

# **UNDERSTANDING INSURANCE**

**For the Bed & Breakfast  
or  
Country Inn Innkeeper**

**Presented by:**

**OLD LINE**  
AGENCY SERVICES



## UNDERSTANDING INSURANCE

An elderly guest falls while standing on your porch. Are you liable?

It is mid-afternoon and you need to enter a guest room in order to clean. There is no response to your aggressive knocking. You enter the room and find the bed occupied. Invasion of privacy?

An employee cuts his hand on a bread knife. Workers Compensation?

It is raining and a guest falls on your walkway. Are you liable?

A guest's child is running in your backyard and falls. Are you liable?

An intoxicated guest falls down your stairs. Are you liable?

From an excerpt in PAII's (Professional Association of Innkeepers International) Insurance Report: according to an attorney who works with innkeepers "The question isn't whether you'll be sued, it's when." People with small businesses are among the most vulnerable. No longer a Jane or John Q. Citizen, innkeepers are viewed by juries as business owners with marketable assets who have taken a fiduciary responsibility with the general public and that fiduciary responsibility means providing a "safe" place for their guests. Usually, inns are not big enough to have the protection of a corporate legal department or rich enough to keep an outside attorney on retainer. If you need to hire an attorney to defend you in a lawsuit--even just to have a "nuisance" lawsuit dismissed--you can plan to spend at least \$10,000. \*

An important benefit of an insurance policy is legal defense. If you are sued for a covered loss, the insurance company will provide you with a lawyer and defense costs; you have a "lawyer-in-your-pocket" so to speak.

You may feel that insurance is a very complicated and arduous subject; however, you must have an understanding of it in order to obtain adequate coverage. The best advice is to adjust a claim before it occurs; in other words, make sure you have the coverage now, do not wait until after a loss to find out something is not covered. Hopefully, after reading this material, you will become a more educated insurance consumer; however, please keep in mind; this is a very elementary discussion. To fully understand the coverages available talk with your professional insurance agent and read your policy.

One of the first keys in understanding insurance is to be able to understand insurance jargon. The standard insurance policy is divided into two sections: Property and Casualty (liability). When the policy is divided into two or more sections, it is referred to as a "package". "Property" refers to the building(s), the equipment used to maintain the building(s) and all of the items contained within the building(s). Casualty refers to liability; any accidental injury or accidental damage to someone (other than an employee or a relative/ward living with you) or their property.

# PROPERTY INSURANCE

## I. Peril

A peril is the event insured against--the cause of possible loss. For example, fire is a peril. Your job is to pick which perils you want to insure your property against: there are three types of peril coverage's from which to choose:

**A. Special Causes of Loss:** This is the most comprehensive coverage form available and protects you against every peril unless the peril is specifically excluded. (OLD LINE's Innkeepers Insurance program has this coverage)

**B. Broad Form:** This is a limited coverage form protecting your property against approximately 18 perils. Unless the peril is specifically stated in the policy, you do not have coverage.

**C. Named Peril:** This is the most limited coverage form protecting your property against approximately 6 perils. Unless the peril is specifically stated in the policy, you do not have coverage.

## II. Valuation

After the loss, valuation is the method the insurance company will use to determine how your property will be replaced. There are two valuation choices available: Replacement Cost Coverage and Actual Cash Value. Your job is to determine which method is best for you.

**A. Replacement Cost Coverage:** In the event of a loss, you will be paid for the loss without a deduction for depreciation.

When valuing your building, the building will be rebuilt up to the policy limits.

When valuing your contents, you will receive the current market value for the items. For example: suppose you paid \$1,000 for a sofa 15 years ago and the sofa is destroyed by fire; also suppose, to replace the same sofa today, it would cost \$7,000. If you have replacement cost coverage on your policy, you will be reimbursed for the \$7,000 which you spent to replace your sofa.

Keep in mind you will not be paid any amount over your policy limit and that is why determining the correct replacement cost amount for your building and contents is so important. Also, the coinsurance clause is a crucial factor; we will address coinsurance at length further in this discussion.

*\*\*\*\*The trick with replacement cost is pre-determining the value of your property. First, you need to know the re-build value of your building. Second, you need to know the replacement value of your contents.*

There are several ways to determine the rebuild value of your building: your Insurance agent or Real Estate agent may have a method to determine the re-build value, or you could have a professional appraisal conducted. Remember, the re-build value and the re-sell values of you building are more than likely two very different figures.

To determine the replacement cost of your contents, “eye-ball” each room and come up with the dollar amount it would take to replace everything in that room at today’s prices; do this in every room of every building (don’t forget to include the items in the attic, Christmas decorations, tools in the basement, your pot and pans, linens etc.). Add all of your figures together and you should come close to the replacement cost of your contents.

*Hint: Use a video camera to record the interior and exterior of every building. Go into every room of every building and establish a visual record of your property. Remember to film the contents of your cabinets, drawers and closets; give a verbal description as you are filming. Once the tape is completed, store it at the bank in your safe deposit box. Hopefully, you will never need to use the tape.*

**B. Actual Cash Value:** In the event of a loss, you will receive Replacement Cost minus depreciation for your building and contents.

For example, suppose you paid \$1,000 for a sofa 15 years ago; to purchase the same sofa today, you would spend \$7,000. Now suppose the sofa has been destroyed by fire; on an Actual Cash Value basis, you will receive something less than \$7,000 (replacement cost) as 15 years of depreciation will be deducted.

As with Replacement Cost coverage, you will only be reimbursed for your building and contents loss up to your policy limits.

**Warning!!!! Replacement Cost for Antiques:** Unless there is a specific endorsement providing replacement cost coverage for your antiques, antiques are not on a replacement cost basis, they are on an Actual Cash Value basis. In other words, your claim reimbursement for antiques will include depreciation on the antiques. Antiques must be scheduled with a specific replacement cost amount in order to alleviate the depreciation problems.

### III. COINSURANCE

One of the most pressing issues with property coverage is the amount of insurance. **REMEMBER, THE REBUILD VALUE OF YOUR HOME AND THE RESALE VALUE OF YOUR HOME ARE TWO COMPLETELY DIFFERENT FIGURES.** You must have the proper amount of insurance on your property to avoid a coinsurance penalty.

Coinsurance is one of the most critical and misunderstood clauses of a commercial insurance policy. The coinsurance clause requires you to carry a specified amount of insurance based on the rebuild value of the property insured; if you fail to comply with the clause, you will suffer a penalty in the event of a partial loss.

For example, if the rebuild value of your home is \$250,000 and you have an 80% coinsurance clause (80% being the most common), then the building value reflected on your policy must be at least 80% of the total rebuild value--in this case you must insure the building for at least \$200,000. If you do not insure for at least 80% of the rebuild value of your building, then the percentage to which you are underinsured is the same percentage the Insurance Company will apply to limits when paying a loss. Please keep in mind, the rebuild value of a home and the market value of a home are two entirely different figures.

If you refer to our original example; the rebuild value of your home is \$250,000; therefore, because of the 80% coinsurance clause, you must insure the building for at least \$200,000. However suppose your building is only insured for \$100,000 and you have a kitchen fire with total building damages of \$20,000--you would expect to receive \$20,000 from the Insurance Company for your \$20,000 loss.

Unfortunately, since you did not comply with the coinsurance clause, a coinsurance penalty will be applied to the loss and you will not be fully reimbursed. The Insurance Company will derive the coinsurance penalty by using the percentage which you are underinsured, in this case 50% (The Coinsurance Equation is: The Amount Of Insurance You Actually Carried Divided By The Amount Of Insurance You Should Have Carried = Coinsurance Penalty--in this case  $\frac{\$100,000}{\$200,000}=50\%$ ) and apply that figure to your loss. You will only receive \$10,000 for this \$20,000 fire loss (\$20,000 total loss multiplied by 50% coinsurance penalty equals \$10,000).

## CASUALTY INSURANCE

Commercial General Liability Insurance is one of the best types of liability insurance available as every third party liability claim is covered unless there is a specific exclusion. This coverage is written on the same basis as the Special Causes of Loss form found in the property coverages--there is coverage unless there is an exclusion.

Commercial General Liability includes an aggregate limit, occurrence limit, products and completed operations aggregate limit, personal and advertising injury, fire damage legal, and medical payments.

**1) Aggregate Limit:** The total amount of all liability losses which will be paid in a single year; this figure is usually \$1,000,000 or \$2,000,000.

**2) Occurrence Limit:** The total amount of a single on premises liability loss which will be paid; this figure is usually \$1,000,000.

**Caution:** The occurrence limit contained within the Commercial General Liability portion of your policy applies per loss, not per person. If a guest falls down the stairs and you have a \$1,000,000 occurrence limit, you have \$1,000,000 available for your guests injury (one loss). If you have a fire in your Inn and 12 people are injured, with a \$1,000,000 occurrence limit on your policy you only have \$1,000,000 which applies collectively to all 12 people: \$1,000,000 per loss not \$1,000,000 per person. To increase your aggregate and occurrence limits you can

purchase an Umbrella or Excess liability policy; these policies are discussed further in this presentation.

**3) Products and Completed Operations:** Coverage designed to protect you from losses that develop after the guest has checked-out.

**4) Fire Damage Legal:** This coverage is only used in a landlord/tenant situation. If you are a tenant in a building and cause a fire, you would use your Fire Damage limit in order to repair the damaged portion of the building which you occupy. If the value of the portion of the building you occupy is greater than your Fire Damage limit, you should increase this limit to cover your exposure.

**5) Personal and Advertising Injury:** Coverage to protect you from losses arising from invasion of privacy, defamation of character, wrongful detainment, libel, slander, and the like.

**6) Medical Payments:** A goodwill coverage designed to pay for any injury a guest may sustain; you are not admitting liability by using this coverage. For example, a guest breaks their leg because they were intoxicated and fell down your stairs; medical payments will pay for the ambulance and any medical expense up to the Medical Payments limit on your policy (this limit is usually \$5,000.). If you are found legally liable, the "occurrence" limit will then be used.

Insist a guest seek medical attention if they are injured, offer to pay for the medical expense (**DO NOT ADMIT LIABILITY**) and call for an ambulance. Once the ambulance arrives, if the injured party refuses medical treatment the paramedics will have the injured party sign a form indicating medical services were refused; this form becomes important should the injured party bring a lawsuit against you.

*Always, always report to your insurance agent any injury a guest may sustain no matter how small. Notice to your agent is notice to the insurance company. If you are sued several years after an incident occurs and you had reported the incident to your agent when it occurred, the insurance company cannot invoke Reservation of Rights (which is a right listed in the insurance policy). Reservation of Rights means the insurance company can decide not to entertain the claim if they determine the claim was not reported in a timely fashion.*

If you have a business policy with Commercial General Liability coverage, the insurance company will provide a lawyer and pay for your defense costs; also, the defense costs will not be applied toward your policy limits.

For example, suppose you have a \$1,000,000 occurrence limit on your policy and you are sued. After everything is said and done, the jury awards the plaintiff \$800,000 and the legal fees were \$1,200,000. Your insurance policy will pay the full \$2,000,000 as the legal fees are paid above and beyond your policy limits.

Now let's suppose the award was \$1,200,000 and the legal fees were \$800,000. In this instance, your policy would pay \$1,800,000. The policy will pay for the legal fees no matter the cost; however, it will only pay up to the policy limits for any settlement--in this case \$1,000,000 as \$1,000,000 is the per occurrence limit.

## **A HOMEOWNERS POLICY VERSES A COMMERCIAL/BUSINESS POLICY**

There are very important issues which must be addressed concerning the limitations of various insurance policies.

### **Homeowners Policy**

A standard Homeowners policy, which does not have a specific B&B/Country Inn endorsement, will cause serious problems in the event of a loss.

A standard Homeowners policy covers personal property only; in light of this, make a list of the following: 1) To what property do my guests have access? and 2) What property do I depreciate for tax purposes? The ensuing list constitutes business property and is not covered by your homeowners policy under any endorsement unless it is B&B specific. Can you afford to replace your "business property" out of your own pocket? If not, do not purchase a Homeowners policy.

Another issue with the standard Homeowners policy is guest liability. A standard homeowners policy will not cover bodily injury or property damage to a guest or their property.

If you have a standard homeowners policy, you would be responsible, not the insurance company, for providing your own lawyer, paying for your own defense costs and paying for any settlement a jury awards. You run the risk of incurring a large financial burden in the event of a loss.

There are many other problems with a Homeowners policy (for example, your income or loss thereof cannot be insured); however, the business property and guest liability issues are more than enough reason not to purchase a standard Homeowners policy without a specific Bed & Breakfast endorsement.

### **Commercial/Business Policy**

The second type of insurance policy is a Commercial or Business policy which is a viable means of providing insurance protection. To ensure that you are obtaining the best possible coverage, make sure the policy is written with the following:

- 1) Replacement Cost Basis
- 2) Special Cause of Loss Coverage Form
- 3) Commercial General Liability Coverage Form  
*with at least a \$1,000,000 occurrence limit*

Although the Commercial policy is the best type of policy to purchase, there are gaps in coverage which need to be addressed. Please note, most of the gaps in coverage can be filled by purchasing the proper endorsement.

## **ADDITIONAL COVERAGES SHOULD BE PURCHASED WITH A TYPICAL COMMERCIAL / BUSINESS POLICY**

**I. Personal Property:** A business policy is designed to cover business property, without the proper endorsement, your personal belongings (clothing, items contained in your personal quarters, etc.) are not covered.

**II. Personal Liability:** A business policy was designed to cover a business, there is no personal liability coverage. Endorse personal liability coverage onto your policy to provide coverage for you and all resident relatives in the event you are sued for a non-business event (for example, while on vacation, you were playing golf and accidentally hit someone in the head with a golf ball).

**III. Property Off Premises or In Transit:** Make sure you have an endorsement to cover your property (business and personal) while it is away from your premises at another location or in transit (i.e. in your car, on a plane, at the airport); for instance, the items you take with you on vacation. Be aware, there is usually no property coverage for your items while they are being displayed at a fair or exhibit.

**IV. Loss of Use:** A homeowners policy provides loss of use; in the event of a loss wherein you cannot live in your home, you will be provided the funds to obtain a place to live plus additional living expenses. A business policy does not provide loss of use coverage without a specific endorsement.

**V. Loss of Income/Extra Expense:** Loss of income coverage reimburses your lost income if you cannot operate due to a covered loss. Be careful with loss of income coverage as it is written on varying forms. The best loss of income form is "unlimited loss sustained". There are other forms which give you a certain percentage of your income each month up to an aggregate limit. Extra expense is a coverage which coincides with loss of income coverage and should be endorsed onto your policy. Be aware of coinsurance, find out if there is a coinsurance limit on the Loss of Income portion of your policy.

You may also wish to purchase Extended Business Income which comes into play after the property has been repaired, rebuilt or replaced and operations have resumed. The coverage will pay additional loss of income to help you get back on your feet during those first few months after you have re-opened.

**VI. Mechanical Breakdown:** Mechanical Breakdown provides coverage for any mechanical equipment should it cease to operate for any reason (overheating, cracking, broken parts) other than old age. It will also cover steam boiler explosion which is excluded in all other policies.

**VII. Spoilage Coverage:** If you have a restaurant, you may wish to obtain spoilage coverage in the event there is a loss and your food begins to spoil.

**VIII. Guest's Property:** You should obtain an endorsement which will specifically cover your guest's property should it be damaged or stolen. A standard liability policy does not cover guest property, guest property coverage must be added by endorsement; however, the endorsement raises the issue of legal liability and who actually has responsibility for the protection of guest's property---this would not be a "cut and dry" claim situation and you and your guest may not be satisfied with the results. Discuss this coverage with your agent.

**IX. Crime Coverage:** There is coverage available to reimburse you should your receipts (cash) be stolen or mysteriously disappear.

**X. Off-Premises Power Failure:** If you have a disruption of power due to a covered loss, you have no coverage without this endorsement. Likewise, you will receive no loss of income reimbursement (provided you have loss of income coverage) for an off premises power failure without this endorsement. Some off-premises endorsements will only come into play if the power loss is within 100 feet of your property; determine which type of off-premises endorsement you have on your policy to make sure it is the most comprehensive available. Ask your agent to place on your policy the endorsement which will cover all types of power, water, and communication disruption regardless of where the loss occurred and will include over-head transmission lines (for example, lines are down a mile away because of an ice storm) and not the more limiting endorsements which are on the market.

**XI. Accidental Breakage of Fragile Articles:** Most policies do not automatically offer this; the fragile items must be specifically scheduled for accidental breakage. Examples of fragile articles would be mirrors, china, crystal, clocks, etc.

**XII. Sign Coverage:** You may have to specifically list your sign in order to have coverage, ask you agent if there are any sign limitations on your policy.

**XIII. Jewelry, Furs, Camera Equipment, Artwork, Gun Collections, Outdoor Structures (i.e. fences):** Coverage for these types of items is usually limited, check with your agent to determine what your policy offers, you may need to schedule these items.

**XIV. Ordinance or Law Coverage:** In some cases, should you have a partial loss to your building your municipality may require your to demolish the existing undamaged portion and rebuild the entire building according to current ordinances (for example, fire codes or the ADA act). Without this endorsement, you will have no coverage available in order to demolish and rebuild; you will only have coverage to demolish the damaged portion and rebuild with like kind and quality.

**XV. Liquor Liability:** This is very simple--if you charge a fee for alcohol, you must have a Liquor Liability policy. However, the issue becomes complicated when you do not charge a fee for alcohol, but have alcohol available for your guests consumption. The insurance policy excludes liquor liability coverage if your are in the business of "manufacturing, distributing, selling, serving or furnishing alcoholic beverages." Are you in the business of serving or furnishing alcoholic beverages--some Insurance companies say "yes," some say "no". Find out the position your company is taking and get it in writing from the company (not the agent) on company stationary.

**XVI. Non-Owned:** If an employee performs errands for you in their personal vehicle (for example, going to the Post Office, the Bank, the Grocery Store) and causes an automobile accident, you may be held liable as the employee is conducting company business.

In the event your employee caused an automobile accident and a third party was involved, the employees' injuries would be covered under your Workers Compensation policy and the damage to the employee's vehicle would be covered under the employee's personal auto policy. However, there is no coverage under your policy for any property damage or bodily injury to the third party. Non-Owned car coverage would protect you in the event you are sued by the third party.

## **WORKERS COMPENSATION**

Rule of Thumb: If you have employees, purchase Workers Compensation insurance.

Injuries sustained by your employees are excluded in the

## Liability portion of your policy.

Workers Compensation provides coverage for an employee if he is injured on the job. The policy provides medical expense coverage, disability, life insurance and unlimited rehabilitation.

Workers Compensation is required by law; however, in many states you have to reach a certain threshold with respect to the number of employees before the law will apply to you. Regardless of your state requirements, if an employee is injured, YOU MAY BE RESPONSIBLE.

Workers Compensation coverage protects the employer as well as the employee. Workers Comp is an "exclusive remedy" which means if an employee is injured on the job, his only means of compensation is the Workers Comp policy; in other words the employee cannot sue you for further damages. (In very rare cases where there is extreme negligence, the "exclusive remedy" clause is waived and the employer can be sued.)

Without a Workers Comp policy, the employee is entitled to three times the amount for which he would have been awarded under a Workers Comp policy plus he is allowed to sue the employer for damages.

Be aware, you may be responsible for injuries sustained by the employees of an independent contractor (a Catering Firm, for example) while on your property if the independent contractor does not have workers compensation coverage for their own employees.

Do not fall into the trap of thinking your employee is an independent contractor. The IRS has established the following 20 questions to determine a worker's true status:

- Can the worker hire, supervise or pay others to work for him?
- Does the worker have an investment in the enterprise?
- Can the worker profit or lose money from his endeavors?
- Does the worker work for several clients?
- Does the worker present himself to the public as self-employed?
- Do you provide instructions?
- Do you provide training?
- Are the worker's services integrated into the general operations of your business?
- Are the worker's services rendered personally?
- Is there a continuing relationship between you and the worker?
- Does the worker have set hours or work?
- Does the worker work full-time for you?
- Does the worker always work at your business location?
- Do you specify the sequence of services that are to be performed?
- Is the worker required to regularly furnish oral or written reports to you?
- Is the worker paid by the hour or week?
- Is the worker reimbursed for business expenses?
- Do you provide materials needed to do the work?
- Does the worker have the right to terminate his services at any time without risking breach of contract?
- Do you have the right to terminate the worker's services at any time?

“No” answers to the first five questions and “yes” answers to the others indicate an employer-employee relationship. Based on the above, is your cleaning person, or your lawn care person really an independent contractor? If you have an employer-employee relationship, you need Workers Comp insurance. If you do have an independent contractor situation, make sure to receive a bill for services rendered before you pay.

**CAUTION: YOU AS AN OWNER HAVE THE OPTION OF EXCLUDING YOURSELF FROM COVERAGE; IF YOU DECIDE NOT TO CARRY WORKERS COMPENSATION COVERAGE ON YOURSELF MAKE SURE TO CHECK WITH THE AGENT WHO IS WRITING YOUR HEALTH INSURANCE TO DETERMINE IF YOUR HEALTH INSURANCE POLICY WILL COVER WORK RELATED ACCIDENTS. SOME WILL NOT.**

Workers Compensation rates vary from state to state. Some states allow the insurance companies to establish their own rates; in these states the rates are usually lower because of competition. Other states force the insurance companies to use an established rate; in most of these states, many insurance companies will not offer Workers Comp insurance so the employer must purchase his policy from a State Agency or the Assigned Risk pool.

The Assigned Risk pool is a national pool whereby a request for a Workers Comp policy comes into the pool and is "assigned" to the next insurance company on the list. An insurance company may not be writing Workers Comp insurance in a state, but must take a policy from that state if it is assigned to them.

## **CERTIFICATE OF INSURANCE**

A Certificate of Insurance is issued by an insurance agent to offer proof of insurance. Whenever you have an independent contractor (for example: a caterer, cleaning service, window washer) perform work for you, obtain a Certificate of Insurance from them listing you as certificate holder. Since the certificate is issued by the insurance agent, you will be sure the information is correct. By being listed as certificate holder, you will be notified if the independent contractor's insurance coverage lapses.

A Certificate of Insurance is the only sure way of knowing that the independent contractor has Liability and Workers Compensation insurance. If the independent contractor does not have insurance, you may become liable for his actions. You also become liable for any injury sustained by his employees. You can avoid these problems by ascertaining his insurance via a Certificate of Insurance; **MAKE SURE THE CERTIFICATE LISTS BOTH LIABILITY AND WORKERS COMPENSATION COVERAGES.**

## **ADDITIONAL LIABILITY**

Additional liability increases the amount of liability coverage. It is written as a separate policy and will come into force when your liability policy has been exhausted or used up. An Excess policy can only be

used in addition to your Commercial General Liability policy and will only be used once this policy is exhausted. A true Umbrella will come into play over any type of liability policy, for example your Automobile policy as well as your Commercial General Liability policy.

***Very Important:*** Remember, the occurrence limit contained within the Commercial General Liability portion of your policy applies per loss, not per person. If a guest falls down the stairs and you have a \$1,000,000 occurrence limit, you have \$1,000,000 available for your guests injury (one loss). If you have a fire in your Inn and 12 people are injured, with a \$1,000,000 occurrence limit on your policy you only have \$1,000,000 which applies collectively to all 12 people: \$1,000,000 per loss not \$1,000,000 per person.

By purchasing an Umbrella/Excess policy, you increase the aggregate and occurrence limits contained within the Commercial General Liability portion of the policy by the limits of the Umbrella/Excess policy. For instance:

<u>Package Policy Liability Limits</u>	<u>With a \$1,000,000 Umbrella/Excess Liability Policy</u>
\$1,000,000 occurrence	\$2,000,000 occurrence
\$2,000,000 aggregate	\$3,000,000 aggregate

**AUDITS**

Usually, the Workers Compensation and General Liability policies are subject to an annual audit. The premium for the General Liability portion of your policy is determined by the projected gross receipts for the next twelve months; likewise, the Workers Compensation premium is determined by the projected payrolls for the next twelve months. Make sure your projections are as accurate as possible. If you underestimate your receipts or payrolls, you will be charged an additional premium at the expiration of the policy.

**LIFE SAFETY TIPS**

**\*\*\*\* Install Smoke Detectors in Every Guest Room**

It does the guest no good to have a smoke alarm in the hallway if the fire starts in the guest room.

**\*\*\*\* Means of Egress for Third Floor Rooms**

If you have guest rooms on the third floor or higher, a second means of egress must be provided.

**\*\*\*\* Emergency Lighting**

Install some type of emergency lighting in every guest room. If the lights fail (for example, because of a fire), your guests will need some type of lighting in order to find their way to safety. Black and Decker and First Alert both make an emergency light which plugs into your outlet. The light comes on when the power goes out and can be removed and used as a flashlight.

**\*\*\*\* Have Basement Doors Open Toward You**

Have the door open toward you and keep it locked (a simple latch will do) to prevent guests from falling down your stairs.

**\*\*\*\* If You Have Bikes Available for Your Guests' Use, Provide Helmets**

**\*\*\*\* If You Have Boats Available for Your Guests' Use, Provide Life Preservers**

**\*\*\*\* DO NOT LEAVE YOUR GUESTS UNATTENDED OVERNIGHT**

If you are unable to stay overnight at your inn when guests are present, hire a night manager or install the necessary electronic monitoring and notification equipment to keep your guests life safety first. Avoid being on the courtroom stand in a fire related death claim and telling the judge, jury and surviving family members the deceased was alone in your Inn.

## **RECAP OF INSURANCE NEEDS**

1. Have Special Causes of Loss Form on Building and Contents

2. Purchase Replacement Cost Coverage on Building and Contents
3. Separately Schedule Your Antiques or Have the Depreciation Clause Deleted
4. Be aware of Coinsurance.... Insure your Building for Rebuild not Resale Value.  
Insure your Contents for their Current Market Value.  
See if Coinsurance effects your Loss of Income Coverage.
5. Have Coverage for Business and Personal Property On and Off Your Premises
6. Purchase Business Income Coverage on an Actual Loss Sustained Basis with Off-Premises Power Failure Including Overhead Power Lines
7. Have Commercial General Liability Coverage
8. Purchase Personal Liability Coverage for You and Your Resident Relatives While On or Off Your Premises
9. Purchase Liability Limits of at Least \$3,000,000 Aggregate and \$2,000,000 Occurrence
10. Find Out if Your Insurance Company Covers Liquor Liability
11. Workers Compensation--If You Have Employees, You Need the Coverage

# “Dare To Compare”

## Coverage Checklist, Ask Your Agent If You Currently Have These Coverages On Your Policy:

	No	Yes
Special Cause of Loss Form on your Building(s):	<input type="checkbox"/>	<input type="checkbox"/>
Special Cause of Loss Form on your Contents:	<input type="checkbox"/>	<input type="checkbox"/>
Replacement Cost Coverage on your Contents:	<input type="checkbox"/>	<input type="checkbox"/>
Replacement Cost Coverage on your Antiques:	<input type="checkbox"/>	<input type="checkbox"/>
Protection for your Business and Personal Contents:	<input type="checkbox"/>	<input type="checkbox"/>
Loss of Income Coverage on a 12 Month Basis with Extended Business Income and no waiting period:	<input type="checkbox"/>	<input type="checkbox"/>
Including Off-Premises Power Failure with Overhead Lines Coverage and only a 12-hour waiting period before coverage begins:	<input type="checkbox"/>	<input type="checkbox"/>
Guest Relocation coverage:	<input type="checkbox"/>	<input type="checkbox"/>
Loss of Use and Additional Living Expense coverage:	<input type="checkbox"/>	<input type="checkbox"/>
Coverage for Back-up of Sewer and Drains:	<input type="checkbox"/>	<input type="checkbox"/>
Ordinance or Law coverage:	<input type="checkbox"/>	<input type="checkbox"/>
Guest Property coverage:	<input type="checkbox"/>	<input type="checkbox"/>
Extra Expense and Consequential Loss coverage:	<input type="checkbox"/>	<input type="checkbox"/>
Building Glass Pane coverage with no Dollar Limitations:	<input type="checkbox"/>	<input type="checkbox"/>
Automatic Coverage for Accidental Breakage of Fragile Articles:	<input type="checkbox"/>	<input type="checkbox"/>
Coverage For Interior Damage of Building and Contents caused by Rain, Snow, Sleet, or Ice:	<input type="checkbox"/>	<input type="checkbox"/>
Coverage for Damage to Downspouts and Gutters caused by Weight of Snow, Sleet and Ice:	<input type="checkbox"/>	<input type="checkbox"/>
Coverage for Outdoor Furniture, Trees, Fences, Satellite Dishes, Antennas, Signs (on and off premises) on Special Cause of Loss Form (not Specified Cause of Loss):	<input type="checkbox"/>	<input type="checkbox"/>
Food Spoilage coverage up to your contents limit if as a result of a covered loss on the Special Cause of Loss form. \$50,000 limit if caused by a covered mechanical breakdown:	<input type="checkbox"/>	<input type="checkbox"/>

	No	Yes
Automatic Coverage for Building Renovations and/or Additions, including Theft of Building Materials:	<input type="checkbox"/>	<input type="checkbox"/>
Money & Securities coverage, Employee Dishonesty coverage, and Forgery or Alteration coverage:	<input type="checkbox"/>	<input type="checkbox"/>
Accounts Receivable coverage:	<input type="checkbox"/>	<input type="checkbox"/>
Mechanical Breakdown coverage on all of your Inns Mechanical Devices:	<input type="checkbox"/>	<input type="checkbox"/>
Business and Personal Liability coverage with Limits of at least \$3,000,000 Aggregate and \$2,000,000 Occurrence:	<input type="checkbox"/>	<input type="checkbox"/>
\$1,000,000 Liquor Liability full coverage:	<input type="checkbox"/>	<input type="checkbox"/>
Non-Owned Car coverage:	<input type="checkbox"/>	<input type="checkbox"/>

**CURRENT LIMITS:**

Limit of insurance on the Building: \_\_\_\_\_ Coinsurance Amount: \_\_\_\_\_

Actual Re-Build value of the Building: \_\_\_\_\_

Limit of insurance on Contents: \_\_\_\_\_ Coinsurance Amount: \_\_\_\_\_

Business Income Limit: \_\_\_\_\_ Coinsurance Amount: \_\_\_\_\_

Will I be subject to a coinsurance penalty on my Business Income in the event of a partial loss? No \_\_\_\_\_ Yes \_\_\_\_\_