

Will COVID-19 Impact Hotel Business Insurance Claims?

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Government orders to help curb the spread of COVID-19 have effectively closed hotels nationwide. As states begin reopening, however, hotel owners have turned their attention to recovery and rebuilding after the crisis. In an article for Hotel Online, published on May 13, 2020, Don Scaramastra offers a look at insurance relief options that might exist for hotels.

Scaramastra writes, “For some hotels, help may be on the way in the form of business interruption insurance. This insurance is typically included in a property insurance package, and kicks in when there has been physical loss of or damage to property.” He also notes that while business interruption insurance might not be enough to cover the full extent of COVID-19 claims, other options like contingent coverage and civil authority coverage could bridge the gap.

However, Scaramastra warns that hotels shouldn’t expect their insurance companies to quietly pay COVID-19 claims. “Many insurance are doing quite the opposite,” writes Scaramastra. “...Quickly signaling their intent to deny coverage.” He recommends that hoteliers consult with an insurance attorney in their state to determine whether it is worthwhile to file a claim, even if it will be initially denied. He also suggests hoteliers carefully watch lawsuits that have already been filed, as some could become class actions or impact hoteliers’ rights in other ways.

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