

# Hotel Insurance

## Primary, Umbrella and Beyond!



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Ritchie Vener:

Hi everybody. And thank you for joining us for Hotel Insurance, Primary, Umbrella and Beyond! My name is Ritchie Vener and I'm the Senior Vice President and Chief Marketing Officer at Distinguished Programs responsible for developing and leading the marketing initiatives across Distinguished. I joined Distinguished in 2019, and I can't say I've enjoyed working any place more. Prior to Distinguished, I spent over 25 years in executive marketing positions at GE Capital and York Risk Services Group, and Distinguished beats them all. Just a note, we'll be sending all the registrants a copy of the slides, the webinar recording, and the PDF with the questions and answers from today's session. If anyone has any questions during the session, please use the Q and A button at the bottom of the screen and we'll get to it, time permitting.

Distinguished Programs is a leading national insurance Program Manager providing specialized insurance programs for Real Estate, Community Associations, Hotels, and Restaurants. Serving the same core markets and partnering with the most stable and reputable carriers, Distinguished Programs' high-limit umbrella and primary insurance programs remain the clear choice in its areas of specialty for superior coverage, competitive pricing, and attentive service.

We've got a great panel for the webinar today. Joining us are Sean Young, who is the Managing Vice President Hospitality Program of Distinguished Programs. Sean is the Hospitality Umbrella Program Manager overseeing our Express and High-Limit Hotel Umbrella programs at Distinguished. Sean came to Distinguished with the National Specialty Underwriters (NSU) acquisition in 2012 and recently celebrated his 20th anniversary with the company. He joined NSU as a CSR and moved to underwriting in 2007. Prior to joining Distinguished, Sean worked at Acordia Seattle on the retail side.

Also with us today is Heather Jorgenson, Senior Underwriter Hospitality Primary Program at Distinguished Programs. Heather is the senior underwriter of the Distinguished Hotel Primary Program. Heather brings over 12 years of underwriting experience to Distinguished. Prior to joining us in August 2021, she came from an underwriting background in both admitted and excess and surplus lines. Currently, she assumes the primary responsibility of property underwriting along with involvement in general liability and auto underwriting. Before we get to the attendee questions and we had quite a few sent in ahead of time, let's quickly run through some of our hotel program basics to ground the discussion. Sean, can you take us through some of the Umbrella Program highlights?

Sean Young: Sure. We have three different hospitality Umbrella products that are available. And so those serve almost every segment of the hospitality industry for Umbrella coverage. We have a program that covers your select service type hotels, your limited service. We have another product that covers your mid-scale and kind of your upscale. Then we have another product that covers your upscale boutique resorts, casinos, and even your city clubs. So we cover the gamut of the hospitality industry. We have a separate program for our restaurants, that's not really part of today's discussion, but it's worth a note because restaurant does fall under the world of hospitality.

We have robust coverage that covers your full liability needs, not a lot of limitations in our policies. We even have coverage for Legionella as long as there's coverage underneath of us. And that's something that's super important for a hotel to have that coverage in place. We have great service with over 30 underwriters that have a combined hundreds of years of experience underwriting this particular type of business. So, we can meet the needs of your hotel clients. And we can help you to come in front of your hospitality clients, really as a professional with us helping you in the background with all of the hospitality knowledge that we have. And then we offer very high limit coverage that really should help your customers to be able to sleep at night.

Ritchie Vener: Sean, that's very impressive. It's quite the program. I can see why it's market leading. Heather, what are some of the program highlights for Primary?

Heather Jorgenson: Well, Ritchie for Primary, we have world class experts, dedicated claims team, we offer broad coverages. Our key coverages for general liability are \$1M, \$2M limits for GL and liquor liability. We have broad form named insurance coverage. We have crisis response. For the property, we offer spoilage cover, pollutant cleanup and removal, ordinance or law A, B, and C, outdoor trees and shrubs and plants. There are many more that we offer and we really do offer a great solution for hotels with our package policies.

Ritchie Vener: Wow. So, all right. So between Primary and Umbrella, it sounds like we've got very comprehensive coverage for hotels, but I know a question that we get a lot is what are some of the risk classes we consider? What type of properties will we look at? Heather, what do we cover on the Primary?

Heather Jorgenson: For the primary, we like to consider mid-scale business class boutique hotels and resorts.

Ritchie Vener: Okay. Any difference or the same things for Umbrella, Sean?

Sean Young: Yeah, the Umbrella, because we have several products, it's just a little bit broader. So we serve everything from select service all the way up through the resorts and the casinos. We can even do standalone casinos that aren't connected to a hotel, and then we can do city clubs as well. We can do timeshares, condotels, pretty much anything that falls within the scope of a hotel offering.

Ritchie Vener: Okay. Sean, for the Umbrella Program, I know one of the primary selling points is high-limits. What do we tell clients, why do they need high limits for their hotel Umbrella insurance?

Sean Young: The truth is this, a lot of hotels feel like what they need is just what their franchise requires them to have, and we like to point out that's really a misnomer. The franchises put forward a limit that they say is a minimal limit, and a minimal limit is just that, it's minimal. And it really is there to protect the franchisee, or the franchisor more so than the franchisee. So we really, we know that with our almost 30 years of experience running these products, that those minimal limits just really aren't enough. And what we find is that it's really some of the most innocuous exposures that lead to the most catastrophic claims. So we've seen very large claims in the areas of elevators, of autos, and then just slip and falls, when the wrong person slips and falls in the wrong place at the wrong time. And it happens to be in your hotel. It can be very catastrophic.

And sometimes it's an eggshell case. Sometimes it's just an elderly person and they fall in just the wrong way, and so it can be everything from bathtubs and showers, toilets. These are the places that we've seen the largest claims come from. It's not necessarily large claims coming out of big, unusual exposures. So really we believe that every hotel should carry pretty robust limits, even your limited service hotels really should have a limit that's sufficient to cover something very catastrophic that could happen in a bathroom, or lots of hotels have swimming pools, most hotels have some level of auto exposure. And those are the places that we find the claims creeping in.

Sometimes we also see claims coming out of third party activities. That's really the area that's a little bit the hardest to control because your hotel isn't directly affecting the limit that's placed by a third party. So it's really important that a hotel has good contracts in place with all of the third parties

that they do business with, or vendors that come on site, or anywhere that they're directing guests. Because when a claim happens at one of those exposures, the claim does come back to the hotel. So, it's really the areas that you don't think of being large claim contributors that lead to the largest claims.

Ritchie Vener: Okay. All right. Interesting. Thank you, Sean. I've got a related question, I'm going to come back to it in a minute. I'm going to go to Heather for a second. Heather, can you give us some of the Primary hotel insurance benefits?

Heather Jorgenson: Sure. We offer a total line of coverage solutions for hotels with many added coverages with higher specific limits that hotel industries need. So while a competitor's quote may have the same coverages, we will have higher limits on our quote enhancement forms.

Ritchie Vener: Ah, okay. All right. Thank you, Heather. All right. So Sean here's my related question. And we're not at the questions the broker sent in yet, but we get this question all the time. You talked about the importance of high limits. How do you sell high limits?

Sean Young: It can be tricky, especially when a franchise leads somebody to believe that all they need is 15 or 20 million of limit, and unfortunately, sometimes it comes down to fear tactics, and it's not a tactic, it's just a fact really that people need to understand the worst-case scenario. That's what an Umbrella is intended to cover is the worst case. And of course, you hope that that never happens to you. And of course, you look at your five or 10 years of experience and you say, "Well, we've never had a loss that big," but you hope never to have a loss that big. And if you do have a loss that big without the coverage in place, then you won't be around the next year to have the discussion. So it's, unfortunately, telling the truth about what can happen and what has happened. And I can tell you that every single hotel that has had a \$50 or \$75 million loss, thought it would never happen to them either.

Ritchie Vener: Yeah, okay. Wow. Yeah, a lot of things can happen that are unexpected.

Sean Young: Yeah, absolutely.

Ritchie Vener: All right. So let's dive into the questions from attendees that sent in questions via email, and then we'll go live to today's attendee questions. So the first one is just, what are the common underwriting questions that you get all the

time? Why don't we start with Heather on Primary, what are the common underwriting questions?

Heather Jorgenson: Well, there are many common underwriting questions. We can split it between property and the GL. First on the GL, three very common questions are, is the hotel 100% sprinklered? We also need to know if the risk has a written contingency plan to move guests in the event of an emergency or a natural disaster, say a hurricane or an earthquake or the power goes out. And then we like to see for the Primary, what kind of amenities the hotel has, and we need to know whether they're a first or third party, and depending on those answers, we may have additional underwriting questions. For the auto, we like to see a description of use for each vehicle and then we also need to see a driver's list with driver's license numbers and addresses.

Ritchie Vener: Great. And Sean, how about from your end on the Umbrella?

Sean Young: It's a lot of the same things for us, at least on the casualty side of that, auto is certainly a significant exposure for us in the Umbrella world. And so, it's important for us to understand what autos are being used for and what their capacity is. It makes a pretty big difference if you have five people in a van versus 20 people in a van, as to what the exposure is there for an Umbrella. Really, for an Umbrella, what you're looking for are the exposures that could bring a catastrophic loss, right? Because we're putting up a lot of limit and have a lot of limit exposed.

So it's also things like event space, anywhere that you're bringing large groups of people together, those are of a special concern. And so we want to look pretty closely at those to make sure that there's good security around those and that they're well protected so that we know what kinds of events are happening and then how well protected the guests at those events are. And then, as I mentioned earlier, it's the third party activities. So really understanding what's shown on the website, what kind of packages does the hotel offer. And so what third party activities are being drawn into our exposure by virtue of the fact that they're connecting vicariously to our hotels operations.

Ritchie Vener: Okay. All right. Great. And will you write all classes of hotels? Heather, let's start with you.

Heather Jorgenson: We prefer midscale luxury boutique and resorts.

Ritchie Vener: Okay. And how about for the Umbrella, Sean?

Sean Young: Yeah, so we write most, but really the very low end economy class hotels are not an appetite for us, but other than that, we handle everything up through casinos even where there's no hotel rooms attached to the casino.

Ritchie Vener: Yeah. Okay. And can you write in all states? Heather?

Heather Jorgenson: For the property, the Primary property, we can write in all states except for California, New York, Washington, Texas, Hawaii, and the district of Columbia. For the GL, the only restriction we have is anything that's on the shore in Hawaii.

Ritchie Vener: Okay. All right. So just to make sure I got that right. So for Primary, you can write everywhere except for California, New York, Washington, Texas, Hawaii, Florida, and DC. And the GL, the only restriction is beach in Hawaii.

Heather Jorgenson: That's correct.

Ritchie Vener: Okay. And then Sean, how about for the Umbrella?

Sean Young: Well, we certainly have appetite more so in some states than in others, but we can write in all states for our Umbrella products, we can even write foreign locations as long as they are owned domestically. So they tie back to one of the states with the domestic domicile address, mailing address. And as long as they're covered on a DIC policy that bridges back to the US, we can cover foreign as well, but yes, we don't have any restrictions on any states for writing.

Ritchie Vener: Okay. All right. And if you see me glancing off, I'm looking at the questions that are coming in and actually what's good is the questions are coming in live. A lot of them match the things that were emailed ahead of time. One of the ones that was emailed in is will you write large resorts? And how do you underwrite them if you have both first and third party amenities? Heather.

Heather Jorgenson: We can write large resorts, we like to see if they have COIs from third party amenities.

Ritchie Vener: Okay. Sean?

Sean Young: That was quick.

Ritchie Vener: Yeah.

Sean Young: We can certainly write large resorts. We write some of the very largest resorts and some of the very largest casinos in the country. And we can certainly do that. There are activities that are sometimes offered at resorts where we would want more than a one million limit underneath of us. And we have some carriers that we work with to help provide buffers when those are necessary. But we can also just work with an insured to make sure that their third party vendors are carrying more than a million dollars. So motorized water sports, if you have a resort where they're doing parasailing and they're renting out jet skis and some of those kinds of activities, we don't feel comfortable at a one million attachment point, but these are all things that we can work through. And we are able to find solutions for almost every type of exposure and every type of hotels including resorts. Yes, for sure.

Ritchie Vener: Okay. All right. Great. Thank you. All right. So the next question, and this is a tough one, because I know we want to spend the right amount of time on each submission to make sure that we take a look at it properly and make the right decision and the decision that's right for the broker and the customer. But how quickly can you turn around a submission? Heather?

Heather Jorgenson: Ideally we like 30 days so that we can thoroughly underwrite a submission, but we do understand that there's sometimes short fuses on account. So we can turn things around within two weeks typically if needed.

Ritchie Vener: Okay. All right. Thank you. Hey Sean, how about for the Umbrella?

Sean Young: It's a hard question to answer because there's what I want to put out there as what we need. And then there's what we have done in the past to help a broker out. I mean, we've turned something around in minutes and hours when we really can pull together a submission quickly and the stars align and everything works together. So we're willing to work with people when they come to us with an emergency and something that they need help with. But when we're really trying to work an account and we're looking at the ideal solution, we'd really like two weeks to turn something around. Oftentimes accounts, especially more complicated accounts, require a referral to one or more of our carriers. And so that slows us down just a little bit. If something is a quick and easy turnaround, we ask for a week on that, but of course, brokers don't always necessarily know what's an easy turnaround and what might require referrals. So it's safest to say that we'd like to ask for two weeks, at least to turn something around.



Ritchie Vener: Okay. All right. Thank you. And this next question is actually a related question. What documentation or information is often missing that slows things down? Heather, how about on the Primary?

Heather Jorgenson: Well, for the Primary Property, we require a completed business income worksheet. So when we don't have that immediately in the first set of emails with the submission that can slow things down, not having full building cope information and proper building values will also slow things down. Currently valued loss runs, we need to see those. A completed DP supplemental app. Those are all things that we really need upfront in the submission to help things speed up.

Ritchie Vener: Okay, great. And how about on the Umbrella, Sean? What tends to slow those down?

Sean Young: Well, we need the same basic submission documents that Heather just described for the casualty part of it. The thing that I would say slows us down the most on Umbrella is when we don't get loss runs. And for some reason that sometimes seems to be a bit of a struggle to get five years of loss runs. It's an expectation that's not unique to us. So, I know that if people are struggling to get that for us, they're struggling to get it everywhere else, but that's the one thing that can really slow down a submission, because we can't really get very far in our process or our referral without that. We sometimes also need to go back and seek more information about the third party exposures that we've been talking about. That's something that usually doesn't come with the original submission and we have to work through getting all of that information.

And then of course, an Umbrella, one of the reasons that Umbrella comes down to the very last minute sometimes, and we are sort of the redheaded stepchild, is that we have to have the underlying quotes before we can finalize our pricing. And of course, if the underlying quotes are delayed and coming down to the last minute, it pushes us up to the last minute. And so unfortunately we get pinned as the people who cause everything to be last minute. And it's unfortunate. We really like to work out as early as we can, get as far as we can and then kind of come up against a stop of waiting for the underlying quote to finalize.

Ritchie Vener: Okay. All right. Great. Thank you. The next question, I think you've already answered this, but it was submitted by a number of people. So I'm just going to do it again for emphasis. How far in advance do I need to submit? Heather.

Heather Jorgenson: Ideally 30 days, but we can try and turn things quickly around depending on whether it needs a carrier referral or not.

Ritchie Vener: And Sean.

Sean Young: Yeah, the same answer, it kind of depends why you're asking this question, if you have an account that is your account and you control that account, you should submit it as early as possible because then we can help you to really work through all of the kinks and we can get you the very best possible coverage and the very best possible price. And sometimes if we're really racing up to the last minute on something, because it came in your door at the last minute. I mean, we could certainly do that and help you. But sometimes it means that we don't have all of the questions answered that we would really need to put out, expose \$170 million of limit. So we might come to you with a quote that has some limitations on it or it wouldn't necessarily be the ideal quote as it would've been if we had worked early and really worked through all of the kinks. So, two weeks please.

Ritchie Vener: Okay, thank you, Sean. This one's for Heather. Why do I need to submit the package if you already write the Umbrella?

Heather Jorgenson: Well, an Umbrella doesn't go over the property coverage, so we need a full submission. And we're also first dollar versus the Umbrella that is not first dollar. So we may have more underwriting questions. So we need a full submission with a Primary package.

Ritchie Vener: Okay. All right. Great. Thank you Heather.

Sean Young: It's surprising Ritchie, we... Sorry.

Ritchie Vener: No, go ahead.

Sean Young: While the GL and the Umbrella are covering in essence the same exposures for the most part, they're looked at somewhat differently just because the Primary, like she said, it is first dollar. So you're really concerned about those nickel and dime claims that are picking away at your aggregate. And for the Umbrella, we're exposing a lot of limit, but we're a little bit more removed from the original losses. So we do look at things slightly differently, but very often the ideal accounts are true for both of us.

Ritchie Vener: Okay. All right. Thank you, Sean.

Sean Young: Sure.

Ritchie Vener: So, I'm going to take a couple of questions from our attendees today, but if people can just bear with us, we're running a little bit short on time. And so we're not going to get to all of the attendee questions now, but we will be mailing everyone who's attended a PDF with the questions answered from today's session. And we'll also take a look through the stuff that was sent in and put some of the answers to that also in what we send out. So the first question that I see here is, can you work with tribal clients? I know that's not always a straightforward answer.

Sean Young: Well, it is a little bit of a straightforward answer. We're contractually required not to, within the programs that I write, we work only with tribal first. So outside of working with tribal first, we are unable to look at tribal accounts.

Ritchie Vener: Okay. Does your Primary GL program offer two million, four million limits to qualify for your Umbrella?

Heather Jorgenson: At this time, we can only do one million, two mil limits.

Ritchie Vener: Okay. But that still qualifies for our Umbrella. Is that correct, Sean?

Sean Young: Generally, yes. Yeah.

Ritchie Vener: Okay, great. All right. And I think we've got time for just one more. They're just being fed into me from our person who's monitoring this for me. What hotels are considered mid-scale? Any examples?

Sean Young: Heather, do you want to jump on that one first.

Heather Jorgenson: I can answer that one.

Ritchie Vener: Okay.

Heather Jorgenson: I would say your Residency in Marriott's, the Hilton Garden Inn, those type of hotels are going to be.

Sean Young: Yeah. Yeah. I would say it's limited service or select service if it really doesn't have much of a restaurant or any restaurant. So once it has a little bit of a restaurant and some liquor exposure, it starts creeping into midscale. And then it's going to be full service if it has like larger conference space and that kind of thing.

Ritchie Vener: All right. Great. Thank you guys.

Sean Young: I defined it by defining the things around it. How about that?

Ritchie Vener: All right. So we're almost out of time, but before we conclude, let me ask a panelist, what's the final piece of advice you'd like to give to the audience? Sean?

Sean Young: Final piece of advice. I mean, we are anxious to work with you. We're anxious to write hotels. We write the largest proportion of hotels for Umbrella of any program in the country. And we would love to bring our expertise to you. We are excited that we have more to offer than just a great product. I mean, that's a good thing to have a great product, but we also have some great expertise and some wonderful people that love to work with you and partner with you. And so if you bring to the table, what's the story, what are we trying to accomplish? We're able to work with you to try to accomplish that. And so we want to be more than just transactional. We really like to be a partner with our clients.

Ritchie Vener: That's great. Heather, anything to add to that?

Heather Jorgenson: I think Sean said that very well. We really do want to build a relationship with you, and we hope that by working with you on one submission, it leads to another, and we can build a level of trust where you know that you're going to get a good, solid quote and have something that you can bind coverage with for your insured.

Ritchie Vener: Thank you, Heather. All right. If you enjoy today's webinar, stay up to date on our latest events by following us on social media, we post about the insurance market insights and industry news every week. And 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 and thank you to our panelist, Sean Young and Heather Jorgenson. And with that, thank you for your time and have a wonderful rest of your day.

Sean Young: Thanks so much.

Heather Jorgenson: Thank you.

# Addendum

During the webinar, we ran short on time and were unable to take all of our attendee questions. Since we didn't get to all of the attendee's questions, below are the remaining questions and answers from the live session. Each one is answered by our Primary Hotel expert, Heather Jorgenson, and our Umbrella Hotel expert, Sean Young as they offer unique perspectives.

## **Is there any specific email or underwriter to contact to expedite last minute quote?**

Best to always contact your Sales Exec as they're best able to coordinate with the UW's. [Click here](#) to Find Your Sales Executive

## **For primary GL where and how to submit an application?**

**Heather Jorgenson, Primary Hotel Insurance:** Contact your SE for all new business submissions. [Click here](#) to Find Your Sales Executive

## **Do you have mandatory percentage wind/hail deductibles in states like MO and OK or can you do flat fixed-dollar deductibles?**

**Heather Jorgenson, Primary Hotel Insurance:** The wind/hail deductibles for MO, OK, and any other state where convective storm exposure is high will depend on the construction type.

## **What is the underlying Liquor Liability Limit for full-service hotels?**

**Sean Young, Umbrella Hotel insurance:** Typically, \$1M/\$2M. In a few states, we require higher liquor limits depending on the receipts/amount of exposure.

## **In case of new purchase seller's loss run is mandatory?**

**Sean Young, Umbrella Hotel insurance:** For Umbrella and Primary, we can quote without loss runs for an acquisition if they're truly not available. Usually, the prior owner's loss history is part of the due diligence so we can get a one-time look at the prior owner's experience but not always.

## **What is the most effective way to get a response when we are pressed for time to get answers back to our clients when communicating with you?**

**Heather Jorgenson, Primary Hotel Insurance:** For Primary new business submissions, communication is channeled through the Sales Team. The Sales Team acts as a liaison between the broker and the underwriting team. For Primary renewals, all communication is between the underwriter and broker. The Sales Team is not involved in the renewal process for Primary.

**Sean Young, Umbrella Hotel insurance:** This answer probably varies by the underwriter. I would encourage you to get to know your underwriter ahead of that time and discuss with them what the best way is to reach them in an emergency. Some are most in tune with a cell phone call, others notice emails first.

### **Where can we submit primary and umbrella insurance quote requests?**

Through your Sales Executive. [Click here](#) to Find Your Sales Executive

### **What about hotels with golf courses?**

**Sean Young, Umbrella Hotel insurance:** We can definitely do resorts/hotels with golf courses in the umbrella product and Primary GL/Property. For Golf Courses with large events such as PGA tournaments, we look for the insured to purchase an events policy for those events.

### **Does your primary GL program offer \$2/\$4 limits to qualify for your umbrella?**

**Heather Jorgenson, Primary Hotel Insurance:** At this time, we can only offer \$1M/\$2M limits

### **Where does the program fee go to?**

**Heather Jorgenson, Primary Hotel Insurance:** We do not have a program fee for Primary.

**Sean Young, Umbrella Hotel insurance:** Our programs utilize Purchasing Groups which bring great benefit to our members/insureds. These require multiple filings annually in every state plus DC and a lot of compliance-related management. The PG Fees pay for these filing costs and for our compliance team.

### **Once I have all of the needed info, how much lead time do you need for the primary property and GL program?**

**Heather Jorgenson, Primary Hotel Insurance:** We prefer to have 30 days for Primary Property & GL, but ask for two weeks at a minimum.

**Sean Young, Umbrella Hotel insurance:** We ask for at least two weeks for the umbrella program.

### **Can you provide a contact sheet with the applications needed to submit?**

These are available on our website, here: [distinguished.com](https://distinguished.com)

### **Is there a minimum occupancy rate? and rating?**

**Heather Jorgenson, Primary Hotel Insurance:** For primary, we individually underwrite each risk so this can vary.

**Sean Young, Umbrella Hotel insurance:** We do have minimum premiums on the umbrella but they're fairly low. A minimum occupancy rate would just require that the building isn't technically unoccupied.

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