

# CARIBBEAN HOTEL & TOURISM ASSOCIATION



## NAVIGATING INSURANCE AHEAD OF THE NEW HURRICANE SEASON STORM PREP - A SHORT CHECK LIST

*SMITH ORLOFF & ASSOCIATES*  
*Loss Consultants to the Caribbean*



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# SPEAKERS

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# STORM PREP – GENERAL COMMENTS

## Know Your Property

Inspect and verifying your property's condition before hurricane season arrives and fix or replace building areas that can allow significant damages, such as roofing conditions and especially window deficiencies and the like, which can allow wind driven rain damages, a typical exclusion. With prior loss experience plan on protecting your property and if possible store plywood for board ups and sand bags for flooding.

## Help Your People

If your business is affected by a storm, it's almost certain that your employees and their families will be too. Before a storm, help employees prepare, including plans on getting them to safety. During and after a storm, stay connected with them and be ready to support with humanitarian assistance, including guidance on how they can manage their own insurance claims.

# STORM PREP – GENERAL COMMENTS

## Business Continuity Plan & Supply Chain Network

A storm could affect your operations, your suppliers' operations, and critical infrastructure, including power, telecommunications, roads, airports, and seaports. Know the specific locations of your suppliers — and their suppliers — so you can better ensure business continuity. Also consider alternate suppliers and shipping methods to prevent or limit disruptions to your supply chain.

## Understand your Insurance Coverage & claims processes

Every storm can cause its own unique damage and bring with it questions about property policy coverage, but based upon past loss experience identify your high-risk areas and before a storm arrives check your coverages. Make sure you understand key definitions, sub-limits for flooding and other coverage areas and other terms in your policy.

Due to varied terms and conditions in insurance policies, policies should be fully vetted prior to hurricane season addressing sums insured and coverages for known problem areas, and especially those areas open to possible interpretation by insureds, insurers, and legal counsel.

For larger properties establish a framework and protocols with your broker/ insurers for filing a claim after the storm passes.

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# CRITICAL AREAS OF INSURANCE FOR ANY HOTEL



# Overview

## **Understanding and Making Sure That Insurance Coverage Is Appropriate & Avoid Pitfalls Before The Loss Occurs**

To Facilitate A Policy Review - Typical Policy Sections {detailed in subsequent slides}

- Covered Property & Business Interruption (including Extra Expense)
- Limits of Coverage
- Covered Perils
- Policy Conditions / Coverages

# Understanding and Making Sure That Insurance Coverage Is Appropriate and Avoiding Pitfalls Before The Loss Occurs

## Covered Property

- Building
- Contents (Equipment, Furniture, Stock/Inventory)
- Fixtures & Fittings
- Business Interruption and Extra Expense

## Limits of Coverage

### Covered Perils (*the Risks Being Insured*)

- All Risk vs. Named Peril
- Windstorm, Flood, Earthquake, Volcanic Action
- Wind Driven Rain (*a typical exclusion*)
- Collapse
- Subsidence & Land Slippage



## **Policy Conditions / Coverages**

- Replacement Cost vs. Actual Cash Value (and right to depreciate)
- Holdbacks / Buyouts
- Averaging Clause / Coinsurance (*underinsured*)
- Agreed Value Endorsement
- Automatic Reinstatement
- Public Authority / Ordinance / Code Upgrade
- Loss of Off-Premises Power & Water
- Professional Fees - Architects & Engineers in Reconstruction
- Foundations, Walkways, Roads & Landscaping
- Consequential Business Interruption
- Extended Business Interruption Coverage
- Deductibles For Windstorm, Flood, Earthquake, Volcanic Action (separate sums insured per building)
- Debris Removal Limitations
- Appraisal vs. Arbitration Clause

# Business Interruption Loss & Extra Expense

- Establishing the Limit of Insurance
  - Net Income Plus Continuing Expenses
  - Ordinary Payroll Expense Exclusion
  - Address Costs to Stay In Business & Mitigate- Extra Expense
    - Have a Plan
- Preparing and Presenting the Claim
- Restoration Period

# Policy Cost Containment Considerations

- Use of higher percentage deductibles
- Address what the risks of damage are to different property
- Evaluate damages from prior storms to see what might not need to be insured for windstorm or other catastrophic losses
- At same time address updated replacement costs to see if any property segment is over-insured or in the alternative under-insured to avoid being penalized