

Webinar | Expert Industry Panel

Hotel Primary Insurance

A Check-In to Success for Insurance Brokers



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Ritchie Vener:

Okay, I think we're ready to go. Hello everyone and thank you for joining us for our webinar, *Hotel Primary Insurance: A Check-In to Success for Insurance Brokers*. My name's Ritchie Vener and I'm the Chief Growth Officer here at Distinguished Programs.

I'm very excited to be leading the discussion today with members of our Hotel Primary program. We pride ourselves on having the experience, flexibility, and depth of expertise to help brokers get the deals done, and this team really exemplifies that.

To make today's webinar easier to follow without having the hassle of having to take notes, we'll send all the registrants a copy of the slides, the webinar recording, and a PDF with the questions and answers from today's session. If anyone has a question during the presentation, please use the Q&A button at the bottom of your screen, and if time allows, we'll get to them towards the end of the webinar. If we don't, we'll follow up with you when we send out the webinar materials, and always feel free to contact our panelists directly. The contact information will be up at the end, and it'll also be in the material that we send out.

Distinguished Programs is a leading national insurance program manager providing specialized insurance programs to real estate community associations, executive lines in the marine, hotels, restaurants, fine art and collectibles, and environmental and construction professionals. Our Hotel program we're talking about today offers umbrella, primary, and cyber coverages. During this 30-minute session, we'll share insider knowledge and key risks your hotel clients should consider that will set you apart from the competition. So, are you ready to become the go-to expert in hotel primary insurance? Let's get started.

We have two very knowledgeable panelists joining us today. The first is Maryann Prestia. Maryann is the Vice President and Hospitality Product Manager here at Distinguished Programs, overseeing the primary lines underwriting teams. With over 30 years of experience in the insurance industry, she joined Distinguished in 2018 after having served as Vice President of Insurance Operations for member-owned program facilities serving luxury resorts and hotels. Her extensive experience includes roles in underwriting, claims, and risk management across various sectors, including hospitality, professional liability, and emergency services. Prior to her current role, she spent nearly 11 years at Berkeley Mid-Atlantic Group, handling the managerial and corporate end of underwriting. It was during this time that she began to specialize in hospitality insurance, which eventually led to her position here at Distinguished Programs today, and we're super glad that she did.

With her on the panel is Alex Montclair. Alex brings over a decade of experience in the insurance industry, having started as a wholesale broker before working in the MGA space for the past seven years. In 2023, Alex joined Distinguished to spearhead business development initiatives within the Primary Hospitality program. On a more personal note, outside of work, Alex enjoys spending quality time with his wife and energetic three-year-old exploring the diverse and scenic landscapes of North Carolina.

All right, let's jump right in. But before we get going, I'd like to thank all of the attendees who sent in questions ahead of time, which helped us put together the focus of this webinar. So Maryann, to get us going, could you help give us some context? Could you tell us a little bit about the Hotel Primary Insurance program here at Distinguished?

Maryann Prestia:

Welcome everyone. Our Hotel Primary Insurance program provides general liability, liquor liability, auto liability, and physical damage, and it's really one of the longest programs out there. We have a lot of expertise in the area, and we feel our coverages are really a state of the market, and we have a lot to offer. This program targets a range of hotel segments such as mid-scale/business class, boutique, luxury, resorts, and best-in-class limited-service hotels. Our limits are a \$1 million occurrence, \$2 million aggregate for GL and liquor liability.

We do have property coverage available for some risks. We have the broad form named insured coverage. We have catastrophe management coverage, which is really important for hotels with everything happening in the world today and how vulnerable these large properties are. It's wonderful to have this because if there's a cost associated with a catastrophe, and that could be anything from if they need PR help in trying to manage their message, because that means everything to these hotels really how they're looking outside to the public, and this can help do that, frame that up for them and then if their employees need some counseling, any type of a devastating thing happening at the property, this can really add a lot to a difficult situation.

We do have the fungi or bacteria limited exclusion in which we offer BI, hired and non-owned autos, owned autos, and garagekeepers coverage, which is currently available with StarStone on the GL. We do our hired non-owned autos and our garagekeepers coverage on our general liability form. They do have separate limits for these, but with liability limits applied on a per-location basis. Really important if they have several hotels on that same policy. We also include innkeepers coverage, which is above what they may be legally required within a certain venue.

Ritchie Vener:

Thanks, Maryann, that was a great overview. Alex, I'm going to direct this one to you. A lot of people send in the question, fairly general, but important. What are some of the key risks hotel owners and managers should consider relative to property and general liability exposure?

Alex Montclair: Sure, Ritchie. That's a good question and thank you everybody for joining. Hotel owners and managers should consider several key risks related to property and general liability exposures. These include fire and water damage, accidents around the pool, hotel security, data security, and legionella outbreaks. Additionally, food safety and amenities coverages are crucial. A comprehensive all-risk form with minimal endorsements, clear definitions, and scheduled flood locations can really help address all these.

Ritchie Vener: Okay, great. Maybe flipping around a little bit, what are some of the common underwriting questions that we have? Alex, I'm going to stick with you on this one.

Alex Montclair: Sure. Obviously, they vary from carrier to carrier, but these are the ones that we most often see. I'm sure it's probably no surprise to anybody on this call, but some of those common questions are for the hotel primary insurance, including inquiries about primary property, general liability, and auto coverage. For primary property, we may ask if the hotel is a hundred percent sprinkled and if additional coverages like earthquake and flood are desired. The preferred deductibles and limits and details about building maintenance and updates. For primary general liability, questions typically focus on amenities offered at the hotel, the type of security in place, such as security guards, cameras, key systems, and door locks, and the presence of carbon monoxide monitors in areas like equipment rooms and sleeping rooms. For primary auto coverage, we'll want a description of each vehicle as well as drivers and driver's licenses.

Ritchie Vener: Okay. All right, thanks, Alex.

Alex Montclair: You're welcome.

Ritchie Vener: So Maryann, there's other people out there. Obviously, we're not the only ones there, we like our program a lot. But what are some of the advantages of our coverage versus competitors?

Maryann Prestia: One of the best things, I think, is that we are rated on the number of rooms. So this doesn't vary much from year to year. And we're seeing today the costs increase, so they're getting more per room rate, so their revenues are being driven up, and if this occurs either year to year or during the year, they give a lower revenue number. Our policy isn't auditable, so they can rest assured if they're just going up due to market conditions, they don't have to worry about paying at the end, or their premiums are going to go up year to year either. There is no deductible that you have to have when you do it. So makes it really easy. First dollar comes right to them.

If they do want a deductible because several of our insureds do have them, we offer a self-insured retention, and we have many limits available there that they can pick from so that it is available for them, but not necessary. We are silent on assault and battery, which is really important on a hotel property. There is no communicable disease exclusion, no exclusion for legionella, and no abuse or molestation exclusion. A lot of these properties have spas and childcare programs, which we can offer coverage for those. So this is vitally important for that. We have a dedicated claims team that are hospitality experts, and they've been doing this for a long time. They really understand the risks and exposures out there and can really hold the insured's hand through these difficult claims.

Ritchie Vener: That's great. And these are all the things I love about our program, particularly being based on the number of rooms I think really sets us apart. So that was great, a concise synopsis of that. Another question that we got a lot, in fact it came in, someone asked us in the Q&A section here also. So Alex, can we write in all states?

Alex Montclair: Good question, Ritchie, and I'm happy to answer that. Of course, we can provide coverage in all states, with some exceptions—they're probably no surprise. But for primary property coverage, we cannot write policies in Florida, Hawaii, Louisiana, or 50 miles from the coast of Texas. We also have some Mid-Atlantic coastal restrictions for property. For general liability, the only restriction is that we cannot cover hotels adjacent to the beach in Hawaii.

Ritchie Vener: Okay, great. Thanks, Alex.

Alex Montclair: You're welcome.

Ritchie Vener: Maryann, will you write frame construction hotels?

Maryann Prestia: We will. For general liability, we can do frame and if it's several stories, we definitely can, it has to be fully sprinklered frame just for life safety. For property, it's non-combustible or better construction is available.

Ritchie Vener: Okay, and does that cover joisted masonry buildings?

Maryann Prestia: No, frame and joisted masonry are not available.

Ritchie Vener: All right. Alex, can we consider country clubs or golf courses?

Alex Montclair: Yeah, good question. And everybody's favorite to answer is yes we can on a case by case basis.

Ritchie Vener: Do we meet franchise requirements?

Alex Montclair: Yes, we do meet most, if not all, franchise requirements. I want to add a note here that franchises I know are certainly requiring their operators to cover and provide additional enhanced coverages, and Maryann and the underwriting team have done a great job of staying ahead of that and really providing the solution that they need right now.

Ritchie Vener: Okay, great. How about flipping it around the other way. Maryann, when you write large resorts, how do you underwrite first and third-party amenities that many of the large resorts have?

Maryann Prestia: We can do large resorts; of course, they're different in the aspects of the amenities that they carry, and they like to do many things to drive revenue to their properties. So it's interesting what they can come up with, and sometimes we have to look at these new and fascinating exposures, but we can do a lot of those amenities that are out there. Many times, they are written on a third-party basis, and they have someone coming in and doing it for them, which is fine, but we do like to underwrite it pretty thoroughly, and we look for certificates of insurance from these operators with additional insured status.

We want to protect our insured from having to pay for losses that they really didn't have the ability to manage or operate. So, if we do this upfront in many venues, it can immediately pull them out of that loss. It should be done that way, and it's fairly easy to get this to happen. We do require certificates of insurance.

Ritchie Vener: All right, thanks Maryann. Hey Alex, this is a question I think almost a dozen people sent this one in. It's important to a broker. How quickly can you turn around a submission?

Alex Montclair: Good question. The turnaround time for processing a submission depends largely on its completeness. If the submission is thorough and includes all required information, we can typically provide a quick turnaround of a few days for general liability only. For property, it's a little bit more demanding. We're obviously more careful, so we're going to ask for 30 days.

Ritchie Vener: Okay. These are all application based, this isn't a portal submission?

Alex Montclair: That's correct. Everything is going to be sent right to hotels@distinguished.com. I know we have a great portal that a lot of our other programs use, but as of right now, no, you're just going to send your submission right to hotels@distinguished.com.

Ritchie Vener: That way it gets the attention it deserves for each unique property, I understand.

Alex Montclair: Absolutely.

Ritchie Vener: Okay. Maryann, what other products does Distinguished offer for hotels?

Maryann Prestia: I'm sure most everyone's familiar with our [high-limit umbrellas](#), which these towers have great carriers, with limits up to \$150 million. They have separate underwriting teams, but we try to work very closely with those teams so that the primary and the excess kind of marry. We work very closely with those underwriters to make it as seamless as possible, but it's wonderful to have those limits available and that we can really do the whole thing in one spot.

We also offer [monoline cyber](#), which is written through Beazley. Beazley's been in the marketplace doing cyber for a really long time, so they know what they're doing. Their product is well written and provides the coverages and limits needed for these risks. If it's a smaller revenue hotel, it can be written on a very small application and the quote can be done within a day to two days. If it's a larger hotel with higher revenues, the application's a little longer. There are more questions, and it may take a little longer for underwriting, but it's incredibly great coverage. All hotels really need cyber so that they don't stand to lose reputation and money.

Ritchie Vener: Yeah, the cyber is just, it's crazy. I saw what happened this week with all the car dealers. Actually, their systems are pretty much out of business, working on paper and pen. And then, with all the AI tools, people can very easily spoof and pretend that they're someone else and passwords and stuff like that. It's so important to have the cyber. Just with AI, it's just been ratcheted up just another level.

Maryann Prestia: Right.

Ritchie Vener: In addition to the questions that attendees sent in that we just went through, there are quite a few that brokers frequently ask us, but I thought I'd make sure that we cover them here. So let's dive into those, and then we'll go to see if there are any other live questions that have come in if we've got time. So Maryann, are there any risk control services included with the program?

Maryann Prestia: We don't have a dedicated risk management team, but our underwriters have been doing this for a long time, and they can really help with any questions or concerns that the insureds have with regard to many of the exposures out there. We can guide them to do the right things and look at things, and it may be in a different way to help them mitigate their losses. We're always available for that, so make sure to call.

Our claims team is also an incredibly good resource for risk management. They see these exposures all the time and the claims that come out of them. They've often traveled to some of these hotels and worked with their risk management teams or the general managers to try to show them what can happen, and if they see anything that's concerning, it really can help them out there. It's a great team, and we also loss control everything. If there is a concern upfront and we are sending out loss control, we can definitely have them speak with the insured while they're there.

Ritchie Vener: That's great. Thank you, Maryann. Alex, here's another one that we get asked a lot. What are the submission requirements?

Alex Montclair: Sure. So nothing out of the ordinary here. Submission requirements include completed ACORD 125, SOV, our application, and five years of currently valued loss runs. I want to note here that we can do new builds, as well as new ventures. We can also do, and we do take note, of course, that a new purchase is happening and loss runs are obviously tougher to come by, but you can send your completed applications directly to hotels@distinguished.com. If there's ever a question during the process, you can reach out to anybody on our team.

Ritchie Vener: Okay, great. Thanks, Alex. So we've got quite a few questions in from the audience. We've got a few minutes, so I'll ask some of those to you guys. Can you consider a lesser's risk hotel owner with a third-party operator? Fairly specific question.

Maryann Prestia: Yeah, I want to make sure I got it all.

Ritchie Vener: Risk hotel owner with a third-party operator, and if that's one that maybe they have to speak to you directly about, just let us know.

Maryann Prestia: I would like to see it. We can most likely do it, depending on, and I would like to know, whether we are covering that third-party operator on the form, which we can do if it's contractually written that way.

Ritchie Vener: Another one is, will you write exterior door locations?

Maryann Prestia: Yes.

Alex Montclair: On a case-by-case basis. Nobody wants to hear that answer, but sorry to jump ahead of you, Maryann. On a case-by-case basis, for sure. We aren't writing any budget economy hotels. I want to just put that out there right now. We aren't doing any of that. Boutique, midscale hotels, we definitely, if it's exterior, obviously our underwriters are going to take a really hard look at the security they have in place. But on a case-by-case basis.

Ritchie Vener: Okay. Here's a tough one. It's a shame that people have to ask questions like this, just not from our program, just society in general, any human trafficking exclusion?

Maryann Prestia: No, our policy does not exclude that. And it is an incredibly important coverage that they have available because it has become such a large exposure out there. I do think hotels, through time, are managing this much better because you see the lawsuits that some of these hotels are still going through right now. I just saw a case going right now through court, and there are large numbers. They're really holding these hotels accountable. So yeah, this is really important coverage that we do have available.

Ritchie Vener: Okay. A number of people... I think we went through it really quickly: state exclusions. Someone specifically asked if the program is available in New York. Someone else said, could you review again the states that you'll do property in Texas?

Alex Montclair: Sure. So we aren't writing any property in Florida, Louisiana, or Hawaii. It's got to be 50 miles from the coast in Texas. Mid-Atlantic, we want it to be 50 miles away from the coast as well. But Maryann, as far as I know, and you can jump in here, those are our only exclusions for property.

Maryann Prestia: Yep, that sounds right.

Ritchie Vener: And building age cutoff was another question.

Maryann Prestia: And I'm assuming this is for property.

Ritchie Vener: Yeah, it doesn't say.

Maryann Prestia: Yeah, there's no real cutoff. Of course, we're going to look at it. Are there updates? That's the most important thing with the age of a building is what are the updates they've put in place since.

Ritchie Vener: All right, so that looks like most of the questions that we've got from the audience. If somehow I missed them, we'll review, we'll go through everything that came in and make sure that we include it in anything that we send out after this. We'll send all registrants a copy of the slides, the webinar recording, and, as I just said, a PDF with all the questions that we spoke about specifically and any that were submitted here online for today's session.

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And, of course, feel free to reach out directly to Maryann and Alex. If you enjoyed today's webinar, stay up to date on our latest events by following us on social media, where we post about our insurance market insights and industry news. You'll learn about our latest free webinars, eBooks, and case studies. I'd like to thank everyone who joined us for today's webinar, especially our panelists, Maryann Prestia, and Alex Montclair, for sharing their valuable insights. Thank you, Alex. Thank you, Maryann.

Maryann Prestia: Thanks. Thanks everyone.

Alex Montclair: Thank you. Take care.

Ritchie Vener: We hope you found this information useful and that you're now better prepared to navigate the hotel primary insurance market and how to work with us here at Distinguished. Remember, our underwriters will be available to answer any follow-up questions that you may have. Thanks for joining us today, and we hope to see you at our next webinar. Thank you, everybody.

Hotel Primary Insurance

Below are additional attendee questions we could not address during the session.

Q: What key factors should be considered when evaluating the Hotel Primary markets?

A: There are several important considerations including:

- Specialty coverage that caters to the hotel industry risks and exposures.
- Underwriters with hospitality industry knowledge and expertise.
- Dedicated claims team experienced in hospitality-related losses.
- Rating methodology that is easy to understand and relevant to the exposure.

Q: What states is this available in?

A: The primary property coverage is available in all states except Florida, Hawaii, and Louisiana, with limited availability in Texas. Coastal restrictions apply in other states.

The primary general liability (GL) coverage has a specific geographic restriction: it is not available for hotels located adjacent to the beach in Hawaii.

Q: Does the program have any human trafficking exclusion?

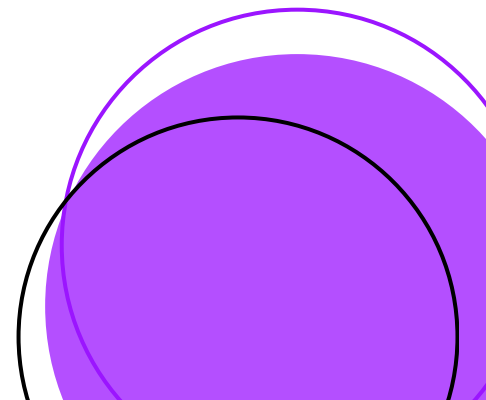
A: No, our policy does not exclude human trafficking. It is an incredibly important coverage that we have available because it has become such a large exposure.

Q: Will Distinguished write exterior door hotel locations?

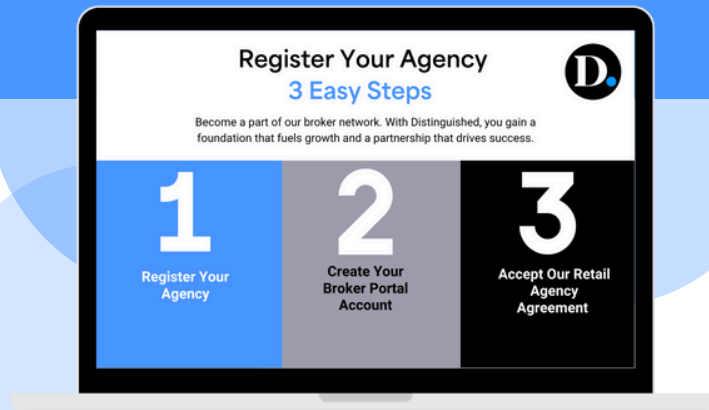
A: Yes, on a base by case basis. Our underwriters will look at the security the hotel has in place.

Q: Is there an age limit for buildings to be eligible for the property program?

A: There is no age limit. The most important consideration is the updates and improvements that have been made to the building since its construction.



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