

# COMMON EXPOSURES

Owning and operating a bed and breakfast can be a rewarding endeavour. However, inn operators have to manage numerous exposures related to lodging, and many offer amenities — including pools and restaurants — that can dramatically increase the number of insurable risks. The list below provides an overview of these bed and breakfast risks and more, helping you identify potential blind spots in your risk management and insurance programs.



## Property Exposures

Due to the volume of valuable items and equipment found in bed and breakfasts (e.g., bedding, furniture, HVAC systems, laundry machines and decorative artwork), property exposures are numerous. Complicating matters, property damage can be caused by a variety of factors, including equipment failures, plumbing issues, poor wiring, natural disasters, guests, employees and other third parties. What's more, water damage and fires have the potential to affect multiple rooms and floors, increasing costs and interruptions for your business.



## Equipment Breakdowns

To ensure the comfort of its guests, inns depend on functioning equipment. In the face of equipment breakdowns (e.g., HVAC system failures, power outages and appliance malfunctions), inns and lodges can experience business interruptions or even prolonged closures. What's more, equipment breakdowns can even lead to major property damage should an appliance leak or start a fire.



## Crime

Crime can be a challenge for inns, especially as employees, guests and vendors all have the opportunity to steal from you. To make matters worse, thieves can strike at any time, leaving owners to recoup any lost funds or valuables. Thieves do not need direct access to cash to steal from you — equipment and supplies are all fair game. What's more, in the event that a guest is the victim of a theft, you could be held responsible for the damages.



## Liability Exposures

Depending on its size, bed and breakfasts may have to manage the safety of employees and guests on a regular basis. Because of the high number of individuals entering and exiting the premises, liability exposures are significant and, when injuries occur at your business, you could be held responsible. Accidents related to slips, trips, falls, swimming pools, balconies and unauthorized access to your building are common and major sources of concern. Something as simple as a wet floor or an uneven surface can lead to costly insurance claims following an incident.



## Product Liability

If your bed and breakfast has an on-site restaurant, gift shop or offers room service, food and product liability can be a considerable concern. The potential for food poisoning, contamination, injury, spoilage and allergic reactions is ever present, making continued guest safety a challenge. In the event that one of your guests becomes ill due to your food, or accidentally ingests a foreign object found in one of your menu items or vending machines, your hotel could face legal ramifications and suffer irreversible reputational damage. What's more, owners must account for the potential danger of gift shop items.

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## **Liquor Liability**

Lawsuits related to liquor liability are filed each day, and it's increasingly common for victims and their families to file suits against restaurants for their role in serving a customer who is then involved in an alcohol-related accident. Making matters worse, all it takes is a single liquor liability claim to put your entire business at risk. Liquor liability exposures for owners can stem from selling liquor to underage individuals, overserving patrons and non-compliance with applicable legislation.



## **Data Safety**

The hospitality industry is a common target for cyber criminals, as these businesses often store sensitive customer data (e.g., names, addresses and credit card information). In addition, employees who are improperly trained on computer and data safety could put your business at risk for ransomware, viruses, phishing scams and malware. Compounding your exposures, many inns offer guest Wi-Fi that, if improperly secured, can put you and your guests at risk of an attack.



## **Business Interruptions**

Continuity is critical in business, and there are few things more important than continuous revenue and cash flow, particularly for small to medium-sized businesses. In fact, just one brief business interruption can be incredibly costly, often leading to serious reputational damages or long-term closures. Common interruptions can include natural disasters, fires, leaks, cyber security events and vandalism.



## **Automobile Exposure**

Depending on the services you offer, employees may be required to operate a vehicle on behalf of your business, creating automobile exposures in the process. While important for daily operations, the improper use of a vehicle can lead to potential accidents and major insurance claims. What's more, if you allow employees to use their own vehicles for work, standard commercial auto policies are often not enough. Additionally, providing valet parking can also create unforeseen challenges should a customer's vehicle get damaged.



## **Workers' Compensation**

Any time one of your employees is injured on the job, your business could be subjected to expensive workers compensation claims. Common sources of on-the-job accidents for inn operations include slips, trips, falls, musculoskeletal injuries caused by repetitive tasks, sprains and strains. Normal, everyday tasks related to cleaning rooms and carrying luggage for guests can lead to accidents and, in turn, increased costs for your business.

While the proper risk management practices can reduce certain exposures, no system is 100 percent effective in ensuring an incident-free workplace. As a result, it's all the more crucial to work with an expert who can assess your bed and breakfast exposures, but secure the appropriate coverage as well. To learn more, contact CBIZ Innkeepers Insurance today.