

# INDUSTRY RISK REPORT HOSPITALITY/GAMING

The hospitality industry includes such disparate operations as hotel, gaming and restaurant companies, but some risks don't recognize these distinctions. Brand management—protecting a company's good name in the eyes of consumers and investors—is on risk managers' menus when they check in at their offices every morning, encompassing everything from vicarious liability claims to emergency preparedness, cyberrisk and terrorism; and they still need time to buy CAT cover.

Company Name	Location	CRO	CFO	2006 Total Revenue	No. of Employees	Primary Broker	Captives
<b>Boyd Gaming Corp.</b>	Las Vegas, Nev.	Stan Smith, VP, Risk Management/Security; Bob Berglund, VP, Employee Benefits and Insurance	Paul Chakmak, EVP, Treasurer	\$2.27 billion	23,400	Aon, Kaercher Insurance	Constellation Insurance Co. (Hawaii)
<b>Brinker International Inc.</b>	Dallas, Texas	Kim Sanders, Director of Risk Management	Charles M. Sonstebly, EVP	\$4.15 billion	120,000	Withheld	Brinker Insurance Co. Ltd. (Bermuda)
<b>Harrah's Entertainment Inc.</b>	Las Vegas, Nev.	Lance Ewing, VP, Risk Management	Jonathan S. Halkyard, SVP, Treasurer	\$9.67 billion	85,000	Beecher Carlson, Willis	Aster Insurance Ltd. (Bermuda), Red Oak Ltd. (Barbados), Romulus Risk & Insurance Co. (Nevada)
<b>Hilton Hotels Corp.</b>	Beverly Hills, Calif.	W. David Little, VP, Risk Management	Robert M. La Forgia, EVP	\$8.16 billion	61,000	Aon, Marsh, PartnerSource	Hilton Insurance Corp. (Vermont)
<b>Marriott International Inc.</b>	Bethesda, Md.	Bradley Wood, SVP, Risk Management	Arne M. Sorenson, EVP, President, Continental European Lodging	\$12.16 billion	143,000	Beecher Carlson, Marsh	C.L. Int'l Insurance Co. Ltd. (Bermuda), F.L. Insurance Corp. (Hawaii), Marquis Insurance Corp. (Hawaii)
<b>MGM Mirage</b>	Las Vegas, Nev.	Paula Gentile, SVP, General Counsel	James J. Murren, President, Treasurer, Director	\$7.17 billion	66,500	Aon, Willis	MGM Insurance (Vermont), M3 Nevada (Nevada)
<b>Papa John's International Inc.</b>	Louisville, Ky.	Georgianna Stump, Senior Director, Risk Management	J. David Flanery, SVP, Treasurer	\$1.00 billion	13,194	Wachovia Insurance Services	RSC Services Ltd. (Bermuda)(in runoff)
<b>Penn National Gaming Inc.</b>	Wyomissing, Pa.	Robert Ippolito, VP, Secretary & Treasurer; Jacques Arragon, Director, Risk Management	William J. Clifford, SVP, Finance	\$2.24 billion	13,910	Marsh	No
<b>Wyndham Worldwide Corp.</b>	Parsippany, N.J.	James Iervolino, VP, Risk Management	Virginia M. Wilson, EVP	\$3.84 billion	30,000	Aon, Regions Insurance	No
<b>Yum! Brands Inc.</b>	Louisville, Ky.	Connie Hayes, Assistant Treasurer, Risk Management and Cash Management	Richard T. Carucci	\$9.56 billion	272,000	Lockton	Glenharney Insurance Co. (Vermont)

Company Name	Risk Exposure:	Risk Strategies:
<b>Boyd Gaming Corp.</b>	The development and renovation projects that might face significant risks inherent in construction; extensive governmental gaming regulation and taxation policies; certain facilities located in areas that experience extreme weather conditions; energy price increases.	The company maintains insurance that might cover some of the costs incurred as a result of extreme weather conditions, but the coverage is subject to deductibles and limits on maximum benefits. No assurance can be made that the company would be able to fully collect, if at all, on any claims resulting from extreme weather conditions. The company provides indemnity insurance for directors and officers to be indemnified or insured against liability or loss under certain circumstances.
<b>Brinker International Inc.</b>	Seasonal fluctuations in the company's business; changes in consumer tastes and behaviors and demographic trends; availability of employees; adverse weather conditions; future commodity prices, fuel and utility costs and availability; consumer perception of food safety; health epidemics and pandemics; governmental regulations; inflation.	The company is self-insured for certain losses related to health, general liability and workers' compensation. The company also purchases insurance for losses that exceed the self-insurance per occurrence or aggregate retention.
<b>Harrah's Entertainment Inc.</b>	Financial risk exposure associated with increased taxation on gaming revenues; the severity of aviation accident risk and the resulting p.r. risk exposure; the global risk issue of a pandemic.	The company employs a government relations department and a legal department to assure the company is in compliance. The company also mitigates its aviation risk through risk control and safety and has in place an aviation disaster plan. The company has new jets and diligent charter aircraft screening and protocols in place. For global pandemic risk, the company uses risk control, trains its personnel and works with each department of health in the locations where it operates.
<b>Hilton Hotels Corp.</b>	Changing mixed-use dynamic of the industry; the availability and cost of property-catastrophe coverage; the recent acquisition of Hilton International and the resulting increased international exposure in 73 countries; corporate move from an ownership business model to a management and franchise model, and resulting limitations and changes to its insurance program.	The company has re-evaluated and restructured how it places its complex insurance program for property. With international exposures, the company is in the process of evaluating its disparate insurance programs and deciding which to combine and which to change, as well as collecting underwriting information for each international property.
<b>Marriott International Inc.</b>	International, national and regional economic and geopolitical conditions; the impact of war, actual or threatened terrorist activity and heightened travel security measures; travelers' fears of exposure to contagious diseases, such as Avian Flu and Severe Acute Respiratory Syndrome; natural disasters, such as earthquakes, tsunamis and hurricanes; taxes and government regulations; organized labor activities.	The company has property and liability insurance policies with coverage features and insured limits that it believes customary. Certain types of losses, generally catastrophes such as earthquakes, hurricanes and floods or terrorist acts, might be uninsurable or too expensive to justify insuring against. The company had \$184 million in self-insurance reserves in 2006 and self-insures for certain levels of property, liability, workers' compensation and employee medical coverage.
<b>MGM Mirage</b>	Extensive federal, state and local laws, regulations and ordinances; certain properties located in areas that may be subject to extreme weather conditions, including, but not limited to, hurricanes; increases in energy costs; the company's susceptibility to global geopolitical events, such as terrorist attacks or acts of war or hostility.	The company maintains both property and business interruption insurance coverage for certain extreme weather conditions, though such coverage is subject to deductibles and limits on maximum benefits, including limitation on the coverage period for business interruption. The company cannot say that it will be able to fully insure such losses or fully collect, if at all, on claims resulting from such extreme weather conditions. The company is also self-insured for most health-care benefits for its nonunion employees.
<b>Papa John's International Inc.</b>	Auto (delivery driver exposure) that can affect the company's liability and workers' comp programs.	The company mandates that every driver must pass the MVR criteria, and the company collects proof of insurance on drivers for underlying coverage. The company also purchases a \$30 million umbrella excess above \$1 million. It uses a statutory workers' comp program and takes the first \$250,000 retention of each claim.
<b>Penn National Gaming Inc.</b>	Most of the company's properties are on the water, including three on the Gulf Coast, and the company is coming off a significant Katrina claim; flood exposure in other parts of the country where the company has barges or boats on water, such as on the Mississippi River and Ohio River.	The company mitigates its property risk through insurance. With its operation in Bay St. Louis, Miss., the company moved its property on land, and it is looking at moving other casinos inland as well.
<b>Wyndham Worldwide Corp.</b>	Vicarious liability claims and other risks associated with being a year-old public company; brand management.	The company maintains a strong reputation and deep relationships with the insurance industry, especially with the London market. With the creation of Wyndham Worldwide, the company has integrated into one unified global property portfolio to save millions in premiums. In its latest property renewal, the company used brokers on a fee-neutral basis to build its primary and excess layers. It also has coverage for vicarious liability and sets up standards with franchisees and tracks their compliance with insurance requirements.
<b>Yum! Brands Inc.</b>	Employee and customer injury claims; property damage claims to restaurants; reputational brand risk (anything that would damage the reputation of the brands in the eyes of consumers, such as adverse media attention and product contamination issues).	The company champions a strong safety culture and builds an appreciation throughout the organization, top to bottom, of what could affect the company adversely. The company also uses a robust field-based loss-control department as its legs and arms in the field. The company self-insures for a majority of its exposures, and transfers risk as well.

COMPILED BY MATTHEW BRODSKY FROM THE FOLLOWING SOURCES: HOOVER'S, RISK AND INSURANCE MANAGEMENT SOCIETY INC. DATABASES; COMPANY FILINGS AND REPRESENTATIVES.