

Property Insurance

1.05

Property Insurance

Policy Statement

Each Franchisee must have on file with Hospitality Insurance, Inc. a Certificate of Liability Insurance verifying the term and coverage of the insurance in force. The insurance company must be rated A-VII or better.

Proper insurance is critical and any failure to obtain and maintain the required insurance coverage is a material breach of this policy and, therefore, a breach of the Franchise Agreement.

Property Insurance requirements

- ❖ Every Franchise is to maintain insurance and to name Hospitality international Inc. and the Appropriate Affiliated Company* as additional insureds for the term of their Franchise Agreement
- ❖ Any failure on the Franchisee's part to obtain and maintain the required insurance coverage is a material breach under this policy and, therefore, a breach of the Franchise Agreement
- ❖ Every Franchisee is encouraged to obtain greater insurance coverage if the Franchisee's needs require it.
- ❖ The Franchisor establishes the minimum level of coverage that all Franchisees must maintain but does not represent this to be all the insurance coverage the Franchisee may possibly need.
- ❖ The Franchisor recommends that each Franchisee consult with a qualified insurance professional to determine his or her insurance needs

***Appropriate Affiliated Company**

- Hospitality International Inc. - All locations
- Red Carpet Inns International Inc. - Red Carpet Inn, Master Hosts Resort or Master Hosts Inns
- Southern Scottish Inns Inc. - Scottish Inns

Specific mandatory requirements

- ❖ At all times, the motel is identified to the public by any Licensed Mark and continuing throughout the Franchise Agreement, the Franchisee shall maintain the types of insurance in such amounts as Hospitality International may from time to time to require. Unless Hospitality international waives these requirements in writing, such insurance shall include:

1) Worker's Compensation Coverage

- a. Employer's liability insurance with minimum limits of \$1,000,000 each accident, \$1,000,000 each disease, \$1,000,000 aggregate
- b. Worker's Compensation Insurance, Statutory Coverage

2) General Liability

General liability coverage is to be maintained on the hotel (including restaurant and lounge if applicable) at the coverage limits of \$1,000,000 per occurrence and \$2,000,000 aggregate (including coverage for product liability, completed operations, contractual liability, host liquor liability, if applicable, whether leased to a third party or operated by you, and fire legal liability) naming us and the Appropriate Affiliated Company as additional insureds

3) Liquor Liability

The holder of the liquor license (whether leased to a third party or operated by you) will maintain liquor liability insurance with single-limit coverage for personal and bodily injury and property damage of at least \$1,000,000 for each occurrence naming us and the Appropriate Affiliated Company (and you, if applicable) as additional insureds

4) Auto Liability

Comprehensive automobile liability insurance (including hired and non-owned unit) with single-limit coverage for personal and bodily injury and property damage of at least \$1,000,000 for each occurrence if the hotel or its parent corporation owns any vehicle used in the operation of the business, naming us and the Appropriate Affiliated Company as additional insureds.

5) Umbrella Coverage

You must maintain an umbrella policy with minimum coverage of \$2,000,000 naming us and the appropriate affiliated company as additional insureds.

6) Special limit

If multiple locations are insured on policies containing an aggregate limit, then the aggregate limit must apply on a per location aggregate basis.

Specific mandatory requirements cont'd

- ❖ All insurance shall be underwritten by a reputable insurance carrier with a minimum rating of A-VII. Whenever you make a change in any insurance or insurance carrier and on an annual basis, you shall cause to be delivered to us a certificate of the insurance carrier as to the term and coverage of the insurance in force, the parties insured, and the fact that the coverage may not be canceled, altered, or permitted to lapse or expire without thirty (30) days' advance written notice to us by the insurance carrier. Your duty to maintain such insurance shall not be limited in any way by reason of any insurance that we may maintain.
- ❖ Our or your maintenance of such insurance shall not relieve you of any liability to us under any other provision of this Agreement. The policy of insurance that you provide shall at all times be primary to any policy of insurance which we may maintain.
- ❖ From the time the Franchisee is required to obtain such insurance and for the entire term of the Franchise Agreement, the Franchisee must have on file with Hospitality International a Certificate of Insurance indicating that the required types and amounts of insurance coverage are in place. Each Certificate must contain a statement from the insurance company that the policy will not be materially altered, cancelled, or permitted to lapse or expire without a thirty (30) day written notice to Hospitality International.
- ❖ Each Certificate of Insurance must also name Hospitality International, Inc., and the appropriate Affiliated Company as additional insureds. Hospitality International must be furnished with a Certificate showing the renewal of the policy at least thirty (30) days in advance of the expiration date of each insurance policy.

Default and Termination

The cancellation, expiration, or other lapse of insurance coverage required by Hospitality International, Inc. regardless of reason; the failure to name Hospitality International, Inc. and the appropriate Affiliated Company as additional insureds; the failure to provide Hospitality International, Inc. with the required proof that insurance coverage has been obtained or renewed not less than thirty (30) days in advance of the expiration date of the insurance policy; or, the failure to maintain the other insurance coverage as set forth in this policy may constitute a material breach of the Franchise Agreement.