



®

**GUIDEBOOK TO
INSURING
YOUR QUIZNOS®**



Insuring Your Quiznos Franchise

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Quiznos Franchisee

We are pleased to provide you with this franchise guidebook: *“Insuring Your Quiznos.”* In this guide, we will walk you through the importance of properly insuring your Quiznos franchise and review the requirements we have for insurance coverage. Read through all this information carefully—proper insurance protection for your restaurant is an important step to ensuring your ultimate success!

The Importance of Insurance

As a Quiznos franchise owner, there are a wide variety of risks that you face: accidents, natural disasters, lawsuits, possible burglaries, etc. The insurance coverage you choose can mean the difference between staying in or going out of business. It may mean an insurance company paying for unforeseen losses (including lawsuit defense and judgment), and those losses coming out of your own pocket.

Because Quiznos recognizes that insurance is an integral part of your financial security, we set certain requirements for each franchise owner. These provisions specify the types and amounts of insurance coverage you are required to have. These requirements are our minimum requirements.

Quiznos Insurance Requirements

Before you open your Quiznos restaurant for business, you and your contractors are required to obtain the following types of insurance coverage:

1. Workers Compensation & Employer's Liability
2. Commercial Automobile Liability that includes coverage for delivery operations
3. Commercial General Liability
4. Property

Marsh is Quiznos' endorsed broker for providing the correct insurance from one of two insurance companies selected to supply insurance for Quiznos stores. For more information, call a Marsh representative at 1-800-803-5763.

If you choose not to use our preferred provider, Marsh, you must be sure that the insurance company you elect provides an insurance certificate as outlined and has a rating of at least A- VII by A.M. Best.

Your insurance coverage must begin *with the commencement date of your real estate lease* and is to remain in effect during the term of your franchise agreement.

Quiznos Required Coverage Amounts

1. Workers Compensation Coverage

Workers Compensation insurance covers:

- Employees injured at your restaurant while working for you
- Employees injured while on the job but not on the business premises (including employees injured in their car while delivering for your restaurant)
- Work-related illnesses

This coverage provides your employee with financial protection for these work-related injuries, medical care, rehabilitation services (if applicable) and lost income.

Your Quiznos franchise agreement and most state laws require you to carry Workers Compensation (including Employer's Liability) for all employees in any state where you operate your restaurant and in states where your employees reside:

- \$100,000 per accident
- \$100,000 disease—each employee
- \$500,000 disease—policy limit

Higher limits may be required by law and purchased within your Workers Compensation policy.

2. Commercial Automobile Liability Insurance

If you or one of your employees are in an auto accident while driving for your business, legal expenses or medical bills will be paid by your restaurant's commercial automobile liability insurance. Even if an accident is not your fault, you still could find yourself named in a lawsuit.

Commercial Automobile Liability insurance provides coverage for personal injury, including bodily injury, death, and property damage to a third party for which you are found to be legally responsible while operating an owned, leased, non-owned and hired vehicles used in the course of your business. If you intend to use your personal vehicle in your business, remember that your personal auto insurance policy will probably not cover liability claims for damages resulting from an accident that occurs while conducting business activities.

A couple of important notes for insurance around delivery operations:

- If an employee is driving a personal vehicle, the employee's insurance is primary or takes precedence over your business insurance.
- Your hired/non-owned liability endorsement will protect your business employee's insurance limits are too low.
- Your employee's injuries in an auto accident are covered by workers compensation.
- Your policy does not provide any coverage for damage to your employee's vehicle

Quiznos requires that you have insurance covering all owned, leased, non-owned and hired vehicles used in the performance of work. The insurance needs to protect you against claims by a third party for personal injury (including bodily injury and death) and property damage. You need to carry a minimum limit of \$1,000,000 each Accident.

Quiznos requires any location offering delivery services to have a motor vehicle report for each driver at the time of hire and every six months thereafter.

3. Commercial General Liability Insurance

Commercial General Liability insurance protects your store against third-party liability claims for bodily injury or property damage arising from your store operations. Common general liability claims are claims for a customer slipping and falling in your restaurant. You

are required by Quiznos to have this insurance and must provide coverage for:

- Premises and operations
- Products and completed operations
- Contractual liability
- Personal injury liability
- Broad form property damage
- Advertising injury
- Fire legal liability

You are required to have a minimum limit of \$1,000,000 per occurrence with a \$2,000,000 aggregate for bodily injury, personal injury and property damage combined. You may wish to purchase higher limits or may be required to have higher limits in your lease.

If you do not own a commercial vehicle, Quiznos requires that hired and non-owned liability coverage is included under the Commercial General Liability policy with a minimum of \$1,000,000 each accident.

4. Property Insurance

Property insurance provides coverage for direct physical loss of, or damage to, covered property when the loss is caused by an insured peril such as fire or theft. You need to choose a property policy that includes Business Interruption coverage so you are reimbursed for loss of restaurant revenues in the event business operations are suspended during the time required to rebuild or repair damaged property.

Quiznos requires that you carry at least \$75,000 for business personal property, including tenant improvements and business interruption. We recommend that you carry \$150,000.

The following list is a general guideline when thinking about what property to insure:

1. Cost to replace your tenant improvements
2. Cost to replace any outdoor property such as signs
3. Cost to replace all furniture, equipment and supplies
4. Cost to replace all inventory
5. Cost to replace leased equipment
6. Cost to replace computers and other data processing equipment
7. Cost to re-create records, valuable papers, books and documents
8. Theft of money or securities on your premises

Marsh-Administered Quiznos Insurance Program

In order to help you properly and easily insure your business, Quiznos has partnered with Marsh, a leading risk and insurance services brokerage firm. Through Marsh, you will receive insurance coverage specifically tailored to your Quiznos franchise.

Marsh has and will maintain at least 2 separate insurance companies to provide the insurance required and has tailored insurance coverages specifically to Quiznos.

Certificates of Insurance

Prior to commencing construction, certificates of insurance evidencing that satisfactory coverage of the types and limits set forth on page 2 and 3 shall be furnished to:

**By Mail: QFA Royalties LLC and its
Affiliated Companies
1001 17th Street, #200
Denver, CO 80202**

By Fax: 866-207-0595

Such certificates will be in an industry-acceptable form and will contain provisions that no material changes or cancellations of the policies will become effective except upon 30 days written notice to Quiznos.

This Certificate shall include the following:

- 1) *Your restaurant number*
- 2) *“QFA Royalties LLC and its affiliates are additional insureds with respect to the liability policies above. Hired and non-owned auto liability coverage includes*

delivery operations of the insured. Endorsements BP06 06 and CA 9932 or equivalent are attached to or apply to either the general liability policy or auto liability policy above.”

- 3) *Franchise owner’s insurance is primary and Quiznos insurance will not contribute to the franchise owner’s insurance.*
- 4) *You must check for specific coverage needs under the real estate lease and loan documents.*

Flood, Earthquake or Hurricane Insurance

Marsh representatives will help you determine your risk level and what coverage limits would be appropriate for your individual franchise. Evidence of flood, earthquake or hurricane insurance may be required or you may choose to insure against these hazards if your Quiznos franchise is located in a high-risk or high-hazard zone. Most insurance policies do not include these hazards as being insured under any insurance policy unless specifically endorsed.

Below are the additional coverages at no charge for being in the Quiznos Insurance Program:

Marsh to complete this section.....

MVR Services and Post-Hire Background Screening for:

- Motor Vehicle Reports
- Criminal Records Searches
- Employment Verifications
- Education Verifications

3 Steps to Obtaining Insurance Coverage

Just as you have an insurance agent for your home and personal vehicles, Quiznos selected Marsh as its preferred broker specifically to find the best insurance coverage at the lowest price for our franchise owners. We have at least two insurance companies at any time for you to choose from:

Step 1: Request an Insurance Quote

- Call Marsh toll-free at 1-800-803-5763. A Quiznos-dedicated representative will provide recommendations on coverages or limits, answer any questions you have regarding this insurance program and assist you in completing your application (also located online at www.QuiznosInsurance.com).
- Complete the entire Quiznos Business Insurance Application—a complete form is necessary for rating.
- E-mail your application to MarshSales@Marshpm.com or fax your application to Marsh at 1-515-365-0442.

Step 2: Receive Insurance Information

- A Marsh representative will contact you to discuss your insurance quote.
- Marsh will then e-mail the proposals and an acceptance document for your review.

Step 3: Place Your Franchise Insurance

- Marsh will follow up with you to answer any questions and discuss binding coverage on the desired effective date. A down payment is not required to bind coverage.
- Marsh will bind the coverage with a carrier and prepare certificates of insurance for all certificate holders, including your landlord.

- Marsh will fax a copy of all certificates to you and the certificate holders as required, as well as mail an original to each certificate holder.
- Both insurance companies have monthly and quarterly premium payment options and they will bill you for the down payment. The insurance company will check your policy for accuracy and mail it directly to you.

Marsh will continue to be available to help you with any issues that arise regarding your insurance policies, however, all future service requests, such as billing questions, changes to policies, adding a location, etc., should be directed to the insurance company you chose. At the time your policy is bound or issued, Marsh will provide you with a direct phone number to the insurance company.

Understanding Insurance

We know that insurance is hard to understand and here are a few key points regarding proper insurance:

- Workers Compensation covers your employees' injuries when they have work-related injuries. Their health insurance does not.
- Floods, hurricanes and earthquakes are generally not covered under business insurance unless you specifically buy the coverage. If your restaurant is located in one of the high-hazard zones, then we strongly recommend that you purchase the additional coverage.
- Non-owned auto liability does not protect your business if an employee gets into an accident while delivering. You need specific coverage for delivery operations.
- Property insurance is different than property damage liability coverage. Property insurance covers your business personal property, including improvements and betterments. Property damage liability is a third-party coverage should someone sue you for damaging their property.

Marsh-Administered Quiznos Insurance Program

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For more details on the
Quiznos Insurance Program,
please call the Quiznos Franchise Hotline at:

1-800-803-5763

Quiznos Insurance Program
12421 Meredith Drive
Urbandale, IA 50398

E-mail: MarshSales@marshpm.com

Web site: quiznosinsurance.com