



## Liability Insurance, a must for Hospitality

**Correct and adequate liability cover is critical for the Hospitality sector, ask your customers to consider the following...**

A guest trips and falls in a restaurant toilet cubicle due to a step not being clearly marked. She sustains severe injuries, sues the restaurant and receives a settlement of R2 million plus attorney fees which are in excess of R100,000.

### Domestic Tourism

I recently read an article in Tourism Tattler which, considering the economic conditions, was very interesting. According to the article, South Africans are still travelling, and it pointed out that it is beneficial that we invest in our local economy. It was a personal choice for me recently when booking time away for a special anniversary. "Local is lekker"; we have so many diverse and beautiful places to visit.

An annual review was recently done by the World Travel and Tourism Council, noted that travel and tourism in South Africa contributed 1.5 million jobs and R425.8 billion to the economy in 2018, representing 8.6% of all economic activity in the country. An estimated 56% of the tourism spend came from domestic travel. There are a number of reasons why domestic tourism remains the leading form of tourism like flexible travel times, untapped attractions and technology.

To read the full article, please [click here](#).

What if the guest was a foreigner and sues in pounds or dollars?

Owning a business within the hospitality sector can be a dream come true and it can be both rewarding and fulfilling. Unfortunately, the risks associated with owning this type of business are very high. It is essential that correct and adequate insurance cover is in place to cater for unfortunate events that could arise. The Hospitality Act states that Public Liability insurance is a must – it is the establishment's responsibility to purchase cover – and it is also a requirement when applying for grading with the Tourism Grading Council of SA.

The reality is that whilst hosting guests there is always the potential risk of damage occurring to customers' property, injury to guests and theft of their belongings resulting in liability claims against the establishment.

General liability insurance is vital to protect a business by covering legal claims where third parties intend holding a particular entity liable as a result of an accidental and unforeseen event. Whether it is a guesthouse, lodge or any establishment where guests are paying for a service, owners need to ensure that at a minimum, commercial liability is in place (a personal policy will reject a claim for any business activity). The best solution is to purchase liability cover from a specialist insurer who understands the needs of the industry.

The other aspect is to ensure that you are adequately insured. The owner needs to take as much cover as they can afford, rather too much than too little. We wouldn't recommend any amount under R30 million. As mentioned previously foreign visitors sue in foreign currency and, besides that, local tourists are becoming more litigious. The legal costs are another factor to consider. Attorney fees accumulate fast and adequate protection is needed should a case go to court.

Passenger Liability is another key area as the Road Accident Fund (RAF) doesn't respond to emotional shock or cross-border tours. There are other important covers to have in place like animal liability, your facilities, any activities you provide or errors and omissions to name a few which are specific to the Hospitality industry.

Lastly, liability cover for a Hospitality risk should not contain any exclusions with which you cannot comply. It is important that your broker reviews the cover with you to ensure it will respond when an incident occurs.