**Sinatra Hospitality Risk Solutions – UW Guidelines**

Version 1.0

Effective: mm/dd/yyy

**Program Scope**

These guidelines are owned by the Segmented business unit of Sinatra Hospitality Risk Solutions. These underwriting guidelines, in combination with the Letter of Authority Document, provide the authority for Sinatra Underwriting Managers to write business in the hospitality business segment.

The program will consist of high-quality insureds in the hospitality business located within the Authorized Coverage Territory.  Commercial General Liability (with a sub limited Assault and Battery) and Liquor Liability coverages may be written through this program on a non-admitted basis.

**Mix of Business**

Our threshold portfolio premium mix of business classes is no more than 5% Upscale Nightclubs and High-end Lounges with at least 95% of the business classes emanating from Casual Restaurants, Bars, Taverns with or without entertainment and or security.

**Program Authority**

Underwriting authority for this program is delegated to **TBD**, President Sinatra Underwriting Managers, and may be re-delegated upon approval of **TBD** Authority is granted to rate, quote, bind and issue policies on behalf of **TBD** within the scope of these guidelines and as delineated in the signed letter of authority. A copy of each underwriter’s underwriting authority for this program will be kept on file by Sinatra Underwriting Managers and provided to **TBD**.

Sinatra Underwriting Managers does not have the authority to deviate from the Underwriting Guidelines. Any exceptions to these guidelines must be referred to and approved by **TBD**. All underwriting referrals should be directed to your designated Program Underwriting Manager at Sinatra Underwriting Managers

REINSURANCE PLACEMENT

Sinatra Underwriting Managers will have no authority to place facultative reinsurance on behalf of **TBD carrier**.

Designated Program Underwriting Manager: **TBD**

**Authorized Coverage Territory**

The program is authorized in the United States of America excluding the States of AK, AL, CT, DC, NM, OR, SC, TX, VT, WA on a non-admitted basis.

All expansions are subject to **TBD** satisfactory underwriting review and confirmation of **TBD’s** Certificate of Authority and eligibility to write non-admitted business in each applicable state.

**General Underwriting Guidelines**

**Submission and Clearance Requirements**

**Account Registration/Duplicate Submission Management**

All policies must be cleared through **TBD** systems prior to releasing a quote. The system will check new business for duplicate submissions by lead Named Insured only.

**Underwriting Requirements & Methodology**

* Completed submissions
  + Sinatra Underwriting Managers will utilize our proprietary Program application which must be fully completed.
  + The submission should include currently valued carrier loss history covering a minimum of five (5) years, if applicable.
  + Verify all information with respect to the liquor exposure prior to binding to eliminate questions of acceptability of any location.
* Management
  + Experienced and loss conscious management who exhibit pride in ownership and service.
  + Interiors and exteriors of each facility or location must be well-lit and maintained.
  + Employee training is required. See section below “Employee Training and Enforcement”
  + Posting of age-limit signs and the display of carding procedures are encouraged.
  + The use of a video camera is desirable, as allowed.
* Controls
  + All appropriate controls must be in place and consistently applied. Specific loss control measures must be in place for the liquor exposure (storage, selling, etc.).
* Employee Training and Enforcement
  + Managers, Bartenders, and Servers must have alcohol awareness training. Alcohol awareness training includes, but is not limited to, programs such as Training for Intervention Procedures by Servers of Alcohol (TIPS), Techniques of Alcohol Management (TAM) Controlling Alcohol Risks Effectively (CARE) driving).
  + Managers, Bartenders, and Servers must have annual training on the written procedures established by the Insured, as noted.
* Security Protocols
  + Security provided by employees - Written documentation annually that all are properly trained and recertification is required every 2 years.
  + Third Party Security – when engaged must provide a full copy of the contract and COI. All contracts are reviewed for acceptable indemnification and risk transfer language. Review all certificates for A/I status to ensure the limits are equal to or have greater limits. If the contract or COI is unacceptable, we will either decline to quote or issue NOC and cancel the policy if the required information is not provided before the cancellation date.
* Age Verification (Carding)
  + Servers are required to verify legal drinking age, via a government-issued ID, of all patrons.
* Written Procedures
  + Formal, written procedures for dealing with intoxicated customers, including denial of service, “call a cab” programs, contacting police should be included in the procedures. The Insured must train all employees to follow these mandatory procedures.
* Loss Experience
  + Review all GL and liquor related loss and assess claim frequency.
* Other Considerations
  + Social Media Analysis - includes deep dives into social media. If a bar posted past advertisements about drinking games, open bars or all you can drink promotions, we are ensuring via written signed statements from the applicant that these ineligible exposures are immediately stopped and removed from all platforms and no longer occurring, or we will decline the risk.
  + Review Business Hours - venues that stay open past normal hours as they may or may not adopt other protective safeguards such as security to ensure overall patron safety. This is a crucial exposure that must be clarified.

**Additional Requirements after Binding**

Signed binding documents required at binding

All additional underwriting subjectivities received within 10 days of binding

Signed State forms – if applicable by state

**Limits, Deductibles and Eligible Coverage forms**

Sinatra Underwriting Managers will be using proprietary, manuscript, and ISO coverage forms. Appendix C of this guide will show the complete list of forms.

**Lines of Coverage and Limits**

Commercial General Liability, Liquor Liability, Assault & Battery, & Employee Benefit Liability

**GENERAL LIABILITY:**

$2,000,000 Aggregate

$2,000,000 Products & Completed Operations Aggregate

$1,000,000 Occurrence

$1,000,000 Personal & Advertising Injury Limit

$ 100,000 Fire Damage Legal Liability ($500,000 Maximum Limit)

$EXCLUDED Medical Expense (or $5-10k Maximum Limit)

$1,000,000 Hired & Non-Owned Liability (Delivery and Valet Parking excluded)

**Liquor Liability:**  $1,000,000 Occurrence

$1,000,000 Aggregate ($2MM Maximum)

**Assault & Battery:** $1,000,000 Each Occurrence

(Limited Coverage Per Form) $1,000,000 Aggregate

$25,000 - $500,000 sub-limits available

Coverage may be Excluded based off Risk Profile and Underwriting Discretion. Credit applied for lower limit or excluded

*A&B Coverage Form erodes the GL Aggregate (Per Manuscript Form)*

**Employee Benefits Liability:** $1,000,000 Each Employee

$2,000,000 Aggregate (Maximum)

$ 1,000 Deductible

Policy Fee: **$TBD** per Policy

Loss Control Fee: **$TBD** per Location

Risk Engineering & Loss Control: See Appendix A

GL Class Codes: See Appendix B

Forms List: See Appendix C

**Risk Considerations / Target Classes / Ineligible**

**Program ELIGIBLITY**

* Full-service Restaurants
* Casual Dining Restaurants with or without liquor, and with or without table service, and with or without entertainment and/or dancing
* Bars, taverns, pubs with or without entertainment
* Small Nightclubs and Upscale Lounges < 300 capacity
* Comedy Clubs
* Karaoke Bars
* Incidental gaming is acceptable (excludes casinos)
* Minimum of 5 years of operating or management experience in industry
* Less than 500-person maximum occupancy – including outdoor venues
* Acceptable financial status (financial ratios equal to or better than industry average or satisfactory credit.net rating (D&B Score of 1, 2 or 3 acceptable or a D&B Financial Stress Score above 20%; otherwise, FY Financials or P&L Statement required)
* Managers, Bartenders, and Servers must have alcohol awareness training. Alcohol awareness training includes, but is not limited to, programs such as Training for Intervention Procedures by Servers of Alcohol (TIPS), Techniques of Alcohol Management (TAM) or Controlling Alcohol Risks Effectively (CARE).
* Managers, Bartenders, and Servers must have annual training on the written procedures established by the Insured.
* Risks with EMPLOYEE security personnel exposures require written proof of completion of security training provided by a state accredited vendor undertaken by all security personnel, bouncers, doormen, ID checkers and/or those that perform similar duties
* Risks with 3rd party contracted security must provide copy of acceptable contract with indemnity provision and COI naming our Insured as A/I PRIOR to Binding
* Habitational exposures under control of the Insured with two apartments or less, and owner occupancy is preferred. Family members and employees are acceptable tenants as it relates to GL and Property.
* Minimum receipts of $500,000 (Including liquor sales)

**Program INELIGIBLE**

* Live music venues (defined as):
  + Venues where the primary focus is attracting patrons to the venue via ticket sales for a live musical/concert performance
  + Concert Hall or Amphitheatre with third party ticket sales (Clear Channel or Ticket Master, etc.)
  + Any Concert Hall or Amphitheatre indoor or outdoor with focus on national touring acts
* Monoline Liquor Liability coverage
* Monoline Property coverage
* Adult entertainment establishments (Strip Clubs-Gentlemen’s Clubs-Exotic Clubs)
* Under 21 venues other than restaurant type risks
* Quick Serve Restaurants that are part of a national franchise chain
* Fast Food Restaurants
* Dancing on bars, speakers, or other raised platforms, unless intended for dancing and with proper safety protocols documented in underwriting file
* Any risk that permits use of pyrotechnics – (Example - associated with concerts and large Events – Flash Bangs, Flash Pots, large scale incendiary fireworks, Flame Throwers)
* Foam parties
* Stage diving, mosh pits, axe throwing activities or any activity that is deemed hazardous
* Risks promoting drinking games such as beer pong
* Risks that do not have certified alcohol server training
* Risks with outsourced security that do not provide certificates of insurance naming the Insured as Additional Insured as well as acceptable agreement with indemnity provision and proper risk transfer
* Concession operations
* Country Clubs, including golf and tennis
* Camps
* Athletic facilities on the insured premises – tennis, volleyball, basketball courts, bowling alley
* Seasonal operations (risks closed for 30 or more consecutive days)
* Vacant buildings
* Any pool exposure/operations
* Risks having been cited for fire or life safety code violations that resulted in suspension or closure within last 5 years
* Risks with invalid, outdated, or revoked liquor licenses
* Principals and/or Managers with criminal law violations
* Establishments exhibiting signs of operating difficulties, liquor violations, or revocation of any licenses
* Venues entertaining Fraternities & Sororities promoters
* Sportsmen's Clubs
* Rod & Gun Clubs
* Civic or Social Clubs – Private or Public
* Bottomless drink promotions
* Risks where asbestos, lead, and mold cannot be excluded; however, state required adjustments to the exclusions are allowable
* Risks with Docks, Piers, Pools, Lakes, or Ponds on the Designated Premises
* Any Entity with OFAC Sanctions
* General Liability coverage where entity has liquor exposure, not covered by this program

**GENERAL LIABILITY**

**Exclusions:**

* The following Exclusions (where allowed by statute) will apply (this list is not all inclusive, refer to your current forms list for all current exclusions, including state specific exclusions):
* Absolute Asbestos
* Assault & Battery
* Pollution – Total Pollution Exclusion with a Hostile Fire Exception
* Fungus or Bacteria
* Lead
* Silica or Mixed Dust
* Recording and Distribution of material or Information in Violation of Law
* Communicable Disease
* Trade of Economic Sanctions Endorsement
* Abuse or Molestation
* Firearms
* Access or Disclosure of Confidential or Personal Information
* Employment Related Practices
* Valet Operations
* Delivery Operations

All Named Insureds must be defined, and ownership must clearly be tied to the first Named Insured.

Employee Benefits Liability retroactive date is the most recent effective date with the Company or retroactive with a copy of an expiring policy declarations page evidencing continuous coverage.

**General Liability Rating:**

Rates will be selected to ensure program performance is in line with the targeted loss pick. Specifically, rates are being developed based off ISO Rates and will be verified by the Sinatra Underwriting Managers actuarial team.

**Pricing and Rate Range**

In addition to the rating information as shown in the underwriting considerations above, the below are also applied. Further information regarding specific tiering will be included.

**General Liability Class Codes & Rate Guide:** See Appendix B

**LIQUOR LIABILIITY**

* Each location must be individually underwritten. The underwriter should not assume that each location is either identical or acceptable.

Liquor Liability Limits

* Up to $1M Each Common Cause/ $2M Aggregate
* Up to $1M Each Common Cause/ $1M Aggregate for DC, HI, NH, PA, SC and NJ *(Heavy Entertainment focused bars on the Jersey Shore will be declined) Any requests to exceptions must be referred to the President or Chief Underwriting Officer of* Sinatra Underwriting Managers

**Liquor Liability in the Tiering Approach to New and Renewal Accounts**

* No LL claims past 4 years:
  + $1M/$2M LL limits
* One (1) LL claim and associated LL loss payment <20% total loss ratio past 4 years:
  + $1M/$2M LL limits with debit applied
* One (1) LL claim and associated LL loss payment >20%<35% total loss ratio past 4 years:
  + $1M/$1M maximum LL limits with debit applied
* One (1) or more LL claims and associated LL loss payment >35% total loss ratio past 4 years: Declination of submission unless referred and approved - Maximum $500k/$1MM limits

**Ineligible for Liquor Liability Coverage**

* Any risk (other than new ventures) which has not previously maintained LL coverage.
* Risks with 2 or more prior liquor liability claims.
* Risks with bottomless drink promotions.
* Risks without certified alcohol training for all employees responsible for service of alcohol.
* Any risk promoting drinking games.

**ASSAULT & BATTERY**

To avoid potential stacking of limits (GL, LL and/or A&B), mandatory Assault & Battery Exclusion forms are included on all GL and LL coverage parts.

A sub-limited Assault & Battery coverage is included under the GL coverage part using either a defense inside the limits or defense outside the limits form for eligible risks. These sub-limits are included within, and not in addition to, the policy GL aggregate.

* The standard sub-limit for Assault & Battery is $1,000,000/$1,000,000 with lower limits available.
* Available sub-limits when requested by insured and the underwriter deems account warrants lower limits:
  + $1,000,000/$1,000,000 limit: Base quote
  + $500,000/$500,000 sublimit: 2% credit applies to the GL quoted premium
  + $250,000/$250,000 sublimit: 4% credit applies to the GL quoted premium
  + $100,000/$100,000 sublimit: 6% credit applies to the GL quoted premium
  + Excluded: 10% credit applies to the GL quoted premium
* Assault, Battery, or Other Physical Altercation Exclusion is required on any account that has had two or more assault or battery losses; however, the A&B Limited Coverage (with defence inside limits) form may be referred.
* If the expiring Sinatra policy excludes Assault or Battery, then Assault or Battery coverage will not be offered to the Insured.
* If the expiring Sinatra policy has Assault or Battery sub-limits that are less than $1,000,000/$1,000,000, then only sub-limits for that same limit or less will be offered to the Insured.
* Lower A&B limits may be provided if the loss runs indicate a prior A&B loss depending upon the severity and/or the circumstances of the loss. In this instance defence costs would be within the A&B limit provided. We look at what measures have been implemented to minimize or reduce this exposure.

**Assault & Battery in the Tiering Approach to New and Renewal Accounts**

* No A&B claims past four (4) years:
  + - $1M/$1M limits (Defense Outside the Limits form)
* One (1) A&B claim and associated A&B loss payment < 20% total loss ratio past 4 years:
  + - $1M/$1M limits (Defense Inside the Limits form) with debit applied
* One (1) A&B claim and associated A&B loss payment > 21% < 35% total loss ratio past 4 years:
  + - Reduced A&B limits (Defense Inside the Limits form) with debit applied
* Two (2) or more A&B claims:
  + - A&B excluded unless referred and approved – Maximum $100k/$100k limits (Defense Inside the Limits form) with debit applied
* One (1) or more A&B claims and associated A&B loss payment >36% total loss ratio past 4 years:
  + - Mandatory A&B Exclusion

If insured has a 3rd party contractor for security and their certificate notes they do not have a matching A&B limit on their policy, we will give the insured 3 options to remain eligible for the program and not have their policy cancelled:

1. Insured to request the 3rd party security company increase their A&B limits to match the limits provided to our insured and provide an updated COI for our files.
2. Insured can lower their limits to match those of the 3rd party security company by providing a written signed request and the policy would be endorsed effective as of the inception date.
3. If the insured does not agree to either of these options, the policy will be cancelled via NOC.

Accounts will be tiered based on frequency regardless of loss ratio. Accounts with both claims frequency and severity issues will be restricted in both coverage and limits or declined as represented in the Assault and Battery and Liquor sections above.

**Ineligible for Assault & Battery Coverage**

* Any risk with employee security that has not completed a state-accredited security training program.
* Any risk with contracted security that has not provided acceptable security contracts with proper indemnity provisions and COI with matching A&B limits.
* Any risk with a history of prior violent incidents.

**File Documentation**

Adequate file documentation is a requirement for this program. At a minimum, the following documents must be retained in the account file:

* Completed Program application signed by Producer and Applicant
* OFAC – all Named Insureds, Additional Insureds, Loss Payees and Mortgagees
* Signed TRIA / Terrorism selection forms
* Fully completed Underwriting Report
* Company selection documentation (if applicable)
* Retail agent commission (if applicable)
* Currently valued insurance company loss runs for the current and most recent four years on all accounts
* "No loss letters" for accounts less than $15,000 at binding with loss runs within three (1) months of binding
* Description of any claim in excess of $25,000
* Account underwriting documentation including detailed description of operations, exposures, controls including incidental operations, and details of any application responses warranting additional underwriting follow-up.
* Engineering reports or loss control program – compliance with loss control or accident prevention recommendations and follow-up
* Certificates of Insurance (COIs) issued by the broker
* Mortgagee and Loss Payee information
* Crime application if Crime is being written on the policy
* Referral Checklist and any other items pertinent to the referral
* All correspondence including quotes
* Bind order
* Binder (if issued) and copies of policy released to agent
* Endorsements
* Cancellations and reinstatements

**Premium Audits**

* All policies are non-auditable. P&L or POS system Reports are required on all renewals.

**Referrals to Carrier**

The following exceed the Program underwriting authority, and must be referred to either Sinatra Underwriting Managers President or Chief Underwriting Officer and to MS Transverse:

* Any risk that falls outside the eligibility criteria outlined above.
* Any "account" where the "quoted premium" exceeds $100,000.
* Any "account" where the loss ratio is greater than 40% for the past 5 years including the current year. Loss ratio will be calculated using the current quoted premium for all years for each of the last five years divided into the losses generated in those years.
* Any "account" with an incurred loss greater than $100,000.
* Any "account" with a fatality, head trauma, amputation, or paralysis claim.
* Any "account" with two or more liquor / dram shop claims in the past 5 years including the current year.
* Any "account" with employed **armed** security.
* Any "account" with > 6 locations.
* Any "account" with a known bankruptcy or receivership in the past 3 years.
* Any "account" outside of the Program Administrator's Underwriting Authority.
* Any "account" request to waive any premium.
* Any renewal "account" that has not complied with any critical/mandatory recommendations.
* Any facultative reinsurance request.
* Anything not covered in the Reinsurance agreement.
* Anything not covered under these underwriting guidelines.
* Risks that exceed the limits shown in “Limits of Liability” section.

**General Liability**

* Any "account" quoted with a rate less than the Minimum Final Rate shown in the rate grid.
* Any "account" with two or more Assault or Battery claims in the last 5 years including the current year.
* Any off-site event with an open bar.
* Any account to be quoted without mandatory Firearms Exclusion.

**Referral "Account" Approvals**

Referrals previously approved are good for the current and next two renewal terms unless:

* Another referral criterion is triggered; or
* The "account" has not complied with quote conditions or critical loss control recommendations.

NOTE: If the account was not bound for the period referred, the approval is not valid in the future for any subsequent submission.

**Referral Requirements**

* Maximum 48 hour referral turnaround time
* Referral information should follow the Referral Checklist below, and include the reason for the referral, support for the underwriting risk selection and pricing decision and a full analysis of the risk including the file and supporting documents.
* If risk is referred due to loss history or loss activity, most updated claims report (if incumbent) and updates to risk management protocols should be included in referral.
* If risk is referred due to number of claims: for the determination, use paid and/or reserved claims. If claim was paid/reserved under another carrier’s policy, underwriter should seek more information and background on the claim including remedial and risk mitigation actions taken.
* If a risk is approved, the referral is valid for 3 years from date of inception, assuming no material change in the risk (change of +/- 20%) and the reason for referral hasn’t changed.

Referral response to be filed by Sinatra Underwriting Managers as part of their underwriting file.

**Claims and Claims Handling**

The claims process is managed by **TBD.**

**Risk Management**

SEE APPENDIX A

**TRIA**

Documentation of TRIA offer is required along with documentation of insured’s rejection of coverage.

**OFAC**

Sinatra Underwriting Managers is required to comply with Federal mandates including the Trading With The Enemy Act that is regulated by the Office of Foreign Assets Control, commonly known as “OFAC”. Sinatra Underwriting Managers will comply with OFAC directives relating to the sale, binding and issuing of our insurance products.

The insurer may audit OFAC compliance procedures and/or request proof of compliance at any time.

OFAC regulations prohibit transactions with certain persons and organizations listed on the OFAC website as “Terrorists” and “Specially Designated Nationals and Blocked Persons,” as well as listed embargoed countries and regions. Sinatra Underwriting Managers is responsible for verifying compliance with this list on an ongoing basis. The U.S. Department of the Treasury maintains the official OFAC Sanctions list via this website:

https://home.treasury.gov/policy-issues/office-of-foreign-assets-control-sanctions-programs-andinformation

**Certificates of Insurance**

The standard industry form is an ACORD Certificate (ACORD 25).

**Alterations of Certificate of Insurance Wording are not authorized.**

The most encountered alterations include:

1. Deletion of the **statement that the certificate does not affirmatively or negatively amend, extend, or alter the coverage afforded by the policies below.** Without this statement, the certificate may be misinterpreted as an extension of coverage. In addition, many states require that this statement be included. Therefore, **this statement must not be deleted**.

**Increased notice requirements to 60 or 90 days to the certificate holder.** This increased notice requirement is generally acceptable. However, the notice requirement must not be increased for cancellation for non-payment of premium.

**Additional Insured**

All A/I requests to be reviewed and approved by Underwriter with proper documentation of relationship with named insured in writing and documented in file, AP may apply.

**Backdating**

Backdating of coverage should be limited in use, and generally only considered under the following scenarios:

* Binding instructions are received during a holiday, weekend, or late on the date of binding.
* Exigent/extenuating account specific circumstances.

**Requests to backdate coverage other than these circumstances require a referral to the carrier and must be in accordance with any reinsurance agreement.**

**Policy Issuance / Processing Guidelines**

* All policies will be issued within 30 days of binding.
* After binding, the policy premium will be due for the term within 30 days of the effective date.
* Sinatra Underwriting Managers will collect the following for signature
  + Selection/rejection coverage forms (ie. TRIA, UM/UIM, PIP, etc.)

**Cancellations, Reinstatements and Non-renewals**

* Cancellation and non-renewal guidelines will follow the specific non-admitted statutory guidelines of the state of domicile.
  + Requests for shorter notice of cancellation period than required by non-admitted statutory guidelines must be referred to Transverse for approval.
* Sinatra Underwriting Managers is responsible for issuance of notice of cancellation/non-renewals.
* No authority is granted for flat cancellations of accounts bound unless evidence of duplicate coverage is provided. All cancellations by the agent will contain appropriate documentation and notices as required.
* Reinstatements are allowed in the event of a cancellation for non-payment. The window of reinstatement must be within 10 days of the cancellation, and we must have full payment and statement of no losses.
* Underwriter decision for all other reinstatements should be clearly stated in the underwriting documentation file

**Policy Term**

* Policy coverage is for a term of one calendar year.
* Policies cannot be written for a term of less than one year, except for concurrency reasons.
* Any policy term more than 12 months must be referred to the Sinatra Underwriting Managers President or Chief Underwriting Officer.

**Data Reporting Requirements**

Sinatra Underwriting Managers will maintain and provide the following data reports to **TBD** monthly:

* Premium Bordereau / Data for Company modelling reports
* Surplus Lines Report
* Policy Registers
* Price Monitoring/rate change Report
* Aggregation reports per aggregated limit section
* Claims report

Regulatory Authority filings: Any applicable regulatory filings will be made by Sinatra Underwriting Managers.

**Premium Collection**

Agency Bill – full pay only

**Underwriting Audit**

Underwriting audits will be performed by the Carrier on a twice yearly at the Carrier’s discretion to review compliance with program guidelines, except for the first year of this agreement, where there will be a Post Implementation review no later than six months after inception of the program and an audit, in lieu of two audits. Audit will be conducted remotely through electronic file review, format to be established.

**Large Loss Reporting**

Large Loss memos are due within 10 days of learning of the loss for any loss that is expected to exceed $250,000.

Underwriting authority and guidelines are granted to you per this "Authority & Guidelines Statement". This authority is subject to all limitations contained within your Underwriting Guidelines and all secondary guidelines and authorities, whether documented herein. Authority granted in this statement shall continue in force until such time that a modified statement is issued to you.

It is your responsibility to remain within your authority unless the proper approvals have been obtained. Violation of assigned authority has potential negative impact to the profitability of our business unit and broader organization. The Company will hold individuals accountable as violations may have harmful impact on the Company's business, its customer relationships, and profitability.

Signature by the individual to whom this authority is issued confirms the acceptance and understanding of the information contained herein, as well as the commitment to follow all Underwriting Guidelines and authorities described.

By signing below as underwriter or underwriter assistant, you are acknowledging that you have read and understand the Underwriting Guidelines.  You will be required to acknowledge any modifications that may occur from time to time.  Your acknowledgement must be returned within 15 days of receipt to the Vice President of Underwriting and will be placed in your personnel file.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_                                 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature                                                                     Date

Please print:

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title:  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Signatures and Authorizations**

The parties below have agreed to these guidelines.

**Sinatra Underwriting Managers**  **Capitol Partner LLC TBD**

operating through division Sinatra Hospitality Risk Solutions

By: By:

Name: Name:

Title: Title:

Date: Date:

**Appendix A – Risk Engineering & Loss Control**

Loss control completed by **TBD** will be billed to the insured at a cost of **$TBD** per Location. If the Program Administrator is unable to survey all locations on the policy within the established time frames, notice of cancellation will be issued.

Loss Control survey will be conducted by **TBD** upon binding of new business and every three years on renewals, subject to Underwriting discretion if more frequent survey is needed.

However, even if the account meets this TIV profile, a physical survey can and should be ordered when:

* Exposure or loss experience/trend/frequency/severity warrant
* Risk is a new venture or has been in business for less than 3 years
* Protection Class 8, 9, 10

**Note:** Physical survey and/or telephonic survey is required to be ordered with 10 days of binding. Report should be completed within (45) days of ordering. Consideration needs to be taken on state DOI requirements for cancellation.

All risks will be subject to cancellation if mandatory recommendations are not completed within a reasonable amount of time.

Sinatra Underwriting Managers is responsible for reading the loss control report and verifying the information provided in the report agrees with the information provided in the application and submission. It is the Sinatra Underwriting Managers responsibility to make sure that we rated for, or addressed, all operations.

Sinatra Underwriting Managers is responsible for follow-up and resolution of all loss control recommendations. Accounts may not be renewed with any open Essential Recommendations. Sinatra Underwriting Managers does not have authority to waive any recommendation.

**Appendix B – GL Class Codes**

**Primary Class Codes**

|  |  |
| --- | --- |
| 15656 | Nightclubs, Cabarets and Comedy Clubs |
| 16900 | Restaurants - with no sale of alcoholic beverages - with table service |
| 16901 | Restaurants - with no sale of alcoholic beverages -without table service |
| 16902 | Restaurants - with no sale of alcoholic beverages – without eating service |
| 16905 | Restaurants - Bring Your Own Alcohol - with no sales of alcoholic beverages - with table service 16906 Restaurants - Bring Your Own Alcohol - with no sales of alcoholic beverages without table service with seating |
| 16910 | Restaurants - with sale of alcoholic beverages that are less than 30% of the annual receipts - with table service |
| 16911 | Restaurants - with sale of alcoholic beverages that are less than 30% of the annual receipts - without table service with seating |
| 16915 | Restaurants - with sale of alcoholic beverages that are 30% or more of but less than 75% of the total annual receipts - with dance floor |
| 16916 | Restaurants - with sale of alcoholic beverages that are 30% or more of but less than 75% of the total annual receipts -without dance floor |
| 16920 | Restaurants -with sale of alcohol beverages that are 75% or more of total annual receipts of the restaurants - with tables - with dance floor - table service |
| 16921 | Restaurants - with sale of alcohol beverages that are 75% or more of total annual receipts of the restaurants - with tables - with dance floor - no table service |
| 16930 | Restaurants - with sale of alcohol beverages that are 75% or more of total annual receipts of the restaurants - with tables - without dance floor - table service |
| 16931 | Restaurants - with sale of alcohol beverages that are 75% or more of total annual receipts of the restaurants - with tables - without dance floor - no table service |
| 16940 | Restaurants - with sale of alcohol beverages that are 75% or more of total annual receipts of the restaurants - bar service only (no tables) - with dance floor |
| 16941 | Restaurants - with sale of alcohol beverages that are 75% or more of total annual receipts of the restaurants - bar service only {no tables) - without dance floor |

**Secondary Class Code** – Incidental

|  |  |
| --- | --- |
| 60010 | Apartment |
| 10100 | Bakeries |
| 11039 | Caterers |
| 41677 | Consultants for management/licensing agreements (minimum of $500 flat charge) |
| 12361 | Distributors - food or drink |
| 61212 | Lessors Risk Only |
| 61224 | Office |
| 16750 | Online Sales |
| 46622 | Parking |
| 58456 | Publishers - books |
| 68706 | Storage |
| 18435 | Stores - food or drink |
| 18437 | Stores - no food or drink |

**CALCULATION OF PREMIUM**

**General Liability**

* Composite Rate Range (includes General Liability and Liquor Liability rate): GL premium plus Liquor premium= total premium divided by total sales per $1000 = composite rate
* The target rate on the program is the midpoint rate shown in the rate grid below.
* If pricing is needed, the debit or credit mod must be input in the 'Other Factor' field, not the schedule pricing field.

**Rate Guide Grid**

|  |  |  |  |
| --- | --- | --- | --- |
| **Operation Type** | **Minimum**  **Final Rate** | **Midpoint**  **(Book avg. Rate)** | **High**  **End Rate** |
| Restaurants with <35% liquor and Quick Serve Restaurants | $6.00 | $8.00 | $12.00+ |
| Restaurants with 35%-65% liquor | $10.00 | $12.00 | $15.00+ |
| Bars, Taverns and Pubs | $12.50 | $15.00 | $20.00+ |
| Pure Nightclubs | $25.00 | $28.00 | $30.00+ |

**In determining the composite rate above, use the Liquor Liability A-rate below\*:**

I Liquor Liability I $5.00

\*The Liquor Liability A-rate is $5.00 for all states.

* TRIA pricing is 2% of the General Liability premium if terrorism is accepted.
* Rates are with or without entertainment

**Appendix C – Forms List**

**Forms and Endorsements - Mandatory**

|  |  |  |
| --- | --- | --- |
| **Type** | **Number** | **Name** |
| Liability | IL 00 17 11 98 | Common Policy Conditions |
| Liability | IL 00 21 09 08 | Nuclear Liability Exclusion Endorsement |
| Liability | CG 00 01 04 13 | Commercial General Liability Coverage Form |
| Liability | CG 00 68 05 09 | Recording and Distribution of Material or Information in Violation of Law Exclusion |
| Liability | CG 21 06 12 23 | Exclusion – Access or Disclosure of Confidential or Personal information |
| Liability | CG 21 09 06 15 | Exclusion – Unmanned Aircraft |
| Liability | CG 21 32 05 09 | Communicable Disease Exclusion |
| Liability | CG 21 44 04 17 | Limitation of Coverage to Designated Premises or Operations |
| Liability | CG 21 46 07 98 | Abuse Or Molestation Exclusion |
| Liability | CG 21 47 12 07 | Employment-Related Practices Exclusion |
| Liability | CG 21 65 12 04 | Total Pollution Exclusion with a Building Heating, Cooling and Dehumidifying Equipment Exception and a Hostile Fire Exception |
| Liability | CG 21 67 12 04 | Fungi or Bacteria Exclusion |
| Liability | CG 21 96 03 05 | Silica or Silica-Related Dust Exclusion |
| Liability | CG 28 06 01 96 | Limitation of Coverage to Insured Premises (Liquor Liability) |
| Liability | CG 40 32 05 23 | Exclusion-Perfluoroalkyl and Polyfluoroalkyl Substances (PFAs) |
| Liability |  | General Liability Extra Endorsement |
| Liability |  | Minimum Earned Premium Endorsement |
| Liability |  | Pending Suit Endorsement |
| Liability |  | Service of Suit Clause |
| Liability |  | Trade or Economic Sanctions Endorsement |
| Liability |  | Conformity with State Statutes |
| Liability |  | Exclusion Punitive Damages |
| Liability |  | Cross Suits Exclusion |
| Liability |  | Lead Liability Exclusion |
| Liability |  | Total Asbestos Exclusion |
| Liability |  | Exclusion – Firearms |
| Liability |  | Exclusion –Amusement Rides |
| Liability |  | Exclusion – Described Hazard - Fireworks, Explosives, Pyrotechnic Devices or Incendiary Devices |
| Liability |  | Exclusion – Libel, Slander, Disparagement, Privacy Violation and  Advertising Injury Arising Out of Exhibitions and Related Marketing |
| Liability |  | Exclusion – Performer or Crew |
| Liability |  | Exclusion – Participant |
| Liability |  | Entertainment – Limitation of Coverage |
| Liability |  | Assault, Battery or Other Physical Altercation Exclusion (CGL) |
| Liability |  | Assault, Battery or Other Physical Altercation Exclusion (LL) |
| Liability |  | Assault or Battery Limited Coverage Endorsement – GL (defense outside) |
| Liability |  | Assault or Battery Limited Coverage Endorsement – GL (defense inside) |
| Liability | AGL 20 23 | Exclusion-Delivery Services- Mandatory When Hired and Non-Owned Liability offered |
| Liability | AGL 20 24 | Exclusion Valet Services- Mandatory When Hired and Non-Owned Liability offered |

**Forms and Endorsements – Optional**

|  |  |  |
| --- | --- | --- |
| **Type** | **Number** | **Name** |
| Liability | CG 00 33 04 13 | Liquor Liability Coverage Form |
| Liability | CG 04 35 12 07 | Employee Benefits Liability Coverage |
| Liability | CG 20 10 12 19 | Additional Insured – Owners, Lessees or Contractors – Scheduled Person or Organization |
| Liability | CG 20 12 12 19 | Additional Insured – State or Governmental Agency or Subdivision or Political Subdivision – Permits or Authorizations |
| Liability | CG 20 26 12 19 | Additional Insured – Designated Person or Organization |
| Liability | CG 21 33 11 85 | Exclusion – Designated Products |
| Liability | CG 21 35 10 01 | Exclusion – Coverage C – Medical Payments |
| Liability | CG 21 53 01 96 | Exclusion – Designated Ongoing Operations |
| Liability | CG 21 70 01 15 | Cap on Losses from Certified Acts of Terrorism |
| Liability | CG 21 73 01 15 | Exclusion of Certified Acts of Terrorism |
| Liability | CG 24 06 04 13 | Liquor Liability – Bring Your Own Alcohol Establishments |
| Liability |  | Swimming Pool Liability – Aggregate Limit of Liability |
| Liability |  | Exclusion – Security Service Provided by Others |
| Liability |  | Discrimination Exclusion |
| Liability |  | Hired Auto and Non-Owned Auto Liability |
|  | CG 4 6 6 22 | Parking Operations |
|  | CG 03 00 01 96 | Deductible Liability |
|  |  |  |
|  |  |  |
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