

PREFERRED MUTUAL INSURANCE COMPANY

MOTEL/HOTEL PROGRAM

GENERAL RULES

This program has been designed for selected Motels/Hotels and Bed and Breakfast risks containing no more than 60 guest rooms. The risk(s) should be above average for its class, have a positive management attitude toward preserving property and preventing injury to persons, have no deficiencies in housekeeping, and have a favorable loss history.

All new submissions must include the Motel/Hotel Supplemental Application (CL-77) in addition to standard ACORD applications.

The following guidelines apply in addition to the eligibility and underwriting requirements on the Company exception pages.

UNDERWRITING GUIDELINES

I. GENERAL

Management: The risk should be owner managed. In addition, for Bed and Breakfast risks:

- a. the owners must reside in the main structure; and
- b. the owners must maintain a Homeowner Tenant's policy with Preferred Mutual Insurance Company.

Financial: The risk should have a strong financial history. For motel/hotel risks, the annual average occupancy rate should be at least 65%.

Loss History: The loss ratio for the prior five years cannot exceed 40%.

Code Compliance: The building(s) must be in compliance with current state and local building codes.

Cancellations/Non-Renewals: Risks cannot have been cancelled or non-renewed for any reason within the last five years.

Seasonal Exposures: For risks closed a portion of the year, there must be a caretaker on premises during the closed season. In addition, proper precautions must be taken to maintain heat to the premises or drain all plumbing systems for the duration of the closed season.

Transportation: Transportation of guests is prohibited.

II. PROPERTY

Age: Building in excess of forty (40) years of age will be considered if proper updating and renovation of heating, plumbing, and electrical systems and the roof have been done.

Cooking: The only meal to be served to guests can be breakfast. Any cooking equipment must be properly maintained.

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Electrical Systems: The electrical system must be adequate for the use of the building(s) and in good condition. No over fusing, temporary wiring, or use of extension cords is allowed.

Fire Extinguishers: ABC fire extinguishers, properly labeled, should be provided at least one for every 5,000 square feet of floor space and at least one for every floor.

Fire/Smoke Detection Systems: Smoke detectors, whether hard-wired or battery operated, are required in all individual guest rooms and in the common areas in buildings. If the smoke detectors are battery operated, a battery replacement program must be in effect.

Heating Systems: Heating systems should be checked annually by a qualified contractor. There should be no storage, especially of combustibles, within 10' of a heating system. Space heaters are not permitted. Wood stoves are acceptable only in the living quarters owner/manager if professionally installed and properly maintained.

Insurance to Value:

- **Buildings:** Building values must be verified using acceptable commercial valuation guides or professional appraisals.
- **Personal Property:** No guide is provided to help establish the values for personal property. The best estimate of value by the named insured will be used. It is advisable that an inventory of contents be taken every three years to establish value and to have a written record (kept off premises) of personal property in the event of a major loss.

Plumbing: The plumbing must be adequate for the building(s) and in good condition. Iron pipes (water or waste) more than 40 years of age are unacceptable. For buildings or portions thereof that are not used in colder weather, proper heat must be maintained in those areas or the water pipes servicing those areas should be drained for the period of time not in use.

III. LIABILITY

Premises: The premises must be properly maintained as respects general housekeeping and maintenance, inside and outside. All floor coverings must be in good condition and not worn or loose. Stairs must be in good condition with no uneven surfaces; the stairs must be equipped with sturdy handrails. All steps must be clearly defined. Proper lighting is required in all stairwells.

Exits: Exit signs are required on all exits except the main entrance; it is strongly recommended that the signs be illuminated.

Fire safety messages that give floor plans, the location of the room and all nearby fire exits, evacuation directions and other safety information must be prominently posted in all guest rooms (preferably on the back of the room door) and in public areas.

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Parking Lots and Sidewalks: Parking lots and sidewalks must be in good condition, smooth and even. Parking lots must be well lit. Arrangements must be made for the removal of ice and snow; if an outside service is utilized, they must provide certificates of insurance with adequate limits of liability.

Furniture: Furniture must be in good condition and adequately maintained. There should be no sharp edges or splinters on any of the furniture.

Balconies: Balconies and their railings must be sturdy. Construction of the railing must be such to prevent persons from falling through or over the protection.

Elevators: Elevators must be inspected as required by local or state ordinance and serviced on a regular basis. Operating permits should be posted in the elevator as well as posting for limitations as to elevator occupancy.

Playgrounds and Swimming Pools: The surrounding areas must be fenced. Regular maintenance and inspection programs must be in effect. For playgrounds, check for proper anchoring of equipment. Pool areas must be posted with rules and hours of operation. The pool must be equipped with proper life saving equipment and depths must be marked. Diving boards and water slides are not permitted.

Special Exposures: Any risks with unusual exposures such as boats available for guests, docks, bathing beaches, etc. must be underwritten carefully; please call your underwriter to discuss such exposures prior to binding.

IV. CRIME

1. All checks should be stamped "deposit only" when received.
2. Cash should be deposited daily and not allowed to accumulate on the premises.
3. If a safe is provided for guests' property, proper procedures should be in place (i.e., receipts describing property placed in the safe, signature of guest retrieving property) to account for that property.