

# *National Hotel Insurance Program Informant*

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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.

Pay quickly what you owe. The needy tradesman is made glad by such considerate haste.

Have a lot of patience. Know what to pay attention to and what to ignore. Don't unnecessarily make mountains out of molehills.

People with love in their hearts go through life untouched by poverty regardless of the amount of monetary wealth they may acquire.

Enemies will see through you; friends will see you through.

When one's expectations are reduced to zero, one really appreciates everything one does have.

Those who devote their lives to a cause greater than themselves always find a larger, fuller life than the one they remembered.

To meet the great tasks that are before us, we require all our intelligence, and we must be sound and wholesome in mind. We must proceed in order. The price of anger is failure.



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

### ***Why Do My Rates Go Up?***

One of the questions I'm most frequently asked is, "Why did my rates go up?" As it turns out, there is no simple answer to that question. There are a number of factors that influence and drive rates in the hotel industry.

For those of you who have been around awhile, you have seen the wide fluctuation of rates. Let's discuss briefly just a few of the reasons and what you as a hotel owner can do to keep your premium as low as possible. Keep in mind the following is a very broad generalization and each individual situation can be different.

One of the first things to recognize is that insurance by its' very nature is a "sharing of risk". So even if you haven't had losses, but other properties that are insured have suffered losses, your premium may increase. That's "sharing the risk" or spreading the risk, or it's sometime referred to as the "law of large numbers".

With one of our companies in particular, at the end of 2008, for the previous 2 years our clients had paid a total premium of just over \$2,000,000. That group of clients suffered losses of over \$3,000,000. That means the company paid out about \$1.50 for each \$1.00 of premium they took in. Did all of our clients suffer losses? No, but all were affected. Many of these losses were storm related, which our clients had no control over. Regardless, a company can't continue to pay out 50% more than it takes in and survive.

Another factor is companies try to somewhat segment risks and put properties with similar characteristics in similar rating groups. That may be one reason that older independent properties will probably be rated differently than newer limited service franchised properties. Limited Service properties will be rated differently than full service properties as well. There are literally hundreds of factors that go into determining rates.

Once we get past construction, maintenance, (pride of ownership) financial condition, past losses and cooperation with companies all play important parts in determining rates.

When a company does a property inspection and sends a list of recommendations, your response to those recommendations will affect your rates at renewal. Even if you think the recommendations are frivolous, the company doesn't. If you don't make a written response, the company may cancel your insurance or not renew it.

# Prevent Identity Theft

By: Tammy Ridgway

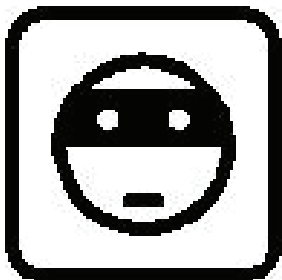
**Opt out of credit card pre-approval offers.** This is a great way for someone to steal your identity.

**Destroy documents that could be used to access your credit.** Even a torn up credit card can be put back together. Someone can request a new card and suddenly your credit card is being used by someone else.

**Check your credit report regularly.** You can receive a FREE credit report, just go on-line to [www.annualcreditreport.com](http://www.annualcreditreport.com) or call 877-322-8228.

**Don't give out your personal information.** Never give anyone your social security number, banking number, checking account numbers, or any other banking information over the phone unless you've initiated the call. And don't send any of this information in an e-mail either.

**Monitor your credit card statements.** Always look over your credit card statements each month. Be aware of what is going on with your accounts.



Why are financial statements often required now? It goes back to “the law of large numbers”. Statistics show that a property that is not profitable will have more claims than a property that is making money. Again, that may not always be the case, but statistically it matters. Companies will look at each property individually, but also look at statistically how the property should perform loss wise.

As mentioned earlier, there are literally hundreds of factors that go into determining your premium. There is no way I can address all of them. After the physical characteristics of the actual property are considered, probably the most important factor is the attitude you have about insurance.

If you treat your insurance as a “partnership” between you, your agent and the company, it will go a long way in making sure you have the best rates possible. As with all business arrangements, we need to do our best to make it a WIN, WIN, WIN situation. That takes co-operation from all parties involved.

As your agent, RCI Insurance Group, as exclusive agents for the National Hotel Insurance Program can certainly make a difference in your insurance program. We currently provide insurance for over 400 hotels. Our companies recognize that we understand hotel insurance and trust us to provide them with the proper information for them to underwrite your hotel properly. We need you to provide us with the information we need to present your hotel in the best possible light to the insurance broker or underwriter.

We appreciate the confidence you place in us to provide you the best coverage at fair rates. Feel free to call us at anytime you have questions or concerns.

Regards,  
*Mick Cottom*

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## Hotel Trivia, Did you know...

The Statler Hotel in Buffalo, New York, built in 1904, was the first hotel in the United States to have running water and a private bath in each room.

According to the Ananova news service, Luciano Pavarotti, the opera tenor, traveled to Hamburg for a concert. He rented 15 suites at Le Royal Meridien hotel for himself, his staff, family members and musical instruments. Pavarotti only stayed at the hotel for 4 days, but he had a custom kitchen built and installed in his suite. He obviously did not care for hotel food. (October, 2004).

The city of Las Vegas has the most hotel rooms in the world.

# Does Crime Really Pay?

*Written By: Chet Cottom*

In crime news last year, many who got caught with their hands in the corporate cookie jar **did** go to jail, and if those corporations had a crime insurance policy, then their insurer paid the losses caused by those crimes.

Employee theft is on the rise according to Hayes International, Inc., a national organization that studies theft in the workplace. Employee retail theft is estimated at more than \$10 billion. With the rise insurance companies are requiring more information.

The industries that experience the **lowest** number of employee thefts are retail, sales and **hospitality**. This is most likely due to high levels of accountability and security in these industries. So here are a few questions to ask yourself to help make sure you protect yourself as much as possible:

- Are bank accounts reconciled by someone not authorized to deposit or withdraw?
- Who signs the checks?
- Is there an audit performed on your business? By who and how often?
- Who is the audit returned to?

There is nothing petty about petty theft in the hospitality industry. Consider the account of a hotel employee that took just a few dollars every week. Over the course of 3 or 4 years this turned into somewhere around \$100,000 to \$125,000 out of the owners pocket. And this was a **TRUSTED** employee.

No matter how well conceived, internal loss controls frequently fall short of stopping a trusted employee from stealing. Fidelity and crime coverage provides an important backstop to private companies against the actions of a thieving employee. Call us today to find out how you can protect yourself.

# Cost to rebuild homes is rising!

*Submitted By: Jeri Giles*

As homeowners across the country watch the values of their homes plummet, they may start to think that their insurance premiums should follow suit. Many people think it's simple logic: Reduced market value equals reduced insurance premiums.

But many don't know the difference between market value and replacement value or understand that they don't often follow the same trend. In fact, even as home values continue their steep decline, the cost to rebuild a home continues to rise.

It's now more important than ever to remind homeowners that their insurance premiums are not based on the current resale value of their homes, but on the cost to replace them.

Residential construction is a world-wide industry impacted not only by the cost of materials, but also the cost of new technology, new building codes and regulations, labor and materials. Home construction costs rose sharply after Hurricane Katrina in 2005, as the demand for building materials, labor and energy outpaced the supply.

Prices continue to rise, according to recent statistics. Reed Construction Data estimates an increase of 4.2% on construction costs from 2007 to 2008, up from the 2.8% estimate from 2006 to 2007 for the same period. Marshall & Swift/Boeckh estimates a 1% to 2% increase on overall construction over the same time period, with higher increases in many metropolitan areas.

Several variables can contribute to the rise and fall of home prices, including: implications of the subprime lending crisis; foreclosure rates; new housing starts; housing shortages; and location. On the other hand, replacement cost variables can include material costs; fuel and energy costs; the cost and availability of skilled labor; and changing construction codes and standards.

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## Tell Others About Us and Win a Prize

Congratulations to this month's winner, Dahrmesh "Danny" Patel with Circle D Motel in Stillwater!!! Danny 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!

				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				