



OCCUPANCY SERIES: COMMERCIAL MANUAL

The AFIRM logo, consisting of a stylized 'A' with a checkmark inside, followed by the word 'FIRM' in a bold, sans-serif font.

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INTRODUCTION: COMMERCIAL OCCUPANCY SERIES

What is the Occupancy Series?

A lesson has been developed for each of the following occupancies:

- Apartments
- Restaurants
- Contractors
 - Contractor Jobsites
- Auto Repair Shops
- Lessor's Risk

These occupancies have been selected as these are the most common types of businesses you will be inspecting.



The occupancy series is a series of lessons on specific types of businesses, and are designed to prepare you for what to encounter when you conduct an inspection on that type of occupancy.

Each Lesson will follow the same outline:

- **Business conducted 1 to 4**
 - Points 1-4 are used for a basic survey report. A comprehensive report would require more details.
- **Rating information**
- **Property:**
 - Construction
 - Fire protection
 - Special property hazards
- **Liability:**
 - Premises liability
 - Life safety
 - Products & completed operations
 - Special liability hazards
- **Recommendations**

The Business Conducted 1 to 4:



This section will cover what is needed to prepare a Business Conducted points 1 to 4 for the specific occupancy.



Rating Information: This section will cover what rating information you will need to collect for that type of occupancy.



Property: This section will cover the most common ISO- construction classes for this occupancy, typical fire features and the most common special hazards found for this type of occupancy.



Liability: This section will cover the most common premises liability hazards for the occupancy. The general life safety guidelines for the occupancy. Any products or completed operations specific to the occupancy and, any special liability hazards.



Recommendations: This section will cover the most commonly issued recommendations for this type of occupancy. Always remember there are many potential recommendations possible.

Always make recommendations based ONLY on the coverage on the policy of the insured.

Example: If the inspection is for property coverage only, don't make a recommendation for carbon monoxide detectors. That is not a property coverage recommendation. CO detectors would only apply if the policy included liability coverage.

Summary: In addition to each occupancy lesson, a copy of the **Best Hazard Guide** is attached to lessons so that you have one of the detailed tools to understand the exposures, hazards and controls associated with an occupancy.

OCCUPANCY SERIES – APARTMENTS

What coverages do we typically inspect?

Typically most inspection requests for apartments will be for Fire/All Risk & General Liability (a package policy).

On occasion you will also get requests for just Premises Liability/ General Liability.

The Occupancy Defined:

Apartments, also known as habitational occupancies, are locations that people inhabit. Apartments are defined as living quarters with separate kitchen and bathroom facilities for each unit. Apartments are typically defined as 5 units or more.



Apartments are usually rented/leased on a monthly, 6 month or annual basis.

Apartments can be comprised of a single building or can be a complex of many buildings.

Amenities will vary greatly from location to location. Some apartment complexes will offer swimming pools, spas, fitness centers, sports courts, concierge services, running courses, dog parks, club houses with meeting rooms, and more. All amenities offered should be noted in the report.

The 1 to 4 Business Conducted:



Points 1 to 4 of the Business Conducted (BC) should address the legal entity name and any DBA's. For example: John Doe Properties, LLC, doing business as "Pine Ridge Apartments."

Summarize the # of buildings, units and annual occupancy rate including the current # of vacant units.

Are the units provided furnished or unfurnished?

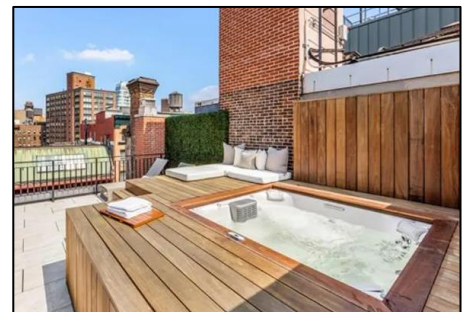
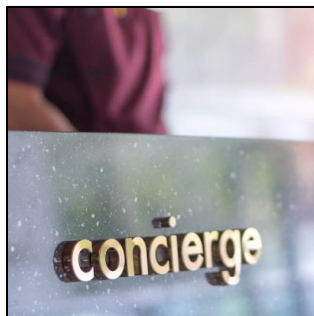
How long are the leases? Are they rented week to week, month to month?

Is the property managed by a property manager or by the owner? Is there an on-site manager?

Who are the target tenants? Is it the general public, or is the housing specifically targeted to certain groups, such as students, seniors, low income, or the disabled? What is the percentage mix of each type of tenant basis?



What amenities does the complex provide? As previously mentioned, apartments may offer many different types, a few examples are shown below. If there are no amenities offered, state so in the report.



Amenities = Increased Liability Exposure

Here is an example of a Business Conducted 1-4 in a Summary report for an apartment:

Business Conducted	
Named Insured:	John Doe Properties, LLC
Any other DBAs?	<input checked="" type="radio"/> Yes - See Text <input type="radio"/> None
Pine Ridge Apartments	
What do they do at the location visited?	
<p>The insured is an apartment complex with 3 buildings, each building contains 6 units, all are 2 or 3 bedroom. Apartments are partially furnished which includes stove, refrigerator and dishwasher, sofa, table and chairs and bedroom dressers. All leases are 6 month, currently there is one vacant unit, overall occupancy is generally 90% and there is an on-site manager.</p> <p><i>The above text box should be 2-3 sentences to describe what the business does. The equivalent of number 2 in a 1-4 format. For Contractors: Describe a typical site visit.</i></p>	
What types of entities do they work with?	Public Only (B2C) ▼
Are there any services or products typical to this business not offered?	<input checked="" type="radio"/> Yes - See Text <input type="radio"/> None
<p>There is no clubhouse, no swimming pool, no playground and no garages for rent. There are no handicap accessible units. Building #3 includes a laundry room for tenant use only, which includes 3 washers and 3 dryers.</p>	
Hours of Operations:	On-site manager available 24/7.
Any Offsite Operations?	<input type="radio"/> Yes - See Text <input checked="" type="radio"/> No
Remarks	<input checked="" type="radio"/> Yes - See Text <input type="radio"/> No
No pets are allowed. The insured markets to students at a nearby college.	

Rating Information:

The primary rating basis for apartments is the number of units.



You will need to make sure you always get an accurate count of the # of buildings and # of rental units.

In most cases you will also be asked to provide the square footage of the building(s).

Property Construction:



ISO-1 (wood frame) construction is the most common ISO class for apartments 1 to 4 stories in height.



At the other end of the spectrum... ISO-6 (fire resistive) is a common ISO classification for high rise apartments.

However, you may see any of the ISO classifications in an apartment building.

Property-Fire Protection:



Apartment complexes with 1 to 6 buildings and buildings that do not exceed 3 stories in height may have no fire protection features. However, this will vary by local code. In newer construction (2006 to present) you will encounter more apartment buildings being protected by automatic sprinkler systems regardless of story height.

Apartment buildings equal to or exceeding 4 stories, or if more than 6 buildings, then local codes and NFPA life safety codes will typically require that are protected by an automatic fire sprinkler system and manual pull fire alarms.

Property Special Hazards:

Special Property Hazards found in apartments includes such items as flammable liquids, paints, stains, and thinners which are used in maintenance operations. If they do their own lawn maintenance, snow removal, etc., then you may also find gasoline on site for lawnmowers, snowblowers, weed eaters, etc.

Flammables should be stored in a maintenance shops or maintenance room. Make sure they are properly stored in their original containers or safety cans, and away from any heaters or other sources of ignition.



Mixed Occupancy:

Some properties may have mixed occupancies present.

Example: It is not uncommon to find older ISO-2 solid brick buildings in downtown areas where the ground floor may be a retail store, office or a restaurant, for example, and the upper floors are apartments.



In this mixed occupancy example, the restaurant operations with commercial cooking would add more property hazard risk to the insurer.

Liability-Premises Liability:

The most common premises liability issues are slips, trip and falls.

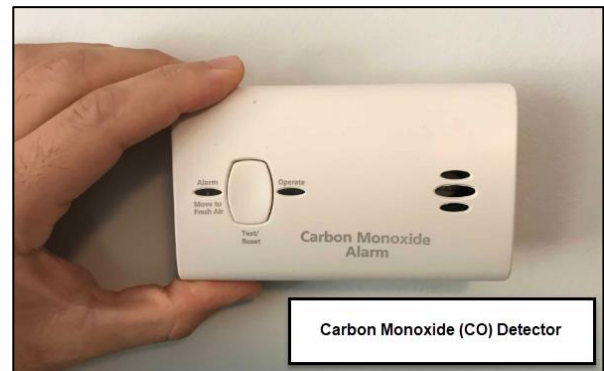
Arrangements need to be made for snow and ice removal in areas prone to snow.

Many apartment buildings will have balconies. Check railings to make sure they are at least 36 inches tall and that balusters are vertical and no more than 4 inches apart. Horizontal balusters may be climbed like a ladder and are unsafe for children.



Liability-Life Safety:

Apartments must have smoke detectors in every sleeping room. There must be carbon monoxide detectors within 15' of any sleeping room when the building has any appliances run on fossil fuel (gas, propane, coal or wood, etc.) This may include furnaces, water heaters, cooking stoves, clothes dryers, fireplaces, etc. Also, if garages are located below the apartment, a CO detector is also required, as car exhaust is another CO danger.



Emergency exit lighting and lighted exit signs are generally required when the apartments exit to a common interior hallway.



Manual pull fire alarms and fire alarm monitoring will be needed when the number of units in a single building exceeds 12 and the number of stories exceeds 3.

Liability- Products and Completed Operations:

While an apartment complex does not have specific products, it does have completed operations.

- Written leases help to reduce the risk of claims.
- Are tenants complaints addressed?
- Are repairs made on time and as promised?
- Are units always available?
- Any loss of use?

Liability-Special Liability:

The most significant special liability exposure for apartments are the swimming pools and spas. This is due to drowning hazards.



You should also note any water features located on the property for similar drowning concerns (example-ponds, lakes, stream, etc.)

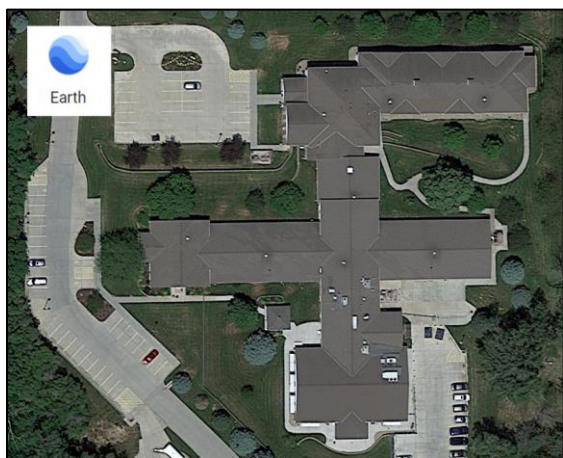
Typical Recommendations:

The most common recommendations for apartments are:

- Lack of smoke detectors or carbon monoxide detectors
- Uncontrolled flammable liquids in the maintenance shop
- Railing balusters too wide
- Horizontal railings or railings too short
- Lack of obtaining Certificates of Insurance (COI's) from service providers
- Installing self-closing gates on pool fences
- Swimming pool fence non-existent or too short

Tips: When scheduling your appointment, find out from the contact if there are any common interior areas (common interior hallways, laundry rooms, boiler rooms, electrical rooms,...). If not, you can interview the contact over the phone and then go out and complete the physical inspection without having the contact present. This will give you scheduling flexibility.

When you have multiple buildings, go to Google Earth and print off an aerial photo of the buildings. This makes diagramming and measuring quicker. You can also measure the buildings using Google Earth tools and then just spot check the # of buildings and measurements while you are on site.



NOTE: Only create a diagram if it is requested by the carrier, and the policy includes property coverage.



Download: Best Hazard Guide – Apartments

OCCUPANCY SERIES: CONTRACTORS

What coverages do we usually inspect?

Typically most inspections requests for contractor's inspections will be for:

- Commercial General Liability
- Contractors Equipment coverage

On occasion you will also get requests for:

- Fire/All Risk and/or Commercial Auto.



The Occupancy Defined:

Most typically you will be conducting inspections of what are known as Artisan contractors. These contractors include:



- Plumbers
- Electricians
- Framers
- HVAC contractors
- Excavation, Grading and Utility
- Masons
- Roofers
- Installers of all types
- Snow removal contractors
- Landscapers
- And many more small contractors

The 1 to 4 Business Conducted:

- What is the insured's business name and list all DBA's. If no DBA or additional DBA's, indicate no other DBA.

- Describe in general terms what type of construction or Artisan contractor services the insured provides.

For example: Indicate what type or contracting services the insured provides. The insured is a plumber that does new plumbing installations of sinks, tubs, showers, and toilets for Home Depot.

- Does the insured self-perform the work or is it subcontracted or a combination of both?
- What size are the projects? What's the average project value? How many projects per year?
- Where do they operate? Radius?
- Who does the design work, If any?
- Does the insured do any design work? If so, describe? If no, state "They do no design work."
- Who is responsible for buying the materials?
- List any services or products the insured does not provide that are typical for the type of business operations.

For example: The plumber: "The insured does not work on new construction and does not perform any plumbing service work (i.e. removing clogs, drain cleaning, and leak repairs). All work is replacement or new installation on existing homes and businesses."

- What type of work does the insured do?
 - Commercial, residential, service.
 - Provide an approximate % breakdown of each.
- Who does the insured work for?
 - Homeowners, general contractors, general public.
 - Provide an approximate % breakdown of each.
 -

Here is an example of a Business Conducted 1-4 in a Summary report for a Contractor:

Business Conducted	
Named Insured:	Lincoln Electrical, Inc.
Any other DBAs?	<input checked="" type="radio"/> Yes - See Text <input type="radio"/> None
Lincoln Electric	
What do they do at the location visited?	
The insured is a licensed electrician who does electrical wiring for residential homes only, located in a 50 mile radius. Work includes wiring in new homes, remodels and repairs in existing homes. This includes running wiring, installing outlets, light fixtures, hard wiring appliances, etc.	
<i>The above text box should be 2-3 sentences to describe what the business does. The equivalent of number 2 in a 1-4 format. For Contractors: Describe a typical site visit.</i>	
What types of entities do they work with?	Both other businesses & the public (B2B+C) ▼
Are there any services or products typical to this business not offered?	<input checked="" type="radio"/> Yes - See Text <input type="radio"/> None
The insured does not work on commercial or industrial projects. They do not install security systems or low-voltage lighting, and they do no work on municipal service lines.	
Hours of Operations:	M-F 7am-5pm, Sat. 7am-noon
Any Offsite Operations?	<input checked="" type="radio"/> Yes - See Text <input type="radio"/> No
All electrical work is performed at the customer's site.	
Remarks	<input type="radio"/> Yes - See Text <input checked="" type="radio"/> No

Rating Information:

There are three primary rating basis for contractors policies, they are:

- Gross sales
- Subcontractor costs
- Payroll

For a contractor's equipment policy, the rating basis is the scheduled value of the equipment. This will be why you will be asked to provide approximate equipment values.

Subcontractors:

It is not uncommon for a contractor to utilize various subcontractors to complete projects. It is important to make sure you determine what % of the work is subcontracted out and what type of work or trades is subcontracted.

Under the completed operations coverage or commercial general liability policy, the work of subcontractors is covered as if the insured completed the work.

Subcontractor Questions:

- Are the subcontractors licensed?
- Does the insured obtain COI's from the subcontractors?
- What kind of insurance limits does the insured require of their subcontractors?
 - Carriers want to see subcontractor limits that are equal to or greater than the insured's limits.
- Does the insured have a written contract with their subcontractors?

Does the insured have any projects involving townhomes or condos? Any work involving tract homes?

The reason the carriers want to know this information is multiple occupancy habitational construction and tract housing construction increase the chance of class action law suits.



Property Construction:

WORKING OUT OF HOME: You will find that many contractors that fall into the artisan category work from their homes. Contractor policies do not insure their personal homes. When you see property listed on a request for a contractor who

works from their home, it will generally be for contents (tools/equipment) that the insured stores at their home or in an off-site storage unit. It does not mean property coverage is for their personal home.

Occasionally the insured may have a shed or garage used for their tools and equipment that may be insured.

WORKING OUT OF COMMERCIAL SPACE: Some contractors will have a shop or warehouse space they own or rent and will require a regular property inspection for building and contents.

Contractors will typically work from rented space in mixed use occupancy buildings, although they may have their own stand-alone building. The most common class of construction for these types of buildings are ISO-3 non-combustible.



Property- Contractors Equipment:

Contractors equipment which may also be called an “equipment and material floater” covers the contractors tools, equipment and materials from basic perils (fire, wind, flood, theft...) while they are in transit or on a jobsite. The items are covered when they are away from the insured’s place of business.



When conducting an inspection for contractor’s equipment, focus on what tools, equipment and materials are stored on a jobsite.

- What is stored?
- What are the values?
- How is it stored? Locked in tool trailer? Keys removed from equipment?
- How is it protected from the covered perils?

Property Fire Protection:

For most contractors whose tools and equipment are stored at their homes, you will find no fire protection features beyond what you would find in a standard residential dwelling.

For contractors owning commercial buildings or leasing commercial space, you may find fire alarms, detection systems, and even automatic fire sprinkler systems.



Property Special Hazards

The most common special hazards found in use by contractors are:



Flammable & Combustibles Liquids: Paints, stains, thinners, adhesives, gasoline and diesel fuel.



Compressed Gases:- Oxygen Acetylene and inert gases used in cutting and welding. Propane forklifts.



Cutting & Welding: Gas cutting and welding, electric arc welding.

Liability – Premises Liability:



The most significant premises liability issue is associated with the insured's job sites and controlling public access.

These hazards associated with job sites are covered in the next lesson.

For shops and yards, the issues are the same slip, trip and fall concerns as with any other commercial enterprise.

Liability-Life Safety:

Contractor occupancies pose no unusual life safety exposure.

A Life Safety occupancy would either be the contractor's office, shop or warehouse.

Liability- Products Completed Operations:

Products and Completed Operations coverage protects the insured against construction defect claims. This covers claims for the work the insured performed directly as well as work performed by their subcontractors.



For this reason we want to see the insured experienced in the work they do as well as having long standing relationships with reputable subcontractors.

Liability- Special Liability:

The most significant Special Liability exposure for contractors is the job site. How is it controlled and what steps are taken to protect the general public?



Jobsite's are covered in the next lesson.

Typical Recommendations:

- Requiring certificates of insurance for all subcontractors.
- Requiring subcontractors to maintain an insurance limit equal to the insured's limits.
- Proper storage and control of flammable liquids.
- Providing specific cutting and welding areas to reduce the fire risk.

If you are not familiar with Certificates of Insurance, there is a sample shown below:

SAMPLE INSURANCE CERTIFICATE

ACORD

CERTIFICATE OF LIABILITY INSURANCE (Sample) Date (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.


IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Brown & Brown (585)		CONTACT NAME: PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS: PRODUCER CUSTOMER ID#	
PLEASE FORWARD THIS DOCUMENT TO YOUR INS. AGENT		INSURER(S) AFFORDING COVERAGE NAIC#	
INSURED Subcontractor / Vendor's Name Address (Sample) Address		INSURER A: ABC COMPANY INSURER B: A RELIABLE INSURANCE CO. INSURER C: A RELIABLE INSURANCE CO. INSURER D: A RELIABLE INSURANCE CO.	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPES OF INSURANCE	ADOL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY						
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	01234567-1	DATE	DATE	EACH OCCURRENCE \$1,000,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence) \$
							MED EXP (Any one person) \$5,000
	GEN'L AGGREGATE LIMIT APPLIES PER						PERSONAL & ADV INJURY \$1,000,000
	<input type="checkbox"/> POLIC <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC						GENERAL AGGREGATE \$2,000,000
							PRODUCTS- COMP/OP AGG \$2,000,000
A	AUTOMOBILE LIABILITY						
	<input checked="" type="checkbox"/> ANY AUTO						COMBINED SINGLE LIMIT (Ea accident) \$1,000,000
	<input checked="" type="checkbox"/> ALL OWNED AUTOS	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	01234567-1	DATE	DATE	BODILY INJURY (Per person) \$
	<input checked="" type="checkbox"/> SCHEDULED AUTOS						BODILY INJURY (Per accident) \$
	<input checked="" type="checkbox"/> HIRED AUTOS						PROPERTY DAMAGE (Per accident) \$
	<input checked="" type="checkbox"/> NON-OWNED AUTOS						

A	<input checked="" type="checkbox"/> UMBRELLA LIAB	<input checked="" type="checkbox"/> OCCUR							EACH OCCURRENCE	\$5,000,000
	<input checked="" type="checkbox"/> EXCESS LIAB	CLAIMS-MADE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	01234567-1	DATE	DATE		AGGREGATE	\$5,000,000
	DEDUCTIBLE									\$
	RETENTION \$									
A	WORKERS COMPENSATION AND EMPLOYERS LIABILITY				01234567-1	DATE	DATE	<input checked="" type="checkbox"/> WC STATUTORY LIMITS	OTHER	\$
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER /MEMBER EXCLUDED? <input type="checkbox"/> (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	<input checked="" type="checkbox"/>				E.L. EACH ACCIDENT		\$1,000,000
								E.L. DISEASE - EA EMPLOYEE		\$1,000,000
								E.L. DISEASE - POLICY LIMIT		\$1,000,000
B	OTHER POLLUTION LIABILITY (REQUIRED for all Hazardous Material Contractors) Asbestos, Lead and Mold Work Site Hazardous Materials Work PROFESSIONAL LIABILITY (REQUIRED for Design Work or Professional Services)				7654321-0	DATE	DATE	\$5,000,000 (per occurrence/aggregate)		
								\$5,000,000 (per occurrence/aggregate)		
								\$2,000,000 (per occurrence/aggregate)		
PER PROJECT AGGREGATE APPLIES TO GENERAL LIABILITY POLICY. List of Project Additional Insured , THEIR AFFILIATES, AND ANY OTHER PARTY NOTED IN THE CONTRACT DOCUMENTS ARE NAMED ADDITIONAL INSURED ON ALL POLICIES INCLUDING ONGOING AND COMPLETED OPERATIONS ON A PRIMARY AND NON-CONTRIBUTING BASIS EXCEPT WORKERS COMPENSATION WITH RESPECT TO JOB/PROJECT Job - JOB DESCRIPTION. WORK PERFORMED. SUBCONTRACTOR WAIVES ALL RIGHTS AGAINST «HOCName» AND OWNER, AND THEIR OFFICERS, DIRECTORS AND EMPLOYEES, AGENTS, AFFILIATES, SUCCESSORS, AND ASSIGNS FOR RECOVERY OF LOSSES, EXPENSES OR DAMAGES TO THE EXTENT COVERED BY AVAILABLE INSURANCE. (PLEASE ATTACH COPY OF ADDITIONAL INSURED FORM, ACCEPTABLE FORM CG 20 10 11 85). (Sample - December 2014)										
CERTIFICATE HOLDER						CANCELLATION				
ACORD 25 (2010/05) The ACORD name and logo are registered marks of ACORD						SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.				
						AUTHORIZED REPRESENTATIVE (Sample) @ 1988-2010 ACORD CORPORATION. All rights reserved.				
Subcontractor's Name Page 1 of 2						 No. «JobDescription»				

Tips:

Contractors are typically very busy during the day. Your best chance of contacting a contractor will be early in the morning (7am to 8am, noon or between 6pm and 7pm).

Most contractor's inspections will require a job site inspection. It is acceptable to do a phone interview with the insured prior, and then visit the job site at another time. The insured may not be available at the job site when you visit. This will allow both you and the contractor maximum scheduling flexibility. If the owner will not be present at the jobsite, be sure to find out who you should ask for when you arrive, such as the name of the jobsite supervisor.

When gathering sales and subcontractor costs information, estimates are acceptable. Make sure to note this is an estimate in the report.



Download: Best Hazard Guide – Contractors

CONTRACTOR JOB SITES

When is job site inspection required?

When requested to complete a commercial general liability (CGL) only inspection for a contractor that works from their home, the inspection is to be completed at an active job site. If there is no active job site, you may conduct the inspection over the phone only if the insured works from home. If the insured works from a commercial building, that site is to be visited. Again, only if there are no active job sites. If the request is for both property (on commercial building only) and CGL, then both an inspection of the insured's shop and job site will be required. Make sure to request additional billing time when this occurs as you will be making two stops.

Job site inspections are required on all contractors where the following coverages are requested:

- Workers Compensation
- Commercial General Liability
- Inland Marine, or Contractor's Equipment Coverage

If there are no job sites available or the job sites are outside of your normal service area, please make a note of this in the note to underwriter.

Please note: If no jobsite is in your normal area, many customers will require the reassignment of the job to another rep in order to complete the job site inspection. Read your Client Special Instructions carefully. It is critical that when you initially contact the insured you need to see if there are any job sites in your area to inspect. If none, find out an address of a jobsite outside your area, then contact your office and get the job transferred to a rep in the area of that job site.

What is covered in a job site inspection?

- First you need to define the insured's scope of work.
- What portion of the project on the job site is the insured completing?
- What tools, equipment and materials does the insured have on site?
- Which of the insured's labor trades are on site?
- What is the value of the contract for the insured's work?
- How long will the job last? What percentage is already completed?



How is the job site secured?



How is the job site secured to protect the insured's tools, equipment and materials?

How is the site secured to prevent the general public access to the work area?

Is the job site fenced? Is there a security camera or alarm system?

Are open excavations fenced and marked to keep people out?



Is the job site illuminated at night?



Is the job site staffed by security or patrolled on a regular basis?



What is the job site housekeeping like?

Is the job site housekeeping good?

The site should be neatly organized and free of trash and other debris.

Debris creates trip, fall and fire hazards and is also an attractive nuisance.



Property Special Hazards

If the insured is using flammable or combustible liquids? Is there any "Hot Work" (cutting & welding) being done? If so, what precautions are being taken to prevent a loss?



Liability- Premises Liability

Make sure site is fenced and excavations are covered or fenced. Verify openings are covered or railings are in place.



Typical Recommendations:

- Overall poor housekeeping.
- Job site is not fenced or secured.
- Flammable and combustible liquids not properly stored.
- Need a hot work permit system to control cutting and welding operations.

Tips:

Your camera is your best note taking tool. Take lots of photos. If the insured is only doing a portion of the work, make sure to photograph their active work area.

Make certain that you have proper personal protective equipment when you are visiting a job site. This includes but is not limited to a hard hat, safety glasses, steel toed shoes and hearing protection. Remember, you are there to do a safety inspection of the insured's operation and should be properly prepared when you arrive.

OCCUPANCY SERIES: RESTAURANTS

What coverages do we typically inspect?

Typically most inspection requests for restaurants will be for:

- Fire/All Risk
- General liability
- Liquor liability

On occasion you will also get requests for just Fire/All Risk or General Liability, or just Liquor liability.



The Occupancy defined:

A restaurant prepares and serves food and drink to customers in return for money. Meals are generally served and eaten on premises, but many restaurants also offer take-out and food delivery services. Restaurants vary greatly in appearance and offerings, including a wide variety of cuisines and service models.

Restaurants can be either stand-alone buildings or grouped together in a strip mall or mall with other stores.

Amenities will vary greatly from location to location. Some restaurants will offer video games, billiards, juke boxes, DJ's, table top games, live entertainment, outdoor seating, playgrounds, bathrooms, and meeting rooms. The amenities offered should always be noted in the report. These amenities may create more liability risks.



The 1 to 4 Business Conducted:

- The BC-4 should address the entity (i.e. KD Properties, LLC) and DBA's, for example "KD's Cafe".
- Summarize the # of tables, dining rooms and occupancy including the meals served (breakfast, lunch, dinner).

- What type of cuisine do they prepare?
- Do they have table service or do patrons order from a counter?
- Is the restaurant a franchise or not?
- Who are the target customers? Families, travelers, business people, children?
- Does the restaurant offer sit down dining?
- Is it considered fast food, casual or fine dining?
- Do they have a bar?
- Do they offer catering or delivery?
- Do they have outdoor seating?

Here is an example of a Business Conducted 1-4 in a Summary report for a Restaurant:

Business Conducted	
Named Insured:	KD Properties, LLC
Any other DBAs?	<input checked="" type="radio"/> Yes - See Text <input type="radio"/> None
KD's Cafe	
What do they do at the location visited? tables and countertop stools with a seating capacity of 60. A typical American menu is served with breakfast items at all times, and lunch specials include soup, sandwiches, salads, etc. Patrons seat themselves and wait staff take their orders and wait on tables. Take out is available.	
<i>The above text box should be 2-3 sentences to describe what the business does. The equivalent of number 2 in a 1-4 format. For Contractors: Describe a typical site visit.</i>	
What types of entities do they work with?	Public Only (B2C) ▼
Are there any services or products typical to this business not offered?	<input checked="" type="radio"/> Yes - See Text <input type="radio"/> None
There is no alcohol served, no dinner hours, no catering or delivery. There is no drive-thru' window and no outdoor seating.	
Hours of Operations:	M-F 6am-1pm, Sat 7am-noon, closed Sun.
Any Offsite Operations?	<input type="radio"/> Yes - See Text <input checked="" type="radio"/> No
Remarks	<input checked="" type="radio"/> Yes - See Text <input type="radio"/> No
The majority of patrons are workers and visitors to the large nearby office buildings.	

Rating information:

The primary rating basis for restaurants is:

- Square footage
 - Total square feet
 - Square feet of public area
- Gross Sales
 - Food Sales
 - Alcohol Sales



Property Construction:

ISO-1 frame construction is the most common ISO class for stand-alone restaurant buildings.



ISO-4 masonry non-combustible construction is the most common ISO class for restaurants located in strip malls and malls.

However, all ISO classifications could be possible for a restaurant.

Property- Fire Protection:

All restaurants should have fire extinguishers.



Typically smaller “mom and pop” restaurants will not have fire sprinklers. Larger, more established and franchise restaurants often will have a fire sprinkler system. Sprinklers are also common in restaurants located in malls.

The presence of a sprinkler system will vary by local code. In newer construction, you will encounter more restaurants being protected by automatic sprinkler systems.

Property Special Hazards:

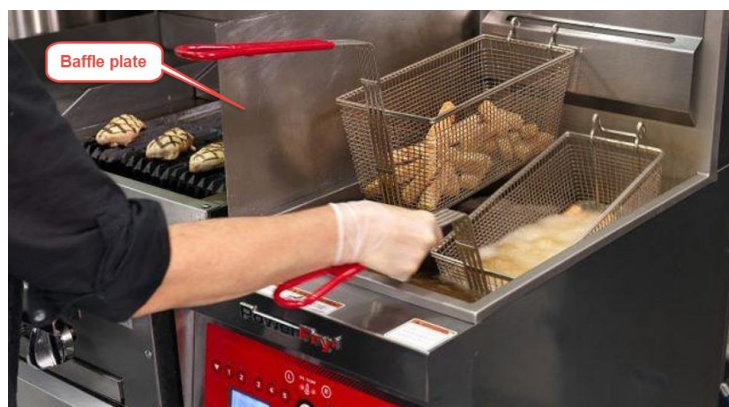


The most common special hazard found in restaurants is commercial cooking. This means any cooking that produces grease. Cooking with griddles, woks and deep fat fryers will produce the most grease.

A fire suppression system is required when grease is produced from cooking. They are referred to as the AES (Automatic Extinguishing System).

Note the Brand and model # of the suppression system. There are several brands. Ansul, PyroChem and Kitchen Knight are a few examples.





- Do they have deep fat fryers in the kitchen?
- Are deep fat fryers protected from nearby open-flame appliances by a baffle plate or 16" of clearance?
- Is the fire suppression system (AES) wet or dry? UL 300 listed?
- Do they have a K-Class fire extinguisher located in the kitchen area?
- Are all appliances covered by the suppression system?
- What is the frequency of service for the fire suppression system or AES?
- What is the frequency of cleaning for the filters and duct?



This photo shows a nice new commercial kitchen. Baffle filters and AES nozzles are in place in the hood. But....do you see any problem with this cooking line?

Answer: The deep fat fryer on the far right does not have either 16" spacing or a baffle plate between the fryer and the open flame gas range immediately adjacent. Oil from the fryer could easily splash over to the gas range, causing a fire. A recommendation needs to be made.

Liability - Premises Liability:



The most common premises liability issues in restaurant operations are slips, trips and falls.

- Arrangements need to be made for snow & ice removal in areas prone to snow.
- Check exit and entryways for ramps or stairways.
- All stairways with over 2 steps need a handrail.
- Spills in the restaurant should be cleaned up immediately.

Restaurants also have heavy customer traffic at night, so make sure that the building, sidewalk and parking lot are well lit to prevent slip, trip and fall exposures. Also consider outdoor dining areas used after dark.



Liability - Life Safety:

Emergency exit lighting and lighted exit signs are required for restaurants.



Manual pull fire alarms and fire monitoring will be needed when the occupancy exceeds 300.

Liability - Products & Completed Operations:

Restaurants serve food and beverages, therefore products/completed operations coverage will apply.

Following proper food handling techniques can lower instances of food-borne illness:

- Is food heated and/or cooled to the proper temperatures?
- Are utensils and plates kept cleaned and properly maintained?
- Is the food covered while stored in fridges and freezers?
- Is the food covered while stored in the kitchen or serving area?
- Are glasses stored above ice machines or ice containers, creating a potential for contamination?
- Are cleaning chemicals stored away from all food products?

Liability-Liquor Liability:

- What is the % of alcohol sales to total sales?
- Are all servers trained to serve alcohol?
- How do they check ID's?
- Do they have any ride home programs for intoxicated patrons?
- Do they record incidents?
- Have they ever had their license suspended?



Typical Recommendations:

The most common recommendations for restaurants are:

- Upgrade the existing fire suppression system to a UL 300 system.
- Clean kitchen hood filters more regularly to prevent grease build up.
- Service the fire suppression system on a semi-annual basis.
- Clean out the kitchen exhaust duct on semi-annual basis.
- Food being stored on floor or uncovered.
- Regular service of the fire extinguishers.
- Formal alcohol server training for all bartenders/servers.

Tips:

When scheduling your appointment, try to pick a time that will be easier for the restaurant owner to accommodate, such as between breakfast and lunch or between lunch and dinner. Try to be flexible with the insured and avoid busy serving times such as breakfast, lunch and dinner.

When arriving to an early morning appointment, many restaurants will appear to be closed. Go around back and check the employee and service entrance. Many times the kitchen staff is in the kitchen and the dining room will appear closed.



Download: Best Hazard Guide: Restaurants

OCCUPANCY SERIES: AUTO REPAIR SHOPS

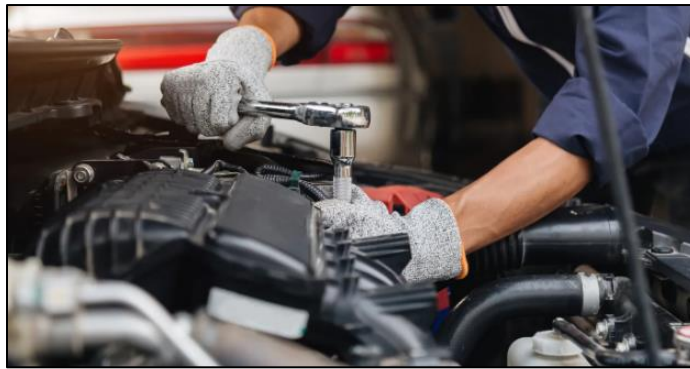
What coverages do we typically inspect?

Typically most inspections requests for auto repair shops will be for:

- Fire/All Risk and Garage Liability

On occasion you will also get requests for just:

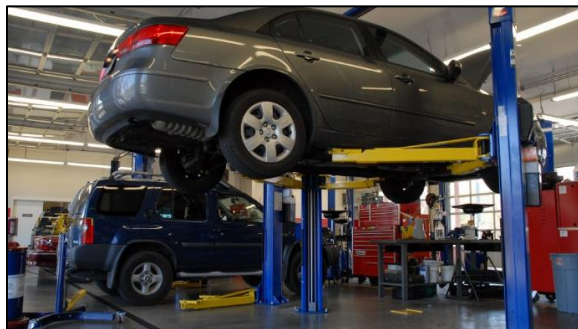
- Fire/ All Risk or Garage liability or GKLL or Dealers Open Lot



The Occupancy Defined:

An automobile repair shop (also known as a garage) is a place where automobiles or other vehicles are repaired by auto mechanics and electricians. Some auto parts stores also maintain service operations. There are also independently owned and operated businesses, and regional or national chains and franchises. A third type of repair shop is the service departments of car dealerships. These shops are the only ones authorized to perform warranty and recall repairs by the manufacturers and distributors.

Auto repair shop inspections can be for many different types or operations. You may be inspecting lube, transmission, auto body shop, a used auto dealer with repair garage, or a brake shop, etc.



The 1 to 4 Business Conducted:

- The BC 1-4 should address the operating name of the entity (i.e. Wabash Service, LLC) and any DBA's, for example "Wabash Brakes and Lube Center".
- Summarize the # of service bays, the repair services they provide and the different types of equipment they use.
- What is the dominant service they render? Brakes? Transmissions? Oil changes?
- Who are their customers?
- Are cars left overnight?
- Do they offer any secondary services like towing, impounding, repossessions, or welding hitches?
- Do they sell any vehicles? Wholesale? Retail? How many vehicles are routinely kept on site?
- What type of vehicles do they work on?
 - Cars and light trucks only?
 - Heavy duty trucks? Tractor trailers? RV's? Boats? Motorcycles? Police Fleets? ...Etc.

Here is an example of a Business Conducted 1-4 in a Summary report for an Auto Repair Shop:

Business Conducted ?	
Named Insured:	Wabash Service, Inc.
Any other DBAs?	<input checked="" type="radio"/> Yes - See Text <input type="radio"/> None
Wabash Brakes and Lube Center	
What do they do at the location visited?	
<p>The insured's building has 5 service bays, with three bays set up for oil changes with lube pits. The other two bays have hydraulic lifts and are manned by certified mechanics providing brake repairs and replacements. Customers are the general public within the city, and they work on cars and light trucks only.</p> <p><i>The above text box should be 2-3 sentences to describe what the business does. The equivalent of number 2 in a 1-4 format. For Contractors: Describe a typical site visit.</i></p>	
What types of entities do they work with?	Public Only (B2C) ▼
Are there any services or products typical to this business not offered?	<input checked="" type="radio"/> Yes - See Text <input type="radio"/> None
<p>On rare occasion, a car maybe left overnight for brake service the next day, but would be locked inside the service bay, no cars are left outside overnight. They do no towing, no road-side service, they do not work on emergency services fleets, and offer no other type of mechanical services. No work is done on RV's, heavy duty trucks or motorcycles.</p>	
Hours of Operations:	M-F 7am-6pm, Sat 7am-noon, closed Sun.
Any Offsite Operations?	<input type="radio"/> Yes - See Text <input checked="" type="radio"/> No
Remarks	<input checked="" type="radio"/> Yes - See Text <input type="radio"/> No
<p>Oil change services are available to walk-in customers with no appointment required. Brake service is available by appointment only.</p>	

Garage Liability Operations

- Is the insured selling automobiles?
- How many sales people do they have?
- How many mechanics are on site?
- Are any employees furnished with autos?
- Are any family members furnished with autos?
- Any drivers that are under age 21 or over age 65?

Dealers Open Lot Operations

- Is the insured selling automobiles?
- What % of sales are retail vs wholesale?
- Where do they acquire vehicles? (Trade-ins, private sales, auctions, etc.)

- How do they transport vehicles? (Contracted drivers, car haulers, car dollies?)
- How do they secure the vehicles on lots?
- What are their test driving procedures?
- What is the value of their inventory?
- How many cars do they have on their lot?

Garage Keepers Legal Liability Operations

This is for any insured who keeps customers vehicles on their lot overnight.

- How many customer cars do they have in custody?
- How many customer cars do they keep overnight?
- What type of protection do they have in place for overnight autos?
- How many vehicles are stored inside/outside?
- What is the value of the customer vehicles stored?

Rating Information:

The primary rating basis for auto repair is:

- Payroll of staff
- Gross revenue
- Square footage
- # of vehicles



Property- Construction:

Many auto garages will have concrete block walls with either a wood, steel or roof concrete deck (ISO-2, 4, or 6). Other auto repair shops will be located in all steel buildings (ISO-3). Insurers would likely decline an auto repair shop located in a wood frame building (ISO-1) due to fire hazard.



Property- Fire Protection:

All auto repair shops should have fire extinguishers.

Automatic fire sprinkler installation is at the builder's or owner's discretion.

Generally, automatic fire sprinkler systems are not required but do enhance the value and protection of the building.



Property Special Hazards:



Property Special hazards abound in auto repair garages, such as:

- Flammable or combustible liquids
- Waste oil heaters
- Rack storage

- Compressed gases
- Part washers
- Spray painting
- Cutting/welding

Document the presence of each hazard. Make recommendations where appropriate.

Paint Booths have similar requirements to commercial cooking operations.

- The fire suppression system must be serviced semi-annually.
- Filters should be cleaned regularly. Overspray can build up and prevent proper ventilation.
- The ducts in the booth must be cleaned semi-annually.



Other items to note:

- Must have explosion-proof lighting and wiring.
- Adequate ventilation, non-sparking fan blades.
- Paint storage and mixing must not take place in the booth.

We have other training material that provides more detail on paint booth requirements.

Cutting/Welding:

- All combustibles should be removed from the area where the insured is cutting and welding.
- All compressed gas tanks should be secured to prevent tipping.
 - They can either be chained or attached to a dolly.



Flammable liquids must be stored away from ignition sources.

- No more than 25 gallons of flammable liquids should be stored outside a flammable cabinet.
- Flammable cabinets may not hold more than 60 gallon of flammable liquids.



Oily Rags: They are subject to spontaneous combustion and therefore must be stored in approved non-combustible container with self-closing lid.



Part Washers:

- Must be located away from ignition sources and any welding/cutting operations.
- Part washers must have the fusible link in place that will allow the lid to self-close in the event of a fire.
- Large parts must not be left in the washer which could prevent the lid from closing.





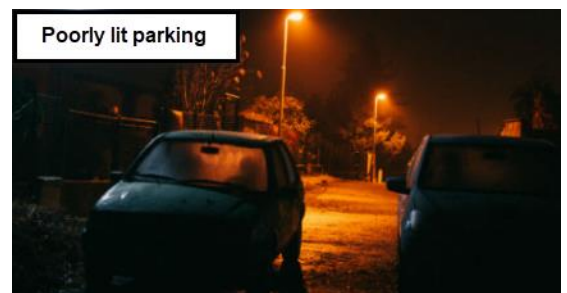
Rack storage of tires is a fire hazard. Make sure you note rack tire storage in your report.

Liability- Premises Liability:



The most common premises liability issues are slips, trips and falls.

- Arrangements need to be made for snow & ice removal in areas prone to snow.
- Other common issues are customers getting hurt in the shop area. Customers should not enter the work area unless accompanied by an employee.
- Make sure that the building and parking lot are well lit to prevent slip, trip and falls.
 - A well-lit parking lot is also good defense against vehicle break-ins.



Liability- Life Safety:

Emergency exit lighting and lighted exit signs may be required in low light areas or areas with interior hallways. A larger building, such as a car dealership with customer lounge and repair shop may require this.

In smaller buildings with direct exit and if natural lighting is sufficient, then they are usually not necessary.

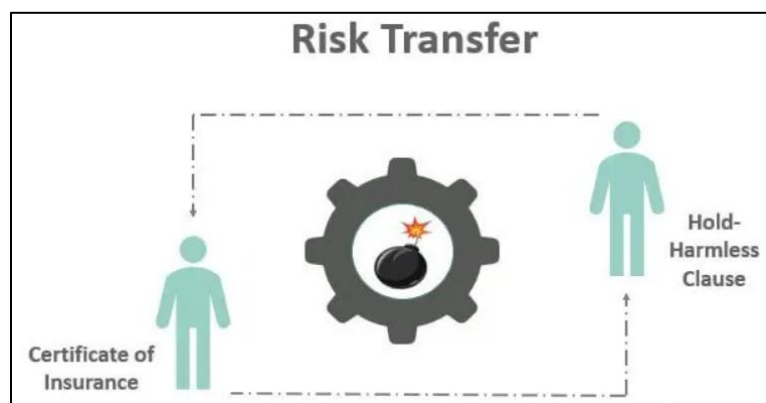
Manual pull fire alarms and fire alarm monitoring are not required in most cases, but may be present in larger buildings.



Liability-Risk Transfer:

Auto repair shops will use vendors and service providers.

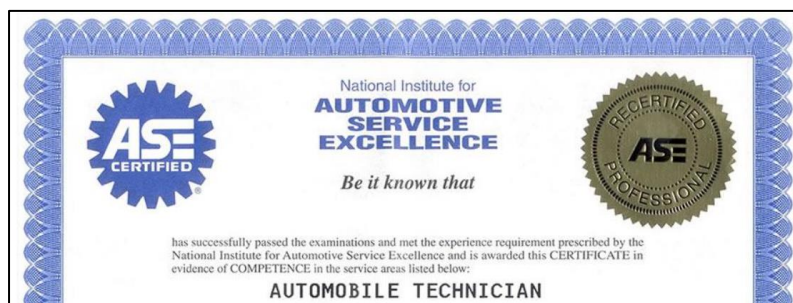
- The insured must collect copies of GL/WC certificates of insurance (COI's) from vendors and service providers.
- The insured must be a named insured on the vendors/service provider's policies.
- There must be agreements in place to hold the insured harmless in the event of a loss.



Liability– Products & Completed Operations:

Auto repair shops are only as good as their worst technician. Making sure that mechanics have certifications and work experience will reduce liability. The better trained the mechanics, the less completed operation losses.

- Are there ASE certified mechanics on staff? If so, how many?
- Is there a qualified supervisor on every shift will help eliminate products and completed operations claims?
- Do they make test drives after work to verify if repairs are complete?
- Carriers may also want to know if they work on any electric powered vehicles (Hybrids and EV's), and if so have they completed the proper training for that?



Typical Recommendations:

The most common recommendations for auto repair shops are:

- Equip the work area with fire extinguishers.
- Remove combustible materials within 36 inches of hot work areas.
- Repair areas prone to slips, trips and falls.
- Do not allow customers in the service area unattended.
- Regular maintenance of the fire suppression system in the paint booth.
- Regular cleaning of the duct and filters in the spray paint booth.

Tips:

Look for signs in the customer area prohibiting customers from entering the work area. Restricting customer's entry to the shop is a sure way to avoid liability for customers who may hurt themselves in the work area.

Look in the shop area for how the insured is handling used oily rags. These are a serious hazard and are known to spontaneously combust. Used oily rags should be stored inside a non-combustible container (metal). Make recommendations if rags are stored in plastic, wooden or cardboard boxes.



Download: Best Hazard Guide: Auto Repair Shops

OCCUPANCY SERIES: LESSOR'S RISK

What coverages do we typically inspect?

Typically most inspection requests for lessors risk will be for:

- Fire/All Risk and General Liability
- On occasion you will also get requests for just Fire/All Risk or just General Liability

The Occupancy Defined:

One type of commercial property insurance policy is known as Lessor's Risk, sometimes referred to as LRO coverage. This type of policy has been developed for building owners who are leasing their buildings to others. A policy provides coverage for liability as well as property and is also may be known as Landlord's Insurance in some places.

Lessor's Risk can be for either one building with a single rental space or for a single building with multiple spaces for rent. You can also have multiple buildings with multiple units on a single lessor's risk policy.

Typical lessor's risk policies include strip malls, office buildings, retail centers, commercial parks, medical plazas, mixed use buildings, and light industrial parks.



The 1 to 4 Business Conducted:

The BC 1-4 should address the operating name of the entity (i.e. PHR Properties, Inc.) and any DBA's, for example "Oak Center Office Park".

- Summarize the # of units, average square footage of each unit and the different type of occupants.

- What is the dominant occupancy? Office? Retail? Restaurants? Contractors?
- Is there heavy customer traffic?
- Is there available parking?

Are there any high hazard tenants? Race car operations? Spray painting? Fireworks? Heavy amounts of flammable liquids? Woodworking or metal machine shop?

When writing the Business Conducted, do not confuse the tenant operations with the insured's operations. (i.e. "The insured is a restaurant.") That would not be correct because the policy is for the building owner, who is the insured. Instead, write "The insured leases space to a restaurant."

You may also encounter an insured who occupies part of the building for their own business operations and leases out the remainder of the building to others.

Here is an example of a Business Conducted 1-4 in a Summary report for a Lessor's Risk occupancy:

Business Conducted	
Named Insured:	PHR Properties, Inc.
Any other DBAs?	<input checked="" type="radio"/> Yes - See Text <input type="radio"/> None
Oak Center Office Park	
What do they do at the location visited?	
and available. Lease agreements are 1-year triple net leases. The insured does maintain one small office for his business, and therefore usually available on-site daily. There is adequate surface parking for workers and a moderate amount of visitor traffic. The building has one passenger elevator and handicap accessible restrooms for the public.	
<i>The above text box should be 2-3 sentences to describe what the business does. The equivalent of number 2 in a 1-4 format. For Contractors: Describe a typical site visit.</i>	
What types of entities do they work with?	Both other businesses & the public (B2B+C) ▼
Are there any services or products typical to this business not offered?	<input checked="" type="radio"/> Yes - See Text <input type="radio"/> None
Rental spaces are not available for any medical, contractor, manufacturing, or retail operations. There is no restaurant on site, or any other type of high hazard tenants.	
Hours of Operations:	Building open 7am-5:30 pm M-F, 8am-1pm ▼
Any Offsite Operations?	<input type="radio"/> Yes - See Text <input checked="" type="radio"/> No
Remarks	<input checked="" type="radio"/> Yes - See Text <input type="radio"/> No
Tenants have access to keypad security system to enter or exit building beyond normal hours. A security camera system is in place in all interior hallways and entry/exit doors. The insured uses licensed trades and qualified contractors for any repairs or renovations needed that are the landlord's responsibility.	

Lessor's Risk Operations:

- Does the insured occupy space on site?
- Is there management on site?
- What is the average rental rate per square foot?

- Is there maintenance on site?
- What is the current occupancy rate?
- Are tenants responsible for their own repairs and maintenance?
- Does the insured have written agreements/leases in place with each tenant?
- Does the insured require to be named additional insured on his tenants GL policies?
- What % of the building is vacant?
 - Vacancy can lead to neglect which may cause frozen water pipes.
 - Vacancy can lead to vandalism.
 - Vacancy means loss of income for the insured and can lead to building not being maintained.
 - Vacancy might be an indicator of a depressed area or higher crime neighborhood.



Rating Information:

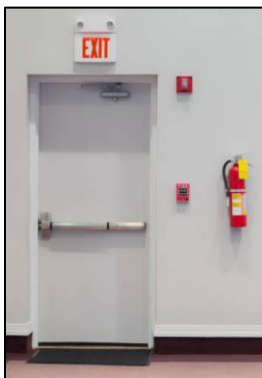
The primary rating basis for Lessors Risk policies is:

- Square footage
- Gross revenue
- In some cases the carrier will also use the # of rentable units as a rating basis.

Property- Construction:

Since lessors risk is a wide policy coverage ranging from strip malls to industrial parks, there is no one single dominant ISO-Class. Therefore you will see all ISO classes represented when doing a lessors risk inspection.

Property- Fire Protection:



- All lessor's risks should have fire extinguishers including office parks and retail centers.
- Automatic fire sprinkler systems requirements will vary upon size and life safety criteria of each building and occupancy.
- Generally, the larger the building and the higher the occupancy, the more demands for fire safety and protection.

Property Special Hazards:

Special hazards abound in lessor's risk, as a leased building can be subject to many, many different types of operations. Just a few examples include:

- Flammable or combustible liquids
- Commercial cooking
- Commercial laundry
- Rack storage
- Compressed gases
- Wood working or metal machine shops
- Cutting, welding, and much more.

Document the presence of each hazard and which tenant contains each hazard.

Always make recommendations where appropriate.

Liability-Premises Liability:

The most common premises liability issues are slips, trips and falls.

- Arrangements need to be made for snow & ice removal in areas prone to snow.
- Check exit and entryways for ramps or stairways. All stairways (interior or exterior) with over 2 steps need a handrail.
- Buildings open at night, make sure that the building and parking lot are well lit to prevent slip, trip and falls.



Escalators:

These may be encountered in malls and large office buildings, etc. Separate training materials are available that cover escalators. Injuries can result from loss of balance, getting footwear, clothing or hair caught, etc. Some items to be aware of if an escalator is present:

- Regularly scheduled and documented maintenance.
- Adequate lighting at entry and exit points.
- Treads and handholds free of damage.
- Transition plates present between escalator and where it meets the floor.
- No jerky or erratic motions of the equipment.
- If out of service, barricade so it cannot be used as a stairs. An escalator's step height is not consistent with regular stairs and therefore should not be used as a temporary staircase.



Elevators:

Just like escalators, it is not uncommon to encounter elevators in Lessor Risk buildings, such as multi-story malls, office and medical buildings, etc. Here are a few items to be aware of:

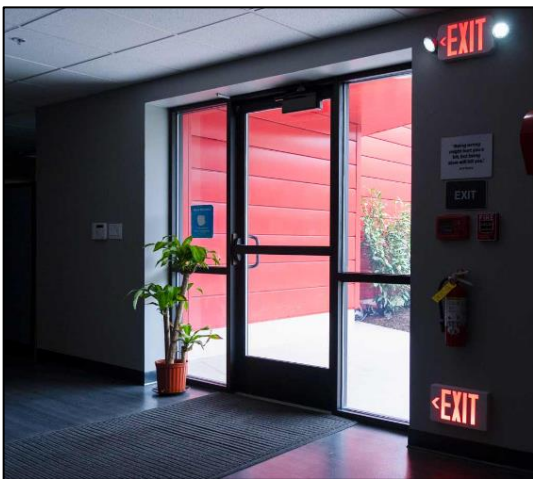
- The elevators should have regularly scheduled inspections and maintenance by a qualified elevator contractor.
- A current inspection certificate should be present, it is often found posted on wall of the elevator.
- In case of fire alarm, elevators should automatically return to main floor and then become inoperative.
- A sign should be posted to use stairs in the event of a fire. No one should use elevators during a fire event.



Liability-Life Safety

Emergency exit lighting and lighted exit signs may often be required. This will depend on the size, building configuration and occupancy of the building.

Manual pull fire alarms and fire alarm monitoring may be required depending upon the occupancy, size, etc.



Liability-Products & Completed Operations:

An insured on a Lessor's Risk policy is not a retailer, not a manufacturer, not an installer, etc.

The insured's "product or service" in a Lessors Risk operation is the process of providing rental space to their tenants.



Obtain information on how the insured handles their responsibilities as a landlord, such as:

- How do they market, screen and acquire tenants?
- How is responsible for repairs? Landlord or tenant?
- Do they get certificates of insurance from outside vendors/service providers, such as licensed trades, landscapers, snow removal, fire extinguisher or sprinkler system contractors, etc.?
- What processes are used to make a space ready for a new tenant? Lock changes?

You may make comments about building maintenance and service providers hired by the insured.

You are allowed to make recommendations about tenant operations that present an overall hazard to the building.

For example, one of the tenants in a strip mall is a restaurant. Their cooking hood is extremely greasy and the service tag on their AES system in the kitchen is well beyond the 6 month mark. Because these issues represents a fire hazard to the building itself (not just the tenant's operations), a recommendation should be made. The landlord can then address this with their tenant.



You are concerned about the relationship between the insured and their tenants. Always be tactful in your communications with the insured and/or their tenants.

Liability-Risk Transfer:

The landlord must collect copies of GL certificates of insurance from tenants. Tenants must have limits on their policy equal to or greater than the insured's policy limits.

The insured must be an "additional named insured" on the tenants' policies.

There must be agreements in place to hold the landlord harmless in the event of a tenant loss.

The insured must collect copies of GL/WC certificates of insurance from service providers, as well.

Liability-Legal Liability:

If any tenant operates a restaurant with commercial cooking, you must also do a commercial cooking segment. This is because a tenant kitchen fire could lead to entire building burning down.

As mentioned previously, you are allowed to make recommendations about a tenant's commercial cooking operations and other special hazards.

Typical Recommendations:

The most common recommendations for lessor's risk are:

- Collect copies of GL policies from tenants.
- Establish hold harmless agreements with tenants.
- Maintain and repair areas prone to slips, trips and falls.
- Regular cleaning of tenant commercial cooking equipment such as kitchen hoods and ducts.
- Regular maintenance of tenant automatic extinguishing systems.

[illegible]

State of _____	Rev. 133A0C8
<h1>COMMERCIAL LEASE AGREEMENT</h1>	
<hr/> <hr/>	
<p>This Commercial Lease Agreement (this "Agreement") is made this _____ day of _____, 20____, by and between _____, an entity with its principal place of business at _____, _____ ("Landlord") and _____, an entity with its principal place of business at _____, _____ ("Tenant"). In consideration of the mutual covenants herein contained, the parties agree as follows:</p>	
<p>1. Demised Premises. The premises leased shall consist of a portion of the building or complex located at _____, _____, _____ (the "Demised Premises").</p>	
<p>a) Description of Premises. The Demised Premises shall consist of a portion of the building or complex located at the street address of _____ in the city of _____, state of _____ as shown on the property map attached as Exhibit A.</p>	
<p>b) Size of Premises. The Demised Premises consists of approximately _____ square feet and comprises approximately _____% of the total leasable area in the Real Property, and is commonly known as _____. The square footage of the Demised Premises shall be</p>	

Tips:

Watch out for tenants that have high occupancy loads like churches, or special occupancies like daycare centers. Also watch out for high risk tenants that have many special hazards like flammable liquids, commercial cooking and compressed gases.

When making the appointment, ask the insured landlord to notify the tenants in the building of the inspection, so that tenants are more agreeable when you arrive. Notified tenants will need less explaining and will help you complete the inspection more quickly.

NOTE: There is no Best Hazard Guide to download specifically for a Lessor's Risk.

This is because the occupancies within the landlord's building could be many different types of tenant operations.

***Proceed to Afirm Institute (LearnUpon) for the final exam on
Occupancy Series – Commercial***