



CARIBBEAN
HOTEL & TOURISM
ASSOCIATION

"CHTA Live: The Resilience Series "Covid-19 and Insurance Claims: What You Need to Know"

Wednesday, April 22, 2020

Q&A

1. Please address Forced Placed Insurance and a policy holder's right to request it from the Lender "Forced place" property insurance is essentially at the option of the lender and done to protect the balance of the mortgage. The amount of coverage a lender will purchase is in the amount of the loan balance, not replacement value.
2. Will Public Liability Insurance coverage, as a rider work to cover any claims from guests in the case of a pandemic? General Liability policies can vary as to their terms and conditions missing coverages can be requested / added in most cases; you need to ask about the pandemic coverage. The policy needs to be read and then confirm your understanding with your broker. Do watch for the venue within which the coverage protects you. And "occurrence basis" coverage is better than "claims made".
3. Have you heard of anyone else being given a renewal Contract quote with zero Business Interruption offered? You should ask what is behind the insurer's unwillingness to provide BI coverage. It is normally provided when requested.
4. Would there be potential for deduction on employer liability premium given most resorts will have shutdown and therefore significantly lower payroll and employees? Yes.
5. Are there any recommended consultants, who are Caribbean based, we can approach in order to assess a current policy? Suggestion is to consult with several brokers and see what free advise you can get.
6. Are there recommended brokers in the Caribbean who will provide pandemic coverage going forward in this current climate. It is really the Insurers or Underwriters that provide the coverage not the brokers. You should ask your broker to check with the "markets" they deal with for the coverage and costs. And depending on your location and the broker's relationships, a local broker might have to co-broker with another broker who has access to those markets that provide the special coverage.



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7. We have BI insurance which is triggered through property damage (and hence do not believe we have coverage for COVID19). We currently have insured on Budgeted full year 'normal' Gross Profits. Understanding that if a hurricane hits late in the year and COVID has disappeared, trade for the following 12 months would be back to normal levels and we would be adequately insured. However, if a hurricane hits early in the season, the most recent results and short term future, would be considerably less than Budget or normal GP levels. In this scenario whilst we would have insurance at normal levels, the insurer could argue that GP would have been significantly diminished due to the reduction in trade, and hence we are over paying premiums. Hence we seem caught both ways; if we reduce our insurance levels, we could be considered under insured for the future months. If we maintain insurance at normal GP levels we could get penalized as 'recent' GP is so far below 'normal' levels. You are correct in your thinking. You need to see how things play out and how much time remains on your policy before it expires vs start (or the heart) of hurricane season. Once you reopen how fast do you think it will take you to get back to "normal"? ANOTHER CONSIDERATION – discuss a sub-limit for the BI coverage (an amount less than what normal would be) with your broker, but have the broker address language re not being underinsured as you are intentionally requesting a lesser sum insured.
8. Is there any insurance that can be purchased that covers deposits by guests on future stays? I suspect it is out there, just need for your broker to find it. Also have you looked into some trip insurance that could be purchased by the hotel to cover the guest deposits with the booking terms being non-refundable – and perhaps build the trip insurance premium into your rate - just a passing thought. All hotels should consider advising potential guests and those booking a stay to purchase travel insurance. CHTA has partnered with TripMate, one of the world's leading providers of travel insurance, to assist member hotels in offering this insurance at competitive rates. To learn more about this CHTA member benefit, please [click here](#).
9. How can insurance help protect us against claims regarding Covid? What if a group of guests catches corona in your hotel? Your liability insurance policy is the one that should provide coverage just as it does for all other guest related matters – just have to make sure it is not an exclusion and it is covered – speak with your broker



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10. Is there any facility(clause) in our policies that addresses the cost of covering the cost of the payment of insurance premiums at this time? Eg: on some life insurance policies, there is a "premium loan facility" which is taken from the cash value of the policy. I am not aware of any. Having said that many brokers have access to lenders who will finance premiums.
11. I can't afford my new renewal rates for Property Insurance - I'm obligated by Lender to have it. Can/Will the lender find insurance to at least cover the amount of the mortgage? Essentially all mortgages give the lender the right to purchase it and charge you for it, but typically it gives them the right but not the obligation. Have you asked your broker if he could finance the premium with your purchasing the policy?
12. You may still have to declare the full value to insurers to avoid average if you are going to use a sublimit Yes. And if you have a replacement cost appraisal, try to get an Agreed Value Endorsement
13. If you allow the bank or lender to take out insurance to only cover the outstanding amount of the mortgage, you may be subjecting yourself to the Condition of Average. That should not be the case! If there is an averaging clause in such a policy it does not belong.