



# What Every Hotelier Needs to Know About Insurance and Controlling Costs

Jackie Collins | May 8, 2024



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# COVERAGES TO CONSIDER

- Property (Property Damage and Business Income)
  - Don't forget to cover all property outside of the building that you would want to be insured.
  - Confirm coverage for Wind Driven Rain, Flood, Earthquake, Ordinance or Law, etc.
- General Liability
  - Confirm coverage is not excluded for Legionnaires Disease, Abuse & Molestation, Assault & Battery and Fire Arms.
- Liquor Liability
- Innkeepers Liability
- Automobile
- Garagekeepers Liability (Valet Services)
- Workers Compensation including Employers Liability
- Umbrella or Excess Liability
- Environmental / Pollution Liability
- Cyber

# COVERAGES TO CONSIDER

- Management Liability
  - Directors & Officers Liability
  - Employment Practices Liability
  - Fiduciary Liability
- Crime
- Professional Liability
  - Third Party Management Companies
  - Spa Services
  - Development Operations
- Construction Operations
  - Builders Risk
  - OCIP/CCIP (Liability)
  - Owners Interest Protection

# 2024 Property Market Conditions

- Reinsurance Treaty Renewals - January 1 and April 1
  - Property and catastrophe reinsurance renewals averaged single digit rate increases versus 2023 increases of 45% - 150%.
- Additional Capacity
  - Most reinsurers are offering additional catastrophe reinsurance.
  - London has 25% to 40% more capacity.
  - Expanded capacity is increasing competition for wind-exposed placements.
- Higher Deductibles are likely to remain
- 2024 Client Results
  - Company A: -8%
  - Company B: -20%
  - Company C: -33%

# 2024 Property Market Conditions

## HOW TO MITIGATE 2023 PREMIUM DAMAGES AND SECURE 2024 PREMIUM IMPROVEMENT

- Meet with Underwriters - No one can tell your story better than you can
  - What mitigation measures are taken to reduce the extent of damages and the amount of Business Income?
    - Adjuster Relationship
    - Restoration Companies
    - Insurance Philosophy: Gain Market Share or Milk Business Income?
  - What measures are taken prior to a loss?
    - Water Detection Systems
    - If there was a leak, would team members know how to turn the water off?
- Data Credibility
  - Build Underwriter Confidence in Submission with Correct and Detailed Data
  - Secondary Rating Factors
  - Adequate Valuations
- Alternative Program Structures
  - Larger Deductibles
  - Self Insurance Alternatives
  - Captives

# 2024 Liability Market Conditions

- Hotels continue to fall outside of Underwriter Appetite
- Premiums are being strongly evaluated
- Coverage are being heavily scrutinized
- Loss Prevention measures are playing a huge part in coverage and pricing

# CLOSING REMARKS

NO TWO PROGRAMS ARE CREATED EQUALLY AND NO TWO BROKERS DESIGN COVERAGE THE SAME.

ALWAYS WORK WITH AN EXPERT THAT FOCUSES NOT ONLY ON REAL ESTATE BUT ONE THAT FOCUSES ON THE HOSPITALITY INDUSTRY IN PARTICULAR AS THE EXPOSURES ARE VERY DIFFERENT FOR THIS ASSET CLASS.

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