

# *National Hotel Insurance Program Informant*

*A Publication of RCI Insurance Group  
February 2010*



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## **THOUGHTS OF SUCCESS**

The wealth of a man is the number of things which he loves and blesses, which he is loved and blessed by.

Every act of every man is a moral act, to be tested by moral, and not by economic, criteria.

We make our decisions, and then our decisions turn around and make us.

Be visible. Get out there and work. Do whatever is necessary to get the job done.

Know what your values are and then stick with them. Don't let people talk you out of what you know is right.

Employment is nature's physician, and it is essential to human happiness.

Self-restraint may be alien to the human temperament, but humanity without restraint will dig its own grave.

Make no excuses. You don't have time, because if you use energy that way, you won't have any energy to deal with what you need to deal with, which is overcoming obstacles and obtaining your goals.



## **FROM THE OFFICE OF MICK COTTOM:**

*When is Replacement Cost Coverage not Really  
Replacement Cost Coverage for Your Hotel?*

**Replacement Cost Coverage** seems to be one of the least understood terms in the insurance vocabulary. Like many terms used in an insurance policy today, the term doesn't mean to the insurance buyer, what it actually means in the insurance contract. I will attempt to give you a few caveats in the following paragraphs. However, even this only touches the surface.

For many hoteliers, if they're told your policy provides **Replacement Cost Coverage**, they assume that the property will be replaced. In some instances, that is correct. However you must understand the rest of the policy to know the limitations of the term **Replacement Cost**. The insurance contract itself spells out the details of replacement cost, its applicability, its definition, and its limitations. It usually takes about 5 pages to explain to you all the terms and conditions.

The hospitality industry has done a good job in educating most hoteliers to ask for replacement cost coverage for their properties. Where we at RCI Insurance Group find the most problems are in the older or distressed properties that are purchased. For instance, you purchase a hotel in Tulsa Oklahoma for \$2,000,000. To rebuild that hotel, would cost \$6,000,000. You tell your insurance agent that you want \$2,000,000 of coverage on a replacement cost basis. You think, as long as I have replacement cost I will get my hotel rebuilt. Not necessarily so. As stated earlier, the insurance contract has limitations.

The first limitation is in 99% of the policies, the most the policy will pay is the policy limit; in this case let's say \$2,000,000. So, if your hotel is totally destroyed, the most the company would pay is \$2,000,000, not the \$6,000,000 replacement cost. Well, you say, my hotel is solid concrete and I will never suffer a total loss, so \$2,000,000 will take care of any loss I may suffer.

Another limitation in most policies is co-insurance. I will not attempt to go into detail about co-insurance in this article, but here is a brief illustration. .

# Why Do I Need Workers' Compensation Insurance?

By: Tammy Ridgway

Workers' compensation insurance covers injuries and occupational diseases picked up at work. Fault doesn't matter; employers are liable even if the employee may have contributed to the injury or illness. It's required in every state except Texas, and specifics vary from state to state.

Workers' comp can cover all these areas:

- ✓ Injuries or loss of limbs
- ✓ Diseases like emphysema or repetitive motion
- ✓ Injury inflicted at work
- ✓ Medical treatment
- ✓ Rehabilitation needed so workers can return to work
- ✓ Lost wages (up to two-thirds of the employee's salary)
- ✓ Death
- ✓ Liability insurance for the company for lawsuits filed by injured employees



Let's use the above property. For this example let's say it would take \$6,000,000 to totally rebuild your property. Let's further say you have an 80% co-insurance clause. By the policy terms (whether you know it or not) you are agreeing to insure your building for at least \$4,800,000. If you insure your building for the \$2,000,000, even if an agent tells you your policy has replacement cost, in the event of a partial loss you will not receive a replacement cost settlement. The reason you won't receive a replacement cost settlement is because you didn't meet your co-insurance requirements. In the above scenario of a \$2,000,000 partial loss, even with \$2,000,000 of coverage, you would receive less than 50% of your actual loss.

Here is one other quick point about co-insurance and property coverage. Unlike health insurance, if the premium is the same, the lower the co-insurance number the better the odds are that you won't suffer a co-insurance penalty. With property insurance, 80% is better than 100%, if the premiums are the same.

All of the above just points out the need to deal with an insurance professional that can assist you in getting the proper coverage that you understand. The lowest cost does not necessarily mean that you have the best coverage should you suffer a loss.

At RCI Insurance Group, as the exclusive agents for the National Hotel Insurance Program, we have a number of tools to help you make an informed decision about your hotel insurance.

Whether you are in Oklahoma, Kansas, Missouri, Arkansas, Texas or any other state, give us a call with any questions about your hotel insurance. You can also find additional information on our web-site at [www.rci-ins.com/hotels-nhip](http://www.rci-ins.com/hotels-nhip).

Just remember, replacement cost coverage is not always replacement cost coverage.

Regards,

*Mick Cotton*

***Fire, wind and water: they can all cause devastating property damage. But, which causes the largest losses?***

***First, let's look at Fire:***

There is a fire in a structure every 61 seconds, a fire injury every 28 seconds and a death caused by fire every 156 minutes.

***Wind can be a ferocious part of many storms and it can do a lot of damage:***

Each year, an average of 100,000 thunderstorms occur across the U.S., lightning causes 300 injuries and 80 fatalities, and 1200 tornadoes with winds up to 300 mph uproot trees, damage buildings and kill 70 people with 1,500 others injured.

***However, the number one culprit for property destruction is Water:***

Flooding causes more property damage than any other disaster with annual losses in the billions of dollars.

Flash floods (not lightning) are the #1 killer resulting from thunderstorms with more than 140 fatalities per year attributed to the rising waters.

A sad fact is that most policies do not cover flood damage. Be sure to ask about a flood policy today.

# Get to Know YOUR Insurance Policy!

By: Chet Cottom

January is the perfect time to begin reevaluating your family and business insurance needs. The following is a few ways to make sure your needs are met.

## Visit your agent

Things change over the year, and as situations change, your insurance policies should change as well. The best way to ensure your investments are properly covered is to visit your insurance agent at least once a year. A good time to make that visit is when your policy comes up for renewal.

What you don't want to have happen is to suffer a loss and find out you don't have the coverage you thought you had!

## Know your policy

While you are visiting your agent make sure you know of any special risks your community faces that might not be covered under your homeowner's policy. Two vivid examples are floods and earthquakes. Traditional policies don't cover either natural disaster. To be protected, you will need to purchase additional policies, and yet millions of people live in vulnerable communities without buying such protection. Be familiar with your policy and find out what is and is not covered. "Never be afraid to ask if you have a question because what you don't want to happen is to be caught uncovered."

## Take inventory

Even if you do have adequate coverage, making a claim could be difficult if you don't have an accurate and up-to-date inventory of everything.

Keeping a written inventory of your contents in a safe place may be the only way to ensure you get reimbursed properly after a flood, robbery or a fire. Without a comprehensive list, you may be left struggling to remember exactly what you had.

## Insure your life

While nobody wants to think about dying, failing to plan for the inevitable could leave your family and loved ones without enough money once you are gone.

# Facts About Flood Insurance

By: Jeri Giles

Popular yet incorrect notions about the National Flood Insurance Program can lead homeowners and businesses to pass up this easy and important safeguard. Here are some truths about flood insurance that can help residents.

**Myth:** Homeowners' insurance policies cover floods.  
**Fact:** No, most standard multi-peril home and business insurance policies do not cover flooding. The National Flood Insurance Program (NFIP) is the only way a homeowner, business owner or renter can limit the cost of damages from flooding. Homes, businesses, personal property and business inventory contents are covered for flood by the NFIP. Policies may be purchased through private insurance companies or directly from an NFIP Agent.

**Myth:** You cannot buy flood insurance if you do not live in a high flood-risk area or if your home or business was flooded in the past.

**Fact:** You can buy flood insurance no matter where you live, provided your community participates in the National Flood Insurance Program. You are still eligible to purchase flood insurance even if your home, apartment or business has experienced a flood. Even if your area is not considered a high flood-risk, all areas are susceptible to flood. Nearly 25 percent of all NFIP claims are from outside high flood-risk areas.

**Myth:** You cannot buy flood insurance immediately before or after a flood.

**Fact:** You can buy flood insurance anytime, but there is a 30-day waiting period after the first premium payment before the policy becomes effective. There are exceptions: There is no waiting period when making, increasing, extending, or renewing a loan. The waiting period is reduced to one day during the first 13 months after a change to the local flood insurance rate map (FIRM). If the building or home was recently revised by the FIRM to be a high flood-risk area, an NFIP policy takes effect one day after the first premium payment.

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## Tell Others About Us and Win a Prize

Congratulations to this month's winner, Kiran Bhakta with Days Inn in Childress .!!! Kiran has won a \$25 VISA Gift Card, for sending us referrals. Keep telling others about RCI and **YOU** could be our next monthly winner or our next yearly winner. This year, our annual drawing will be another week's Get Away Vacation to Branson, Missouri and \$500 spending cash!! Every time you send us a referral and they give us your name, you will be entered into our grand prize drawing.

Plus, you'll be entered in the monthly drawing as well!!  
So keep sending us your referrals. We really do appreciate it!!

**Important Reminder!!** Don't forget we are a **NATION WIDE** agency. So if you have friends looking for insurance in the continental US, tell them about RCI!

**Thank you!** THANK YOU! **THANK YOU!** Thank you!

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		We are delighted to recommend Mick Cottom and his team of experts at RCI. Mick and his team have done		
		an excellent job of taking care of all our insurance needs and requirements for the last several years. We are		
		particularly impressed with the professional attitude and the courteous service for our hospitality insurance.		
		Mick and his team of experts have done a fine job in getting us competitive pricing along with great service.		
		Mickey Patel – Frontier Hotels, Tulsa, OK		
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