property, and in all but one coverage, money.

Employee Dishonesty

Most property coverage forms exclude employee dishonesty. As a result, this coverage is very important because employees have the potential to cause the most damage to an insured. They have access to all of the money, products, and information about the company. Employees who have more authority and access have greater potential to cause loss or damage. Coverage applies to loss of money, securities, and property that the insured owns or leases, or to property of others in its possession. Coverage may be provided under either standard ISO coverage forms or Surety and Fidelity Association of America forms.

Lodges operations provide multiple opportunities for employee dishonesty, starting with the ordering of supplies and parts, continuing with the cash register and ending at the back door as monies, services and items are disbursed. This coverage is a must.

Related Article: [Commercial Crime Coverage Analysis](#)

Guests' Property

This coverage applies to the insured's legal liability for guests' property while at the insured's lodging place. There are two types of coverage. The first is for property placed in a safe deposit box on the insured's premises. The second is for guests' property located anywhere on the premises. Coverage includes defense against accusations of wrongdoing.

Related Article: [04 11-Guests' Property](#)

Electronic Data Processing

Covers loss to electronic data processing equipment, software and media owned, leased or used by the insured. Computerized production equipment may be insured as well as conventional computer equipment. Coverage may include or exclude breakdown and power interruption. This coverage is available through the inland marine markets and coverage is not standardized. Comparisons must be made as to exclusions, on- and off-premises coverage, and transit. Valuation basis is a consideration because most computer systems will not be replaced with like and quality due to changes in technology.

Lodging operations are becoming more and more computerized. This coverage is vital.

Related Articles:

[ISO Computer Systems Coverage Form](#)

Commercial General Liability—Occurrence Basis

This coverage pays for damages the insured becomes legally obligated to pay due to bodily injury, property damage, or personal and advertising injury that arises from its premises, operations, completed operations, and products. The occurrence basis means that occurrences that take place during the policy period are covered, regardless of when a claim for injury that results from the occurrence is presented.

Most lodging operations will use the occurrence basis. They should never go without this coverage since slip-and-falls can happen so quickly. The severity can be low, but it can also be high because once the slip occurs it is not possible control how the person falls, the injury that occurs or the person will react to treatment.

Related Article: [CG 00 01 and CG 00 02-Commercial General Liability Coverage Forms Analysis](#)

Commercial General Liability–Claims-Made Basis

This coverage pays for damages the insured becomes legally obligated to pay due to bodily injury, property damage, or personal and advertising injury that arises from its premises, operations, completed operations, and products. The claims-made basis means that only claims presented during the policy period are covered regardless of when the occurrence that resulted in injury took place. A retroactive date often limits the time the occurrence could have taken place.

Related Articles:

[CG 00 01 and CG 00 02-Commercial General Liability Coverage Forms Analysis](#)

[Compare: ISO Commercial General Liability Coverage Forms-CG 00 01 \(Occurrence Basis\) To CG 00 02 \(Claims-Made Basis\),](#)

Employee Benefits

Mistakes by the insured in administering its employee benefits program can cost employees. This coverage insures those situations. This DOES NOT INCLUDE fiduciary responsibilities or any situations that involve discrimination or harassment. A simple example is when the insured does not provide the employee with the appropriate COBRA information following termination that results in the former employee losing benefits. Most carriers provide this coverage on their own filed forms by either a separate coverage form or as an endorsement to the commercial general liability coverage. Comparisons should address the types of benefits covered, claims-made versus occurrence, and the employer's contribution. ISO provides a standard endorsement to attach to the Commercial General Liability Coverage Forms.

Related Article: [ISO Commercial General Liability Coverage Forms Available Endorsements and Their Uses](#)

Liquor

Commercial General Liability Coverage Forms exclude liquor liability coverage for any insured in the business of selling, manufacturing, or serving alcoholic beverages. The liquor liability coverage form provides the coverage these types of operations need for the legal liability imposed on them because of providing such beverages to underage persons, those already intoxicated, or because of violations of state liquor statutes. Coverage can be provided on either an occurrence or claims-made basis.

Lodging operation that serve beer, wine or spirits should have this coverage or should modify the general liability policy to delete the liquor liability exclusion.

Related Article: [CG 00 33 & CG 00 34-Liquor Liability Coverage Forms Analysis](#)

Commercial Auto Coverages

These forms provide all of the coverages the insured needs for its owned, leased, or hired vehicles. They also cover the insured for non-owned use of a vehicle when an employee or volunteer uses his or her vehicle on company business. The insured can customize the coverage it needs by entering symbols on the schedule. Coverage can apply to all owned, leased, hired, and non-owned autos or just on selected vehicles.

Related Article: [ISO Business Auto Coverage Form Overview](#)

Workers Compensation and Employers Liability

Part A covers all injuries and diseases that individual state workers compensation statutes require be covered. Benefits are paid according to schedules each state provides. Part B covers liability that an employer may have imposed on it beyond the state statutes. The National Council of Compensation Insurance (NCCI) provides a standard form that is a model for all member companies to use. Certain states have alternatives to NCCI but all are fairly similar. Part A is compulsory with benefits the state mandates. Part B is liability coverage and is subject to standard tort liability.

Lodging risks with employees are required to provide coverage.

Related Article: [WC 00 00 00 B-Workers Compensation and Employers Liability Insurance Policy Analysis](#)

Umbrella Policy

These policies serve two purposes. First, they provide excess liability limits over the limits in scheduled underlying policies. Second, they fill some gaps in coverage in the underlying coverage. ISO and AAIS have developed standard liability umbrella coverage forms, but many carriers use their own independently filed forms to provide coverage. As a result, comparing coverages is essential. Key areas that should be compared are exclusions, deductibles, whether a follow-form is offered over unusual underlying exposures, limits, and defense costs (included inside or outside the limits).

Lodging operations should carry either an umbrella or an excess liability policy because of the potential for catastrophic loss due to the number of persons in the establishments who could be injured.

Related Article: [CU 00 01-Commercial Liability Umbrella Coverage Form Analysis](#)

Other Coverages to Consider Overview

Earthquake

All three primary causes of loss forms exclude earth movement. Coverage for earthquake damage can be provided by any one of three different ways:

- Include this cause of loss by using CP 10 40–Earthquake and Volcanic Eruption Endorsement
- Purchase a Difference in Conditions (DIC) policy that includes earthquake as a covered cause of loss
- Purchase a separate earthquake policy from a nonstandard market

The first two options are the most positive way to obtain this coverage. However, a nonstandard market may be the only place to obtain coverage for this cause of loss in certain earthquake-prone areas and with certain types of properties. Deductibles are a percentage of the limit of insurance and usually range from 1% to 10%.

Related Article: [CP 10 40-Earthquake and Volcanic Eruption Endorsement](#)

Flood

All three primary causes of loss forms exclude flood. Coverage for flood can be provided by any one of three different ways:

- Include this cause of loss by using CP 10 65–Flood Coverage Endorsement
- Purchase a Difference in Conditions (DIC) policy that includes flood as a covered cause of loss
- Purchase a separate flood policy from the National Flood Insurance Program (NFIP)

When coverage under the NFIP is available, flood carriers usually require that the insured purchase the NFIP policy as primary and it then provides excess limits over it.

Any lodging operation located in flood-prone areas should consider purchasing flood insurance through the federal program.

Related Articles:

[CP 10 65-Flood Coverage Endorsement](#)

[Overview of the National Flood Insurance Program](#)

Bailees Customers

A Bailee Customer policy covers bailment situations. In a bailment, one person accepts goods from another and promises to return them to that person in the condition received or better. There is both a contractual and a goodwill obligation. The bailees coverage is a nonstandard form offered by various inland marine markets. Coverage can be limited to only the legal liability but many insureds purchase full coverage (called goodwill coverage) to better serve their clients. The valuation may be on an actual cash value or replacement cost basis. Coverage can be purchased for the item while in process or not. Coverage may be “risks of direct physical damage” or named perils only. Coverage is provided while the goods are at the insured’s premises, in transit or while at another person’s premises who is performing services to the goods on behalf of the insured.

Lodging operations that create a bailment should purchase this coverage.

Related Articles:

[ISO Bailees Customers Coverage Form](#)

Commercial Articles

The Commercial Articles policy provides coverage for the commercial user of cameras and musical instruments. Property is covered wherever it is located and does not require scheduling of locations or property.

Lodging operations that use musical instruments, cameras and other audio and video equipment should consider this coverage.

Related Articles:

[Commercial Articles Coverage Form](#)

Contractors Equipment

This coverage provides physical damage insurance for the mobile or contractors' equipment located at the insured's premises, job site or while it is in transit. Items that can be included range from employees' tools to scaffolding to cranes and more. If it is used by the contractor to do a job and is not licensed for road use, there is a good chance that it is contractors' equipment and should be covered. There is no standard form to provide this coverage. Coverage comparisons to consider are: actual cash value or replacement cost; is the coverage all risk or named perils; can the coverage be blanketed; automatic coverage for new or replacement equipment; leased, rented and borrowed items; coinsurance requirement and penalty; "overcapacity" limitation in the form that will deny coverage if the equipment lifts something beyond its stated capacity.

Related Articles:

[ISO Contractors Equipment Coverage Form](#)

Computer Fraud

Money, securities, and other property are covered when any computer is used to fraudulently cause a transfer of the insured's property to another person located off the premises. The ISO Commercial Crime Coverage Form provides this coverage.

Any lodging operation that regularly transfers funds through the computer should consider this coverage.

Related Article: [Commercial Crime Coverage Analysis](#)

Fine Arts

Property coverage forms either exclude fine arts or limit payment to their utilitarian value. This coverage provides a valuation clause based on a piece of art's specified value. The art including paintings, etchings, statuary, stained or etched glass windows are covered against risk of direct physical loss. The key for comparison is the on-premises limit, off-premises limit and transit. The breakage exclusion is common but can be bought back for a significant surcharge.

Any lodging operation with special art pieces, antiques or other types of fine arts will need this coverage.

Related Articles:

[ISO Commercial Fine Arts Coverage Form](#)

Forgery or Alteration

Covers when someone – not an employee or owner – forges a signature on a check or other monetary instrument in order to obtain money that belongs to the insured. Forgery caused by an employee is covered as part of employee dishonesty.

Coverage may be provided using either a standard ISO form or a Surety and Fidelity Association form.

Lodging operations are very busy places with many people milling around. Even with the best of intentions, doors are left unlocked or ex-employees may enter with a key. There are many opportunities for checks to be taken and then forged. This protection could be very important.

Related Article: [Commercial Crime Coverage Analysis](#)

Cyber Liability

This is the most rapidly changing liability area today. The growth in the number of persons who use the Internet regularly has led to businesses promoting and marketing their products and services online. Most companies have home pages and communicate with others via text, email, chat, blogs, Facebook, and other social media. Exclusions are being added to liability coverage to restrict coverage for many cyber liability-related activities. A number of carriers are responding to the need for this cyber liability coverage. Comparing coverage forms is important because there is no standard coverage form. The following coverages should be part of any cyber liability coverage:

- Security and privacy liability
- Website content coverage/intellectual property and domain name coverage
- Virus coverage
- Civil regulatory actions
- First-party coverage for breach notifications, forensics, and credit monitoring expenses
- Cyber extortion
- Loss of data
- Loss of income due to loss of network resources

Lodging operations are very exposed to cyber liability attacks so should carry this coverage to protect the operation and also its customers.

Employment-related Practices

Commercial General Liability Coverage Forms do not insure lawsuits that past, present, and prospective employees or governmental entities bring against the insured employer that allege wrongful discharge, discrimination, or certain types of harassment. A separate coverage form that insures employment-related practices is available. ISO developed its own coverage form but many insurance carriers have their own versions. Using the ISO standard as a starting point to compare coverages can help agents advise their customers on the best coverage form to use for their particular situation.

Lodging operations have experienced many claims of harassment. It is often difficult to draw the line between innocent fun and malicious abuse. This coverage is important along with regular procedures and processes to help everyone understand what can and cannot be allowed.

Related Article: [Employment-related Practices Liability Coverage Form Analysis](#)

Garagekeepers

Garagekeepers coverage insures against loss or damage to customers' vehicles. Coverage may apply on a legal liability basis or without regard to legal liability. It may be offered as direct coverage that is excess over insurance carried by customers or as direct primary coverage. It is a standard part of the Auto Dealers Coverage Form or can be endorsed to the Business Auto Coverage Form.

This coverage is important to any lodging operation that offers valet parking or attended parking of any kind. While general liability does provide some coverage, as soon as the vehicle leaves the premises, general liability ceases and if there is no garagekeepers coverage, all coverage ceases.

Related Article: [CA 99 37-Garagekeepers Coverage](#)

Stop Gap or Employers Liability Coverage

There are gaps in coverage between workers compensation and commercial general liability coverages that can leave an insured uncovered. Part B of the Workers Compensation and Employers Liability Insurance Policy fills the gaps in most states. However, the state covers only Part A in monopolistic states. Another mechanism must provide the equivalent of Part B. Coverage may be offered on a monoline basis, as a stand-alone policy through a workers compensation carrier, or as an endorsement to the commercial general liability coverage.

Related Article: [Stop Gap-Employers Liability Coverage](#)

