

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 hookah lounges, cigar lounges, and tobacco shops with on-site smoking. Priorities reflect typical exposure for this class; confirm against the lounge's actual operations.

COREPREVALENTSITUATIONAL

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

COVERAGE	WHY THIS BUSINESS NEEDS IT	PRIORITY
☐ Commercial General Liability	Covers guest injuries — carbon monoxide illness, burns from coals, slips and falls. Confirm carbon monoxide claims are not swept into a pollution exclusion.	CORE
☐ Commercial Property	Burning charcoal and smoking materials make fire the leading property exposure for this class.	CORE
☐ Workers' Compensation	Staff handle hot coals and work long shifts in smoke-filled rooms.	CORE
☐ Liquor Liability	Needed whenever alcohol is served or allowed — GL excludes it, and late-night service raises severity.	PREVALENT
☐ Assault & Battery Coverage	Late-night lounges see fights and security incidents; many GL policies for this class exclude or sublimit A&B.	PREVALENT
☐ Business Income	Replaces income if a fire, smoke damage, or permit suspension closes the lounge.	PREVALENT
☐ Products Liability	Covers claims tied to tobacco, shisha, and accessories sold for use off premises.	PREVALENT
☐ Umbrella / Excess Liability	Extends limits above GL and liquor; carbon monoxide and assault claims can be severe.	PREVALENT
☐ Spoilage / Humidor Inventory	Covers premium cigar inventory damaged by humidor or HVAC failure.	SITUATIONAL
☐ Employment Practices Liability	Covers claims by servers, hookah staff, and security.	SITUATIONAL

COMMON COVERAGE GAP FOR THIS CLASS

The gap specific to hookah lounges is carbon monoxide. Hookah charcoal produces CO, and emergency departments have treated guests with blood CO levels comparable to fire victims. Coverage for CO injuries has been fought under the general liability pollution exclusion with mixed results from court to court, so whether a claim is covered can turn on the exact policy wording. Confirm with the carrier that carbon monoxide from the lounge's own operations is covered, and back it up with CO alarms in every room where coals are used.

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.