



# Coverage Overview

## Property Coverage

<b>Building Coverage:</b>	Amount:	Unlimited—meaning no dollar cap, whatever it takes to re-build will be spent***
	Coinsurance:	None (the best you can buy)
	Valuation:	Guaranteed Replacement Cost
	Causes of Loss:	Special Cause of Loss Form

\*\*\*Under certain circumstances, Functional Replacement Cost will be utilized. Please refer to the functional Replacement Cost definition.

<b>Contents Coverage:</b>	Amount:	Reflected in Proposal
	Coinsurance:	None (the best you can buy)
	Valuation:	Replacement Cost
	of Loss:	Special Cause of Loss Form

**Antiques Coverage:** Included as Contents Coverage with *no depreciation*; this is unique as all standard policies depreciate antiques. To determine if your policy depreciates antiques; refer to the Building and Personal Property coverage Form section G. Optional Coverages, item #. B. (4). With our policy, the only situation where an antique would need to be scheduled would be if it were one of a kind; for example, Napoleon's desk, or Queen Victoria's bed.

**Business Contents and Personal Contents:** No distinction between the ownership of contents; coverage extends to all contents at covered locations be they deemed property of the business or personal property.

**Property Off Premises:** Worldwide coverage up to the contents limit including coverage for items while airborne, waterborne, or in a vehicle.

**Silver:** Silver (other than jewelry) is included as contents no need to schedule unless one-of-a-kind or irreplaceable.

**Firearms:** Firearms are included as contents no need to schedule unless one-of-a-kind or irreplaceable.

**Oriental Rugs:** Oriental Rugs are included as contents no need to schedule unless one-of-a-kind or irreplaceable.

**Outdoor Furniture:** Outdoor Furniture is included as contents.

**Wine Inventory:** Wine inventory in your wine cellar is included as contents.

**Computers:** Computers are included as contents. In addition, Computer coverage includes:

1. \$100,000 for breakdown or accident to electronic computer or other data processing equipment including media and peripherals used in conjunction with such equipment, this coverage extends to power surges. Loss of income coverage is also included.
2. \$2,500 for electronic data restoration if loss is other than a mechanical breakdown or accident; loss of income coverage is also included.
3. \$2,500 virus coverage; loss of income coverage is also included.

<b>Loss of Income Coverage:</b>	<p>Amount: Reflected in Proposal</p> <p>Coinsurance: None (the best you can buy)</p> <p>Duration: Until restoration is complete be that 2 months, 15 months or even years or until the amount is exhausted.</p> <p>Causes of Loss: Special Cause of Loss Form</p>										
<b>Off Premises Power Failure:</b>	Coverage for Loss of Income which develops due to power outage failure occurring off-premises. This coverage also includes losses arising from damaged or downed overhead power lines; standard policies do not have this coverage.										
<b>Loss of Income Waiting Period:</b>	No waiting period before Loss of Income coverage is enacted; this also extends to losses from overhead power lines; this is unique as all standard policies have a 72 hour waiting period before coverage is enacted and will not pay for any loss of income incurred during the first 72 hours of the loss.										
<b>Loss of Income and Extra Expense:</b>	Coverage is extended to include: Utility Services, Water Supply Services including pumping stations and water mains, Communication Supply Services including communication transmission lines, optic fiber transmission lines, coaxial cables, and microwave radio relay except satellites, and Power Supply Services including utility generating plants, switching stations, substations, transformers, and transmission lines.										
<b>Loss of Use and Additional Living Expenses:</b>	\$50,000										
<b>Extra Expense and Consequential Loss:</b>	Included										
<b>Alternate Lodging For Guests:</b>	\$100 per day per guest, 14 day maximum, \$25,000 maximum										
<b>Civil Authority Coverage:</b>	If all access is denied to your Inn by a Civil Authority, we will pay Loss of Coverage: Income coverage for up to 4 consecutive weeks. For example road closures due to forest/brush fires, snow/ice, or closed for an extended period due to accident investigation/clean-up.										
<b>Mechanical Breakdown Coverage:</b>	<p>Replacement Cost Coverage with no coinsurance for Electrical Equipment, Mechanical Equipment, Air Conditioning, Heating Boilers, Pressure Vessels, Steam Boilers &amp; Pipes, Refrigeration Equipment. Coverage includes the Extra Cost of Expediting Repairs, Damage to Guest's property, Actual Loss of Income for 12 months, and Extra Expense coverage.</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Expediting Expenses:</td> <td>\$100,000</td> </tr> <tr> <td>Hazardous Substances:</td> <td>\$50,000</td> </tr> <tr> <td>Perishable Goods:</td> <td>\$50,000</td> </tr> <tr> <td>Computer Equipment</td> <td>\$100,000</td> </tr> <tr> <td>CFC Refrigerants:</td> <td>\$25,000</td> </tr> </table>	Expediting Expenses:	\$100,000	Hazardous Substances:	\$50,000	Perishable Goods:	\$50,000	Computer Equipment	\$100,000	CFC Refrigerants:	\$25,000
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<b>Ordinance or Law Coverage:</b>	\$100,000 for Coverage for Loss to the Undamaged Portion of the Building, Demolition Cost Coverage for the Undamaged Portion of the Building, and Cost to Reconstruct in Compliance with the Ordinance or Law.										
<b>Building Glass:</b>	No dollar limitations for coverage on panes of glass including stained glass.										
<b>Downspouts &amp; Gutters: Building Renovations and Additions:</b>	Coverage is extended to damage caused by weight of snow, sleet, and ice. Coverage for building being renovated or constructed including the theft of building materials at the site or in transit.										

<b>Back Up of Sewers and Drains:</b>	Unlimited coverage for building; policy limits for contents.
<b>Guest Property:</b>	\$25,000 aggregate per loss
<b>Fragile Articles:</b>	Accidental Breakage Coverage included.
<b>Food Spoilage:</b>	Included as contents limit; however, if a result from a mechanical breakdown, \$50,000 limit.
<b>Valuable Paper and Records:</b>	\$2,500
<b>Accounts Receivable:</b>	\$20,000
<b>Employee Dishonesty:</b>	\$10,000
<b>Forgery or Alteration:</b>	\$10,000
<b>Money &amp; Securities:</b>	\$10,000 Inside \$10,000 Outside
<b>Signs:</b>	Attached to building, included in building coverage.
<b>Extended Theft Coverage:</b>	\$5,000 Extended Theft Coverage for Furs and Jewelry.
<b>Fire Department Service Charge:</b>	\$10,000 with no deductible.
<b>Pollutant Clean Up and Removal:</b>	\$10,000 limited coverage.
<b>Newly Acquired Property:</b>	Buildings: \$250,000 for 30 days. Contents: \$100,000 for 30 days.

## Liability Coverage

<b>Each Occurrence:</b>	\$1,000,000
<b>General Aggregate:</b>	\$2,000,000
<b>Products and Completed Operations:</b>	\$1,000,000
<b>Personal and Advertising Injury:</b>	\$1,000,000
<b>Fire Damage:</b>	\$100,000 this is damage to premises rented to you, a tenant/landlord situation.
<b>Liquor Liability:</b>	\$1,000,000
<b>Personal Liability:</b>	\$1,000,000
<b>Non-Owned Auto:</b>	\$1,000,000
<b>Liability Coverage Includes:</b>	Your Business Liability Your Personal Liability Restaurants The Sale of Alcohol The Serving of Alcohol Spa Services Banquets Catering—on site or off site Weddings Conferences Cross Country Skiing Snow Shoeing Hay Rides Bikes for Guest's Use Swimming Pools Small Watercraft for Guest's Use (canoes, kayaks, paddle boats, sailboats) Gift Shops Private Label Food Sales Theme Weekends Home Tours Long Term Rentals Classes/Seminars: cooking, wine, quilting, decorating, fly tying, etc.

## Functional Replacement Cost Coverage

If your Inn were damaged or destroyed and you would want it rebuilt as it stands today, than utilize our Guaranteed Replacement Cost Coverage—the premium will be calculated based on the rebuild value of your building. If your building is damaged or destroyed we will rebuild it as it stands today regardless of the cost, end of story.

If you are like many innkeepers, you may not want to pay the price of insuring your inn for its full rebuild value; however, you are forced to by the insurance industry because of the coinsurance clause contained within the insurance policy. If you do not comply with the coinsurance clause you will be monetarily penalized in the event of a partial loss. There may be many reasons why you would not rebuild your Inn exactly as it stands today:

1. The cost to re-build your Inn is enormous and you do not want to pay the insurance premium to insure your inn for its full rebuild cost.
2. It would be almost impossible to rebuild the Inn and you do not want to pay an excessive insurance premium based on a rebuild value for a building which would be difficult to rebuild.
3. The insurance amount required by the mortgage company and the actual rebuild amount are vastly different with the actual rebuild amount much higher; you only want to insure for the amount that the mortgage holder is requiring.
4. You don't want to rebuild; you would walk away if the inn were destroyed.

If any of the above situations apply to you, there is another option that might better fit your circumstances. We have a tool which eliminates coinsurance and will allow you to insure your building for a price you determine. You tell us the rebuild amount you wish to use and we will rebuild your building for that amount in the same architectural style with no coinsurance. This option is called Functional Replacement Cost Coverage; fortunately, it is not the standard Functional Replacement Cost coverage available on the market as we have enhanced it by adding the caveat which guarantees the same architectural style.

The same architectural style is crucial for you; while many policies offer Functional Replacement Cost coverage they do not offer to rebuild in the same architectural style---with a standard Functional Replacement Cost policy you could end up with a box cinderblock building.

### Situations Where This Coverage Would Be Beneficial

- 1) Many innkeepers are of the mindset that if their building were destroyed, they would not want to rebuild; if you are in this category why insure your Inn for its rebuild value? Why—because the insurance company is forcing you to insure to value with the coinsurance clause. If you would not rebuild your building our Functional Replacement Cost coverage may be just the option for you.
- 2) If you do not want to insure to value and in the event of a loss would be satisfied with a building of the same architectural style but not an exact replica of your current building; then you may want to consider our Functional Replacement Cost coverage. An Example: Let's suppose you have a 20,000 square foot brick Inn which was built in 1890. It has beautiful pink marble fireplaces and walls which are 24 inches thick. To rebuild this inn would cost \$500 a square foot for a total insurance value of \$10,000,000. If you want it rebuilt with the pink marble, plaster, and thick walls go with the Guaranteed Replacement Cost Coverage. However if you don't mind dry wall, don't care about the thick walls and aren't married to the pink marble fireplaces go with the functional option and tell us what insurance value you want. We will rebuild the Inn in the same architectural style up to whatever value you give us.

## Innkeepers Program New Feature

### **Business Income on an Actual Loss Basis\*, Per Occurrence (with no aggregate), with No Coinsurance and No Time Limit** *(\*the pay-out per loss will be up to the Business Income amount reflected on the policy)*

There is a problem with Business Income coverage in that it stops 12 months after the loss-- whether or not the Inn is ready to receive guests.

With over 20 years of writing insurance for Innkeepers, it has been our experience that most large property claims continue for more than 12 months; a huge monetary challenge for the innkeeper if the Business Income coverage stops after 12 months.

We are pleased to announce a new flexible approach to Business Income Coverage: Actual Loss with no time restriction. Our Business Income Coverage is on an Actual Loss basis, per occurrence (with no aggregate), with no coinsurance and no time limit; it makes no difference if it takes 4 months, 13 months, 18 months, 26 months, 36 months or more to repair/rebuild the Inn, the Business Income coverage will pay until the end of the period of restoration or the Business Income Limit you chose has been reached.

Actual Loss means we will pay what you actually lost, up to the limit you chose, per loss, per policy period. Let's say your policy renews in April and your income is \$50,000 per year and you make \$40,000 of that in June, July, and August. If your loss is in late May and you are not back in business until September, you have lost most of your income; no worries, you will be reimbursed. Let's say this year the Winter Olympics are in a town 100 miles away (your winter is normally slow) and you are booked for the months of January and February with anticipated income of \$20,000. If you have another loss in December that closes you until March, you have lost that \$20,000—no problem as the loss of income amount pays per loss. Even though you only had \$50,000 in loss of income coverage, you will be paid a total of \$60,000 for both losses combined as the pay-out is per loss.

#### **Here's how it works:**

To determine the amount of coverage you want first determine the amount of time for which you want coverage then determine the amount of income you need for this time period.

**Example One:** Your income is \$50,000 per year and you need \$50,000 a year to pay expenses; you feel you would be back in business after a large loss in 2 years--the Business Income limit you should chose would be \$100,000.

**Example Two:** Your income is \$50,000 per year but you only need \$12,000 per year to pay expenses (everyday expenses like gas, food, etc.); you feel you would be back in business after a large loss in 3 years--the Business Income limit you should chose would be \$36,000.

**Example Three:** Your income is \$7,000,000 per year but you only need \$1,000,000 per year to pay expenses (mortgage, credit cards, key employees salary, car payment, college bills, everyday expenses, etc); you feel you would be back in business after a large loss in 2 years—the Business Income limit you should chose would be \$2,000,000.