

# Hotel Playbook



# Hotel Playbook



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## I. Buyer Persona: "Hotelier Helen"

### Background:

Helen, 50 years old, owns a chain of boutique hotels situated in popular tourist destinations and city centers. Each hotel is uniquely designed to offer guests a luxury experience steeped in local culture.

### Demographics:

Helen falls into the high-income bracket. She's divorced and has a daughter studying hotel management. She resides in an urban penthouse.

### Identifiers:

Helen is meticulous, detail-oriented, and emphasizes impeccable guest service. She's tech-savvy and constantly seeks the latest hospitality innovations.



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## Goals:

Helen's primary aim is to maintain the luxury reputation of her hotel chain while expanding to new strategic locations. She focuses on offering top-notch guest experiences.

## Challenges:

Helen grapples with challenges like property maintenance, guest safety, online reputation management, fluctuating occupancy rates, and the evolving expectations of luxury travelers.

## What Can We Do:

Our agency can offer Helen comprehensive insurance solutions that cater to the unique risks faced by luxury hotels, from property protection to liability coverage.



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## Objections:

Helen might hesitate to switch insurance providers fearing potential coverage gaps or untested claim service during critical incidents.

## Marketing Message:

"Let your guests immerse in luxury while we shield you from unexpected setbacks. Our hotel-focused insurance solutions are tailored to safeguard both your properties and reputation."

## Elevator Pitch:

"We specialize in crafting insurance solutions for hoteliers like you. With rising guest expectations, property maintenance, and safety concerns, the last thing you need to worry about is unforeseen risks. Our expertise in the hospitality sector allows us to provide robust protection, ensuring your guests' experiences remain impeccable."



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## II. Initial Meeting Questions:

1. What influenced your choice of the current provider?

2. What are your main concerns related to hotel risks and safety?

3. How do you handle potential liabilities, such as guest injuries or property damage?

4. How often do you reassess your coverage, especially after property upgrades or expansions?

5. Can you discuss any claims experiences, particularly during critical incidents?

6. How do you manage online reputation and potential claims arising from it?

7. What are your expansion plans, and how do you envision insurance playing a role in them?



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8. How are you leveraging technology in your hotels, and are you aware of the associated risks?

9. What do you expect from an insurance partner in terms of support, guidance, and quick claim resolution?

10. Are there any specific insurance solutions or coverages you believe you're currently missing?

### III. Setting Up your Pre-Close:

"Helen, considering your dedication to creating exquisite guest experiences, if we can showcase our capability to offer robust protection tailored to your unique needs and within your budget, would you contemplate a partnership with us?"

#### Identifying Decision-Maker and Budget:

1. Who else is instrumental in deciding hotel insurance matters?
2. Could you provide an approximate annual budget allocated for insurance?



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## IV. Delivering the Rules of Engagement:

"Helen, to develop the most appropriate insurance solutions, we need a deep dive into your hotel specifics, including a review of current policies, claims history, and property evaluations. Who should we liaise with for this in-depth assessment?"



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## V. Risk Assessment

### Company Profile:

1. Hotel Chain Name:	
2. Location(s) and Address(es):	
3. FEIN:	
4. Website:	
5. Decision Maker's Name(s) and Contact Info:	
6. Annual Insurance Budget:	
7. Total Annual Revenue:	
8. Number of Rooms and Facilities per Hotel:	
9. Key Management Staff:	
10. Unique Amenities Offered (e.g., spas, fine dining):	
11. Who are the primary target customers or market segments for the company?	
12. Are there any sustainability or environmental initiatives incorporated into the operations?	



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## Hotel Coverage Risk Assessment

### 1. Property Coverage:

- **Building and Contents:** Determine the replacement value of hotel buildings and their contents. Factor in the architecture, historical significance, and unique features that can impact insurance costs.
- **Business Personal Property:** Evaluate the worth of furniture, kitchen equipment, computers, artwork, and other contents.
- **Outdoor Signs:** Does the hotel have expensive signage? Understand the potential costs associated with damage or theft.
- **Landscaping and Outdoor Equipment:** Assess the value and vulnerability of outdoor furniture, garden equipment, statues, fountains, etc.

### 2. Business Interruption:

- **Income Loss:** How would income be affected if the hotel was closed due to a covered loss? Consider peak seasons and unique events that can have significant revenue implications.
- **Extra Expense:** Determine additional costs that would arise to keep the hotel operational after a covered loss, like renting an alternative property.
- **Contingent Business Interruption:** Understand risks associated with third-party providers who play a vital role in hotel operations.



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## 3. General Liability:

- **Guest Injuries:** Evaluate safety measures in place to prevent guest injuries and the potential financial impact of claims.
- **Product Liability:** If the hotel operates restaurants or sells products, assess the risk of food poisoning, allergies, or product defects.
- **Liquor Liability:** Important if the hotel serves alcohol; consider the risks associated with intoxicated guests.

## 4. Cyber Liability:

- **Data Protection:** Understand measures to protect guest data, especially credit card information. Assess the vulnerability of the hotel's IT infrastructure.
- **Business Interruption:** Evaluate potential income loss due to cyberattacks.
- **Reputational Damage:** Consider the impact of a data breach on the hotel's reputation and the associated financial implications.

## 5. Umbrella/Excess Liability:

- **Major Incidents:** Analyze the financial repercussions of incidents that might exceed the basic policy limits. For instance, major fires or catastrophes.



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## 6. Workers' Compensation:

- **Employee Safety Programs:** Review safety training and measures to prevent employee injuries.
- **Claim History:** Analyze past claims to understand potential future risks and associated costs.<sup>2</sup>

## 7. Equipment Breakdown:

- **Mechanical and Electrical Systems:** Evaluate the age, maintenance records, and replacement costs of major systems like HVAC, elevators, and security systems.
- **Business Interruption:** Assess the potential income loss if key equipment fails.

## 8. Crime and Fidelity:

- **Internal Threats:** Understand safeguards against employee theft or fraud.
- **External Threats:** Evaluate security measures to protect against theft, burglary, and scams targeting hotels.

## 9. Automobile Liability:

- If the hotel operates shuttles or vehicles for guest transportation, evaluate the age, maintenance, and safety records of the fleet.
- Understand the liability implications of potential accidents or injuries related to hotel-operated vehicles.



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## 10. Environmental Liability:

- **Hazardous Materials:** Does the hotel use or store chemicals, especially for cleaning or pool maintenance? Understand the potential risks and liability implications.
- **Waste Management:** Assess the hotel's waste disposal practices and the potential implications of mishandling.

## 11. Special Events Liability:

- If the hotel hosts events, understand risks associated with different types of events (e.g., weddings, corporate meetings, concerts).

## 12. Reputation Insurance:

- **Brand and Image:** Consider the financial implications of events that could tarnish the hotel's image, like negative publicity or scandals.



## VI. Hotels FYI

### Common Exposures

Owning and operating a hotel can be a rewarding endeavour. However, hotel operators have to manage numerous exposures related to lodging, and many offer amenities—including pools, exercise facilities, bars and restaurants—that can dramatically increase the number of insurable risks. The list below provides an overview of these hotel risks and more, helping you identify potential blind spots in your risk management and insurance programs.

- Due to the volume of valuable items and equipment found in hotels (e.g., bedding, furniture, HVAC systems, laundry machines and decorative artwork), property exposures in hotels are numerous. Complicating matters, property damage can be caused by a variety of factors, including equipment failures, plumbing issues, poor wiring, natural disasters, guests, employees and other third parties. What's more, water damage and fires have the potential to affect multiple rooms and floors, increasing costs and interruptions for your business.
- To ensure the comfort of its guests, hotels depend on functioning equipment. In the face of equipment breakdowns (e.g., HVAC system failures, power outages and appliance malfunctions), hotels can experience business interruptions or even prolonged closures. What's more, equipment breakdowns can even lead to major property damage should an appliance leak or start a fire.
- Crime can be a challenge for hotels, especially as employees, guests and vendors all have the opportunity to steal from you. To make matters worse, thieves can strike at any time, leaving owners to recoup any lost funds or valuables. Thieves do not need direct access to cash to steal from you—equipment and supplies are all fair game. What's more, in the event that a guest is the victim of a theft, you could be held responsible for the damages.
- Depending on its size, hotels may have to manage the safety of hundreds of employees and guests on a regular basis. Because of the high number of individuals entering and exiting your hotel, premises liability exposures are significant and, when injuries occur at your business, you could be held responsible. Accidents related to slips, trips, falls, exercise equipment, swimming pools, balconies and unauthorized access to your building are common and major sources of concern. Something as simple as a wet floor or an uneven surface can lead to costly insurance claims following an incident.
- If your hotel has an on-site restaurant, gift shop or offers room service, food and product liability can be a considerable concern. The potential for food poisoning, contamination, injury, spoilage and allergic reactions is ever present, making continued



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guest safety a challenge. In the event that one of your guests becomes ill due to your food, or accidentally ingests a foreign object found in one of your menu items or vending machines, your hotel could face legal ramifications and suffer irreversible reputational damage. What's more, hotel owners must account for the potential danger of gift shop items.

- Lawsuits related to liquor liability are filed each day, and it's increasingly common for victims and their families to file suits against restaurants for their role in serving a customer who is then involved in an alcohol-related accident. Making matters worse, all it takes is a single liquor liability claim to put your entire business at risk. Liquor liability exposures for hotel owners can stem from selling liquor to underage individuals, overserving patrons and non-compliance with applicable legislation.
- The hotel industry is a common target for cybercriminals, as these businesses often store sensitive customer data (e.g., names, addresses and credit card information). In addition, employees who are improperly trained on computer and data safety could put your organization at risk for ransomware, viruses, phishing scams and malware. Compounding your exposures, many hotels offer guest Wi-Fi that, if improperly secured, can put you and your guests at risk of an attack.
- Continuity is critical in business, and there are few things more important than continuous revenue and cash flow, particularly for small to medium-sized organizations. In fact, just one brief business interruption can be incredibly costly for an organization, often leading to serious reputational damages or long-term closures. Common interruptions for hotels can include natural disasters, fires, leaks, cybersecurity events and vandalism.
- Depending on the services your hotel offers, employees may be required to operate a vehicle on behalf of your business, creating automobile exposures in the process. While important for daily operations, the improper use of a vehicle can lead to potential accidents and major insurance claims. What's more, if you allow employees to use their own vehicles for work, standard commercial auto policies are often not enough. Additionally, providing valet parking can also create unforeseen challenges should a customer's vehicle get damaged.
- Any time one of your employees is injured on the job, your business could be subjected to expensive workers' compensation claims. Common sources of on-the-job accidents for hotel operations include slips, trips, falls, musculoskeletal injuries caused by repetitive tasks, sprains and strains. Normal, everyday tasks related to cleaning rooms and carrying luggage for guests can lead to accidents and, in turn, increased costs for your business.

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## HOTELS

**Category:** Lodging Places

**SIC CODE:** 7011 Hotels and Motels

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

**Suggested ISO General Liability Codes:** 45190, 45191, 45192, 45193, 64074, 64075

**Suggested Workers Compensation Codes:** 9052, 9058

**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.



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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



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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