

Pull out your current policy and check the box next to any coverage you can confirm is already in place — anything unchecked is worth a quick conversation with your advisor. Coverage checklist for franchisors and area developers. Priorities reflect typical exposure; confirm against the system.

CORE **PREVALENT** **SITUATIONAL** — Core: almost always needed · Prevalent: commonly carried by businesses in this class · Situational: depends on specific exposure

COVERAGE	WHY THIS BUSINESS NEEDS IT	PRIORITY
☐ Franchisor E&O (Professional Liability)	Covers franchisee claims over disclosures, support, and system advice.	CORE
☐ Directors & Officers	Covers management decisions and regulatory inquiries.	CORE
☐ Employment Practices (incl. Joint Employer)	Covers claims that treat the franchisor as a franchisee's employer.	CORE
☐ General Liability (Vicarious)	Covers suits naming the franchisor over franchisee operations.	CORE
☐ Cyber Liability	Covers system-wide breaches of franchisor-provided POS or data systems.	PREVALENT
☐ Franchisee Additional Insured Status	Confirms franchisees' policies name the franchisor and respond first.	PREVALENT

COMMON COVERAGE GAP FOR THIS CLASS

The most commonly missed gap for this class is franchisor E&O. General liability and D&O often exclude claims by franchisees over disclosures, fees, or system support — the core of franchisor litigation. Franchisors should carry franchisor E&O, disclose every fee in the FDD, and require franchisees to name them as additional insured.

IMPORTANT — PLEASE READ

This checklist is a free educational tool from Cory Washington & Co. to help you review your own coverage and have a more informed conversation with a licensed insurance professional. It is general information only — not insurance, legal, or financial advice, and not a recommendation to buy, change, or cancel any policy. The Core / Prevalent / Situational labels describe general patterns observed for this class of business — what is commonly carried, not a personalized recommendation or needs analysis for your specific operations. Coverage terms, availability, limits, and requirements vary by policy, carrier, and state, and only the language in your actual policy governs what is and isn't covered. Checking or leaving blank any item above does not indicate that you are adequately insured or under-insured. Using this checklist does not create a client, agency, or fiduciary relationship. Always consult a licensed professional about your specific situation.