



HOSPITALITY

INSURANCE 101

A Guide by David 'DELO' DeLorenzo



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INTRODUCTION:

MY JOURNEY THROUGH THE COMPLEX LANDSCAPE OF HOSPITALITY



In this vibrant and ever-changing world of hospitality, every establishment is a unique story, a journey of dreams, hard work and relentless dedication. My name is David 'DELO' DeLorenzo, and I've been through the thick and thin of this industry. The hospitality world is not just a career path for me—it's a calling, a life imbued with experiences both direct and indirect, a narrative rich with back and front-of-house stories and a testament to the sometimes heart-wrenching claims process.

This industry, as diverse and dynamic as it is, is also rife with unforeseen challenges and complexities. Here, diversity in locations meets an even more diverse array of owners, where personalities shine as brightly as the neon signs that light up our city streets. Yet, amidst this diversity, one constant remains—the need for specialized attention to the type of insurance these unique establishments require.

Why is hospitality insurance such a nuanced field, you ask? It's not just about protecting property or assets; it's about understanding the stories behind each establishment, being part of their narratives and learning from each unfolding story.

In this world, no two risks are the same. Each establishment dances to its own rhythm, serves its own unique blend of experiences and faces its own set of challenges. Yet, beneath this diversity lies a common thread—similar exposures, similar claims and a universal need for training that resonates with the industry's heartbeat.

So, how do we navigate this complex web of risks and coverages? How does a company underwrite a risk that is as multifaceted as the hospitality industry itself? Is it about the property on the premises, the sales, the liquor, the entertainment, or the myriad other factors that come into play? Let me tell you, it's all of the above... and then some.

In this guide, I'm not just taking you through a superficial glance at the process of insuring a restaurant. We're diving deep into the intricate dance of underwriting, peeling back the layers to reveal the core of the broker and insurance agent's world. This journey will offer you a clear and concise understanding of the whys and hows of rates, the shifts and turns dictated by carrier availability, claims, local laws and so much more.

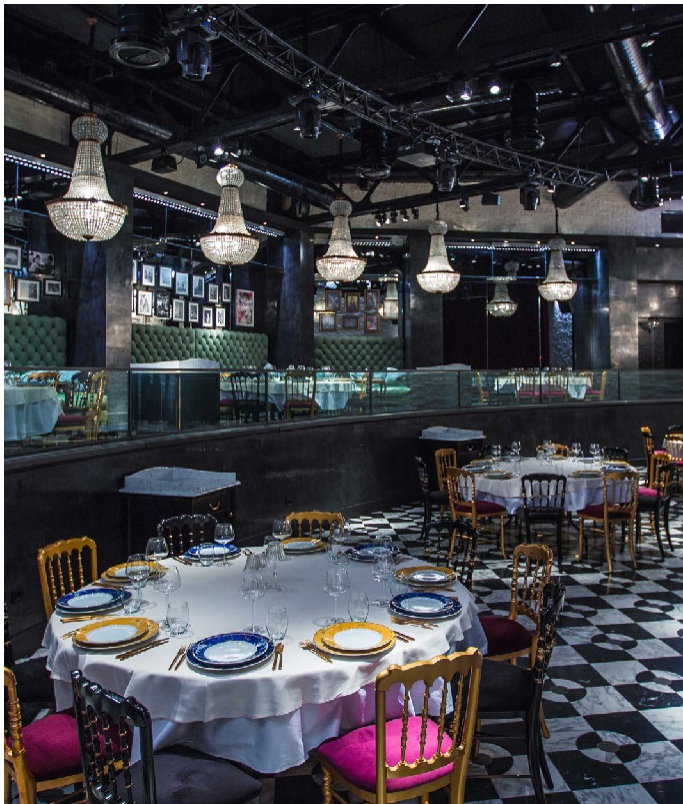
Welcome to my world, welcome to "Hospitality Insurance 101".

CHAPTER 1:

THE FOUNDATION - THE LEASE THAT STARTS IT ALL

The journey of a thousand miles begins with a single step, and in our world of hospitality, that step is the lease. It's the moment where my dreams started to take shape, where the vision of my establishment began to transform from a mirage into tangible reality. The location you choose is not just a piece of real estate; it's the stage where your stories will unfold, where laughter will echo and where memories will be etched into the walls.

As you stand at the threshold of this new adventure, the air is thick with anticipation. The scent of what will soon be your kitchen wafts through the air, mingling with the imagined clinks of glasses and the murmur of conversations yet to happen. It's a dream coming alive, a dream where you're not just opening an establishment but creating a haven, a second home for those who walk through your doors.



But even the most beautiful dreams need a solid foundation, and that foundation is your lease. It's the first in a series of critical business decisions that will shape your journey. As enamored as you might be with your chosen location, the lease is not just a document; it's a roadmap that outlines your path, complete with potential pitfalls and checkpoints.

Understanding your lease is not just about reading the fine print; it's about comprehending the implications of every clause and every term. It's about recognizing the responsibilities it bestows upon you, from replacing plumbing to understanding the nuances of percentage rent. It's about knowing what you're entitled to, be it build-out dollars or other concessions.

And then, there's the insurance. The role of insurance in your lease is pivotal, yet often overlooked in the haze of excitement. Questions abound, from the limits of liability being requested to the intricate details of liquor and general liability. These aren't just numbers on a page; they're the safeguards of your dream, the protective layer that shields your vision from the unforeseen storms.

Most leases come with their own set of insurance requirements, often mandating an umbrella policy to extend your coverage beyond the basic limits. While these umbrella policies are a beacon of safety, offering an extra layer of protection, their inclusion in your lease should be a choice, not a mandate dictated by someone who doesn't share in your risk or your dream.

As we navigate through the foundational aspects of your lease, remember, this is not just about legalities or obligations. It's about setting the stage for your dream, about ensuring that the haven you're creating stands on solid ground, protected and prepared for the journey ahead.

In the next chapter, we'll delve into the heart of risk assessment, uncovering the layers of exposure that come with the territory and understanding how to dress your dream in the armor of the right coverage.

CHAPTER 2:

ASSESSING AND ADDRESSING RISKS - MY LESSONS LEARNED

In the hospitality industry, understanding your risks is like knowing the recipe to your signature dish – it's essential. Each establishment, while unique, shares certain vulnerabilities. Through my years in this dynamic world I've seen it all and I'm here to walk you through these exposures, offering not just a glimpse, but a deep dive into what keeps us up at night and how we can protect our dreams from turning into nightmares.

EXPOSURE

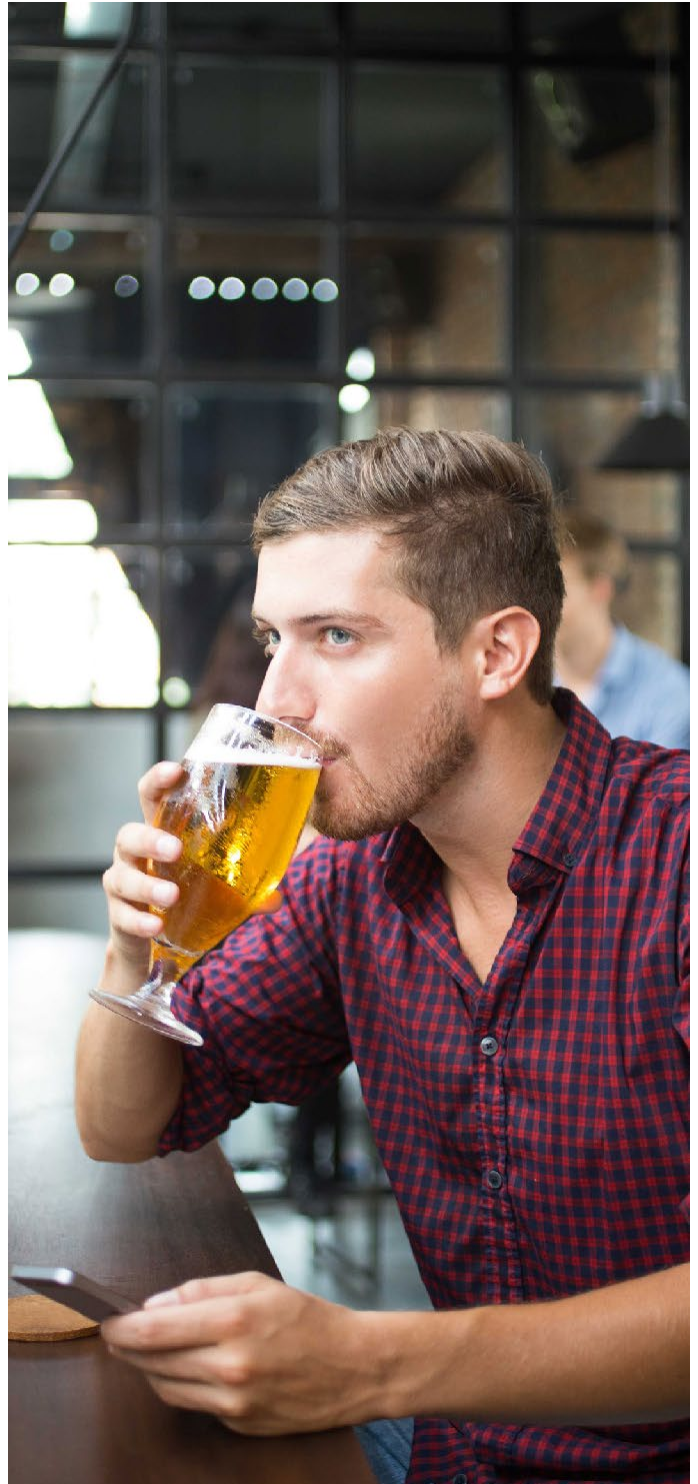
#1 **Liquor Liability:**

Ah, the joys and perils of serving liquor. I've seen establishments thrive on the vibrant energy that a good drink menu brings. Yet, with every pour, there's a risk. People drink, and the consequences can spiral – from fights to unfortunate decisions behind the wheel. Having insurance for liquor liability isn't just a precaution; it's a shield. It protects your establishment from lawsuits arising from allegations of negligence or overserving. Remember, the laws vary from state to state, and often they aren't in favor of our establishments. Knowing this, navigating liquor liability insurance becomes not just a part of the business but a critical aspect of your establishment's survival.

EXPOSURE

#2 **General Liability:**

Imagine a patron tripping over a loose tile, or a minor accident turning into a lawsuit. These aren't just scenarios; they're realities that many of us face. General Liability insurance is your frontline defense. It's there to protect you when accidents happen on your property. The insurance companies often work with occurrence and aggregate limits, and while these numbers might seem overwhelming at first, understanding them is crucial. They're not just figures; they're the backbone of your safety net.



EXPOSURE
#3 **Employment Practices
Liability Insurance (EPLI):**

Our staff, our teams – they’re the heartbeat of our establishments. Yet, in this changing world, the way we hire, manage, and interact with our teams can lead to unexpected challenges. EPLI is there to protect us from claims arising from our employment practices. From hiring disputes to allegations of discrimination, this coverage is no longer optional; it’s essential. It’s not just about protection; it’s about peace of mind.

EXPOSURE
#4 **Cyber Insurance:**

In an age where every transaction, every booking, and every review lives online, protecting our digital footprint is paramount. Cyber Insurance is not about if, but when. From protecting customer data to safeguarding our financials, this coverage is an invisible, yet impenetrable shield in our increasingly digital world.

EXPOSURE
#5 **Hired & Non-Owned Auto:**

Think about the last time you sent a team member on an errand. Seemingly mundane, yet, if an accident happens, your establishment could be at risk. This coverage is a must-have for any establishment. It’s not just about the vehicles; it’s about the people in them and the business they represent.

EXPOSURE
#6 **Umbrella Insurance:**

I like to think of Umbrella Insurance as the roof over our establishment. It extends your coverage beyond the existing policy limits, offering an additional layer of protection. But be aware, not all umbrella policies are created equal. Ensure you understand the terms, the coverage, and especially the exclusions. It’s not just about having more coverage; it’s about having the right coverage.

EXPOSURE
#7 **Assault & Battery Coverage:**

Late nights and vibrant atmospheres are a part of what makes our establishments thrive. Yet, they also bring risks – risks of altercations, of unexpected incidents. Assault & Battery Coverage isn’t just another line item on your policy; it’s a necessary safeguard, ensuring that your dream isn’t derailed by an unforeseen incident.

Understanding these exposures, dressing our dreams in the right armor, isn’t just about buying insurance. It’s about understanding our world, knowing our risks, and choosing to protect not just our establishments, but the dreams they’re built on.

In the next chapter, we’ll peel back the curtain on the world of brokers and insurance companies, demystifying their roles and understanding how choosing the right partners can make all the difference in our journey.



CHAPTER 3:

THE INS AND OUTS OF BROKERS AND INSURANCE COMPANIES - MY TAKE

Navigating the world of insurance in hospitality isn't just about understanding policies; it's about understanding people - the brokers and the companies that bring these policies to life. Let me take you behind the scenes, drawing from my own experiences to shed light on these key players.

Brokers vs. Insurance Companies - Knowing the Difference:

In my journey, I've learned that not all help is the same. A broker is more than just a middleman; they are your advocate, your guide in the complex world of insurance. They're the ones you turn to, the ones who understand your needs and scour the market to find the right fit for your establishment. On the other hand, insurance companies are the creators of the policies, the ones who bear the risk. Knowing the difference, knowing whom to turn to and when, is crucial.

The Value of Specialized Brokers:

In the hospitality world, generic solutions just don't cut it. This is where specialized brokers come into the picture. They're not just brokers; they're connoisseurs of the industry, armed with years of focused experience and a deep understanding of the unique risks we face. When you find a broker who specializes in hospitality, you're not just finding insurance; you're finding a partner who speaks your language, who understands that every establishment has its own story, its own set of challenges and needs.



The Journey with a Broker:

Engaging with a broker is the start of a unique journey. They're the ones who take your needs, your concerns, and your dreams and translate them into a policy that fits just right. But remember, this relationship is a two-way street. It's about communication, about being open and honest about your needs and about understanding that the right broker can make all the difference in your journey.

CHAPTER 4:

THE FINANCIAL FABRIC OF INSURANCE - INSIGHTS FROM MY LEDGER

In the world of hospitality, where every penny counts, understanding the financial nuances of insurance is not just good practice; it's essential for survival. Let's talk numbers, but more importantly, let's talk about what these numbers mean for our establishments.

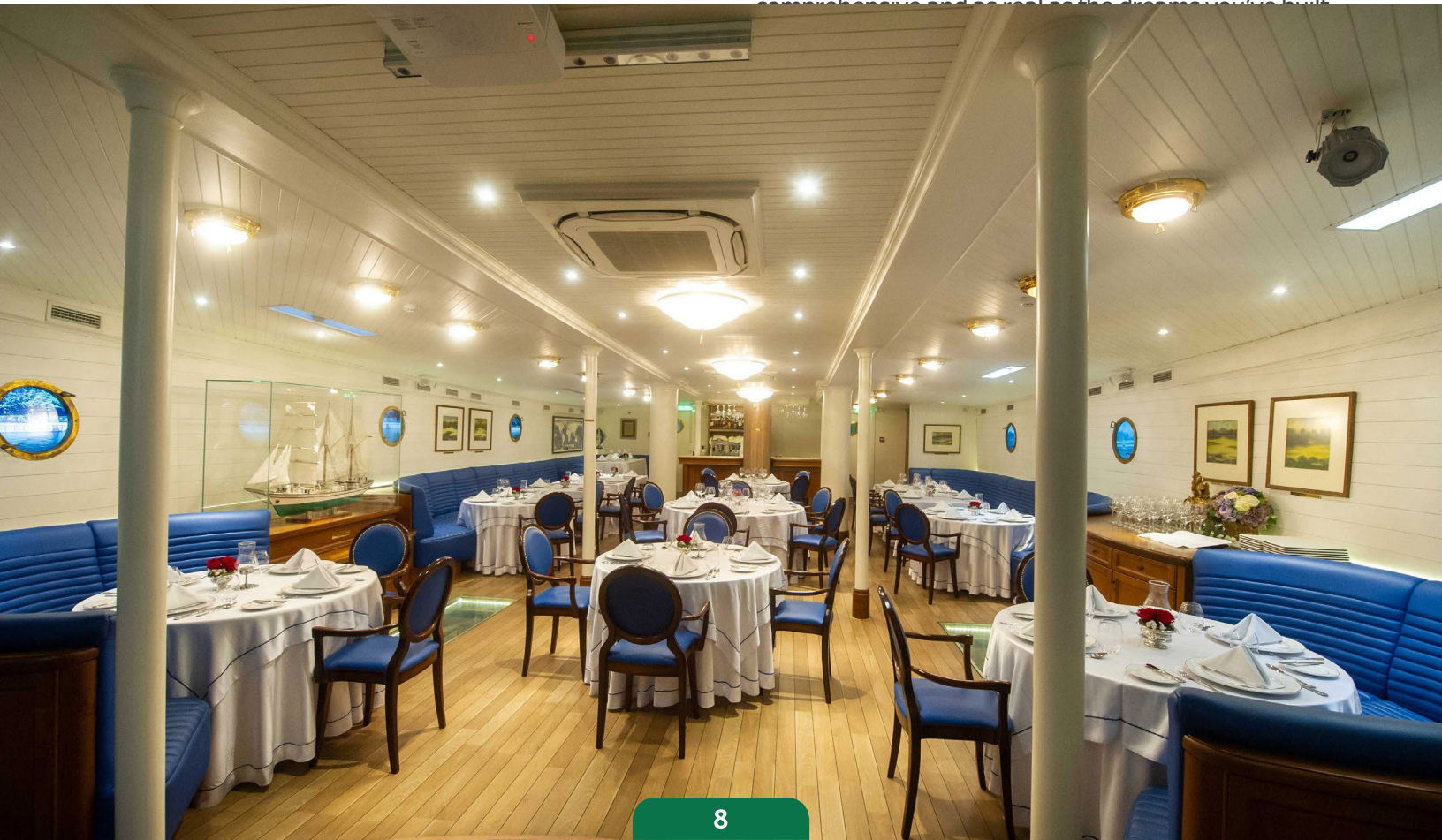
How Insurance Agents Get Paid - The Real Picture:

Misconceptions abound when it comes to agent compensation. The truth is, agents are paid a commission, a percentage of the premium you pay. But it's more than just a transaction; it's a testament to their service, their expertise and their commitment to finding you the best coverage. Remember that a good agent is not just selling a policy; they're securing your dream one policy at a time.

The Nitty-Gritty of Paying Your Policy - And Why It Matters:

Timely premium payments are the bedrock of your coverage. It's not just about keeping your policy active; it's about ensuring that when the unexpected happens, your policy stands strong, ready to protect your establishment. And then there's the audits – often dreaded, but undeniably important. These audits are not just about numbers; they're about ensuring that your coverage reflects your reality, safeguarding your establishment against the unexpected.

In the hospitality industry, every detail matters – from the ingredients in your signature dish to the fine print in your insurance policy. In the next chapter, we'll dive into the world of documentation, exploring the importance of certificates of insurance and the critical role of named insureds. It's about protecting your establishment, about ensuring that your coverage is as comprehensive and as real as the dreams you've built.



CHAPTER 5:

CERTIFICATES AND COVERAGE - NAVIGATING THE PAPER TRAIL

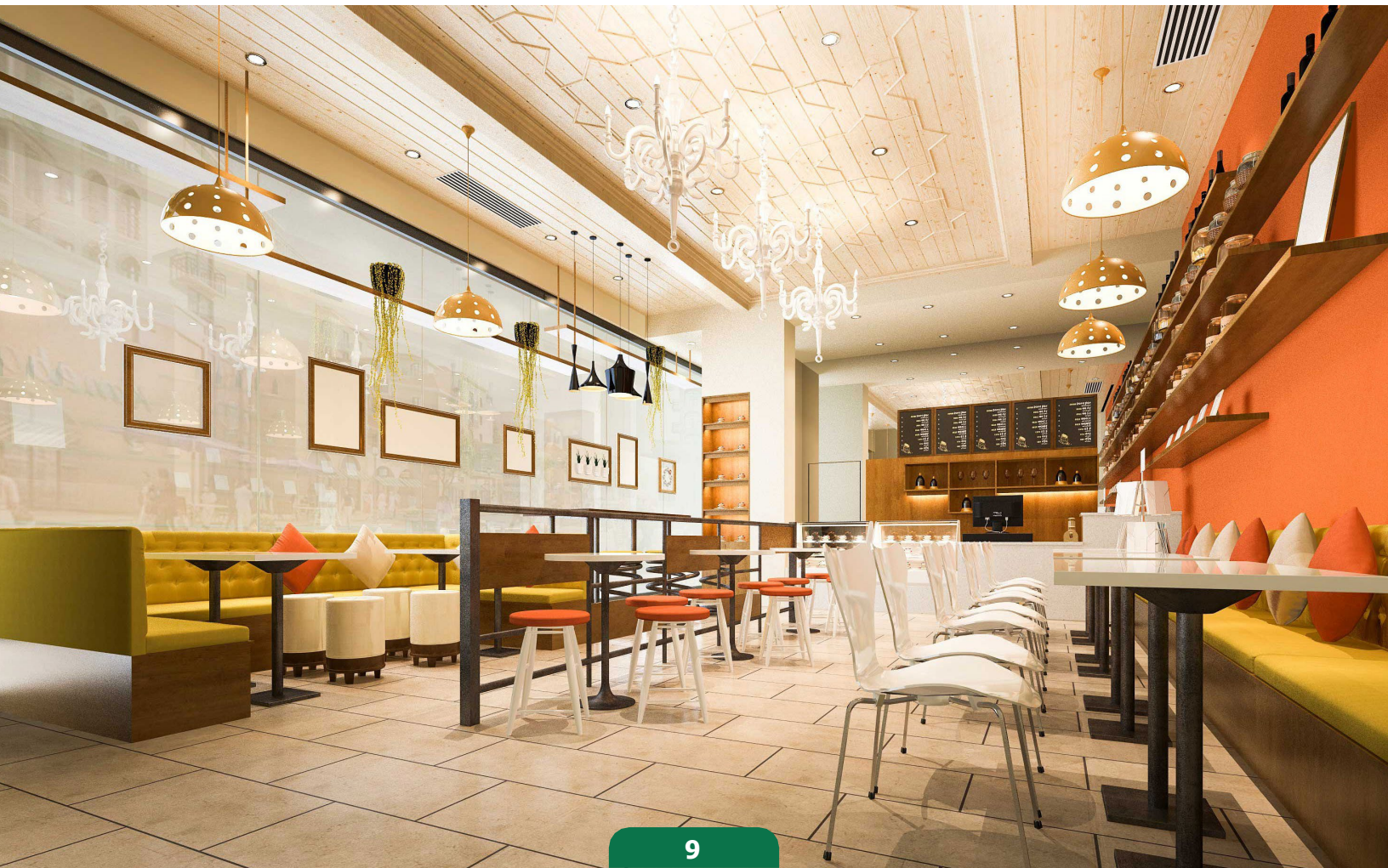
In the tapestry of hospitality insurance, every document and every certificate plays a crucial role. It's not just about having coverage; it's about proving it, about ensuring that every stakeholder in your dream, from vendors to landlords, understands and acknowledges your shield of protection.

Certificates of Insurance - More Than Just Paper:

I remember the first time I held a Certificate of Insurance in my hands. It was more than just a piece of paper; it was a promise, a tangible proof of protection. But here's the catch – not all certificates are created equal. Ensuring that these documents are accurate, that they truly represent your coverage, is paramount. They're not just for your records; they often extend coverage to other parties involved in your business. A misplaced word, a misinterpretation of coverage, can turn this shield into a mirage.

Named Insureds - The Devil is in the Details:

In the intricate dance of insurance, the 'Named Insured' is the star. It's essential that every entity, every LLC or corporation that's part of your establishment is accurately listed. I've seen businesses, friends in the industry, who've learned this the hard way. A claim arises, and suddenly, the absence of a name, a simple oversight, becomes a chasm, separating them from their much-needed coverage. It's not just a detail; it's the foundation of your protection.



CHAPTER 6:

BEYOND THE BASICS - EMBRACING COMPREHENSIVE BENEFITS

In the hospitality world, our focus is often on the immediate, the tangible – the property, the liability, the tangible risks. But there’s a realm beyond this, a realm of benefits often overlooked, yet profoundly impactful. Let’s explore these, not just as insurance options, but as investments in the longevity and prosperity of our establishments.

Life Insurance & Buy-Sell Agreements - A Safety Net for the Future:

I recall a fellow restaurateur, a friend, who brushed aside the idea of life insurance and buy-sell agreements. “It’s for the future,” he’d say. But the future has a way of stepping unannounced into our present. These aren’t just safety nets; they’re lifelines, ensuring that the dream you’ve built survives, thrives, and transitions smoothly, even when life throws its curveballs.

Key Person Life Insurance - Protecting Your Most Valuable Asset:

In our industry, every person is a key ingredient in the recipe of success. But there are those whose absence would change the entire flavor of our establishment. Key Person Life Insurance isn’t just a policy; it’s a tribute to their contribution, a recognition of their irreplaceable role in our narrative. It’s about ensuring that their absence, while deeply felt, doesn’t mean the end of the story.



Health Insurance - A Toast to Well-being:

In the hustle and bustle of service, amidst the clatter of dishes and the chatter of patrons, it’s easy to overlook the silent yet powerful role of health insurance. Offering quality health plans isn’t just about compliance or benefits; it’s a statement, a testament to the value you place on each person who’s part of your dream. It’s about building a team that’s not just skilled, but healthy, happy, and invested in the story you’re all creating together.

CONCLUSION:

CHOOSING YOUR INSURANCE PARTNER - THE FINAL INGREDIENT IN YOUR RECIPE FOR SUCCESS

Just like you wouldn't call a plumber to fix an electrical issue, or a doctor to repair your car, the world of insurance requires a specialist's touch, especially in the dynamic and nuanced realm of hospitality. Let's wrap up this journey with some final thoughts on selecting the perfect insurance partner, one who understands the rhythm of your business and resonates with the passion that fuels your establishment.

Finding the Right Fit - More Than Just Coverage:

In my years in this vibrant industry, I've seen the difference the right insurance partner can make. It's not just about finding someone who can sell you a policy; it's about finding someone who understands the heartbeat of hospitality, who appreciates the sweat and soul that goes into every service, every dish, every customer experience. This partner doesn't just offer coverage; they offer peace of mind, assurance, and a shared vision for the future.

The Importance of Specialization - A Shared Passion for Hospitality:

The right insurance partner doesn't just understand your needs; they anticipate them. They're not outsiders looking in; they're part of the very fabric of the hospitality world. They share your passion, understand your challenges, and celebrate your victories. Their specialization in hospitality isn't just a bullet point on their resume; it's a commitment, a promise to walk this journey with you, navigating every twist and turn with expertise and empathy.

The Journey Ahead - Together:

As we close this guide, remember, your journey in hospitality is unique, a story that's continually unfolding, with each chapter more compelling than the last. Your insurance partner is more than just a character in this story; they're a co-author, helping you write each chapter with confidence and foresight.

In the world of hospitality, where every detail matters, where every decision can tip the scales, choosing the right insurance partner is not just a smart business move; it's an essential chapter in your establishment's story. It's about protecting not just your investment but your dream, your vision, and the legacy you wish to leave.

As you turn the pages of this guide, remember, the choices you make today will shape the story of your establishment for years to come. Choose wisely, choose passionately, and always, always choose a partner who understands the heart and soul of hospitality.


With this, we conclude "Hospitality Insurance 101: A Guide by David 'DELO' De Lorenzo." Thank you for embarking on this journey through the intricate world of hospitality insurance. May the insights, experiences, and anecdotes shared within these pages guide you towards making informed, inspired, and impactful decisions for your establishment.

Connect with Dave DeLorenzo (DELO):

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- **Youtube Channel:** @iamthedelo (<https://www.youtube.com/iamthedelo>)

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2. **Agoge:** Join Agoge (<https://agoge.life/?ref=IAMTHEDELO>)
3. **Click and Mortar:** Explore Click and Mortar (<https://www.clickandmortar.com>)
4. **Dash Track:** Special Offer (<https://www.dashtrack.com/delo-special>)
5. **Eat Drink Creative:** <https://eatdrinkcreativeagency.com/>
6. **Purium Aminos** with DeLo's Discount (<https://ishoppurium.com/homepage?giftcard=DELO>)
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