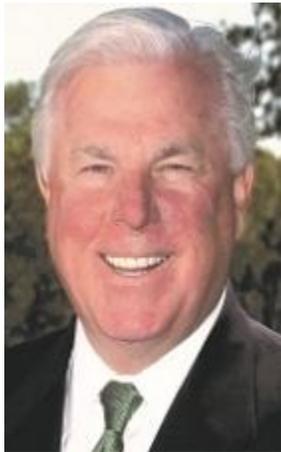




Beginner's Guide to Hotel Revenue Management

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Insurance



Mr. Harvey

What Causes Hotel Claims and How to Prevent Them

By *Philip J Harvey, President, Venture Insurance Programs*

As you well know, Legionnaires' disease has reared its coughing, aching head this year. Generally, we see one or two cases of Legionnaires' in hotels every eight to 10 years. Yet there have been at least three outbreaks in the Northeast and Southeast United States this year. A new outbreak was just reported in the South Bronx.

We have reason to believe there will be more Legionnaires' outbreaks in coming years. Not only is the recent spike in cases

worrisome, but some experts believe the effects of climate change may encourage the spread of the legionella bacteria that causes Legionnaires'.

This respiratory infection puts older and immune-compromised hotel guests in serious danger—quite the opposite outcome a hotel manager would hope for a guest's stay. It can also be a costly loss for your hotel if an infected guest files suit. Like any bacterial disease, it is difficult to halt the transmission of the legionella bacteria entirely. But your hotel must

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mitigate the risk and the costs of a potential outbreak.

Proper maintenance of cooling towers, fountains and other areas of standing water is critical; these can become breeding grounds for legionella if not maintained properly. Put a maintenance schedule in place and stick to it. This not only helps to prevent outbreaks of disease, but also helps defend you in the event that an outbreak draws an insurance claim. You will then have records that demonstrate your due diligence.

If your hotel does experience a Legionnaires' outbreak, you must follow an emergency response plan. This should include identifying the source of the outbreak (cooling tower, hot tub, etc.), taking steps to stem the spread of the disease and having a public relations plan for communicating with guests, employees and the public.

The past two starkly cold winters in the U.S. have raised another maintenance concern: frozen pipes. When pipes freeze and burst, the resulting water leak can cause extensive damage, resulting in insurance claims from Maine to Georgia.

Many hospitality professionals do not realize that of all the hazards they face, water is the most costly. In fact, it can cause more expensive damage than a fire. After all, water follows whatever path it wants through a property, taking the path of least resistance, which is often the most detrimental. Plus, the water damage remediation can take months, which results in lost income for a hotel.

In many older hotels, the pipes are along the roof, which means a burst pipe can easily spread water throughout the building. One such hotel filed a \$1.7 million claim for burst pipes; the water leaked through the ceiling and damaged many guest rooms.

Though you have property insurance for just that reason, such a large, preventable claim can cause your premiums to increase and could make it difficult for you to get insurance. However, these losses are preventable. You should discuss the details of preventing pipe freezing and bursting with an engineering company, but at a minimum you should ensure your pipes are properly insulated—do not assume this is done, particularly in older hotels.

Some hotel managers seek to prevent burst pipes by shutting off the water supply when extreme low temperatures threaten. Unfortunately, this can make matters worse; any water not flushed from the lines will certainly freeze without flowing water to clear it. If you must shut down your water supply, contact your insurance broker or carrier. Many carriers have a 1-800 number just to address this scenario.

Before winter hits, take these preventative measures: ensure pipes are insulated, consult an engineer and find out who to contact if you must shut off your hotel's water.



Hotel Design for the Millennial Generation

By *Corinna Kretschmar-Joehnk*, Co-Managing Director, JOI-Design

Designing a hotel oriented towards Millennials, or Generation Y, means addressing the revolutionary shift in society's "gestalt" created by the instant accessibility of information. Although people of all ages are participating in this transformation, those born in the last two decades of the 20th century are shaping how these changes materialise through their attitudes towards the accessibility of technology, sense of community, work / life balance, experiences vs. possessions, memory-making, and personalised service – all of which impact a hotel's interior design. [READ MORE](#)



Hotel Design Cycles

By *Tammy S. Miller*, President, Alternate Resources

Design is only good if it works. Hospitality designers are charged with plenty to think about at the onset of a new project. Most importantly, what will make the space work for the clientele and bring people back. People have many diverse needs and desires when travelling but each property has to find their niche and maximize the return on their investments. Luckily, at this time, hotel redesign is being mandated everywhere. PIPs that have been on hold during the recently weak economic times are shaking loose now, and hotel designers are being called to task. The difference between a good hotel room and a great hotel room is design. A well thought out interior can enhance the travel experience, but remember this newly renovated space has to last up to twelve years. [READ MORE](#)

Cybersecurity: Overlooked and underestimated

You cannot read the news these days without reading another story about a cyber breach at a major company. In business publications, articles urging business leaders to take cyber security seriously are ubiquitous. So, it may seem that the issue is played out, but in reality, no one can stop talking about it because it is a growing problem with the potential to seriously harm many businesses—particularly hotels.

Cyber crimes are an underestimated threat to the hospitality industry. Hotels of all sizes face data breaches and the loss of credit card information. It is not only guest data that is targeted. Digital thieves can steal critical employee information, as well. Your hotel will be a target for data theft; it is not an issue of if, but when.

Data breaches are expensive losses. Forty-seven states now have data breach notification laws, and we can expect the remaining three states to follow suit. Related regulatory investigation is costly.

Hotels need to have a data breach response policy in place or face regulatory consequences. This may include notifying customers, offering fraud monitoring and having the correct insurance coverage. If you offer free wi-fi but do not have cyber liability insurance, you are leaving yourself exposed. You would never go without general liability coverage, and you should think of cyber coverage the same way.

Sexual Abuse Claims on the Rise

From an insurance perspective, we are seeing a troubling trend: sexual abuse acts claims are on the rise in the hotel sector. Why? Hotels are increasingly adopting amenities that expose guests to sexual abuse. These claims are originating from spa services, bars and nightclubs and kids' clubs or babysitting programs.

Hotels with these types of amenities must have an abuse program in place. That should include an employee screening policy, background checks on new and existing employees and a sexual abuse identification and reporting policy. Employees must be familiar with hotel policies around sexual abuse and feel comfortable reporting an incident. Hotel managers should include reading and signing the policy a part of the hiring process and a review of the abuse policy as a part of employees' yearly performance reviews.

Back Injuries Still a Problem

Workers' compensation claims related to back injuries are not an emerging problem. Many workers are aware of the need for safe lifting techniques and stretching. Yet these claims remain a loss leader in hotel workers' compensation.

These claims are preventable. Many originate with the housekeeping staff, for a variety of reasons. Perhaps a housekeeper tried to flip a mattress on her own, or got a cart wheel stuck on something and she pushed too hard to free it rather than bending down to adjust the wheel.



Do Lobbies Even Need Hotels?

By Jennifer Skaife, Design Director, DiLeonardo

A couple of years ago, I wrote a piece in HotelExecutive about how the Hotel Lobby was evolving from an arrival and circulation zone with the various program elements of food and beverage outlets, business centers, and the expected array of arrival components and moving towards a self-contained destination; becoming something quite independent of the hotel itself. [READ MORE](#)

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A good training program is important. Show employees how to safely flip a mattress, proper technique for pushing heavy carts and how to report an injury. They should also use proper assistive equipment, such as lift belts. In addition, your insurance carrier more than likely offers training resources and materials. Reach out to your broker or insurance carrier, find out what resources are available and take advantage of them.

Even if additional training comes at a cost, it will save you even more in the long run. Significant and frequent back strain claims can cause your workers' compensation premiums to increase. Training not only helps prevent employee injury, but also demonstrates to a potential insurer that you are taking steps to mitigate this frequently expensive risk. Plus, being able to demonstrate that you have properly trained employees gives your attorney some leverage in the event you must file a claim.

The Relentless Hotel Claims Source

Some back strain claims stem from hotels' claims nemesis: slips, trips and falls. This is particularly true in hotels and resorts in beach towns. Guest use of showers and bathtubs are another major source of these claims. Slips, trips and falls will always occur; after all, accidental falls are a notorious leading cause of death in the U.S. But hotels can always do more to prevent these accidents on their properties and demonstrate they have done their due diligence if an accident does occur.

Insurers know regular property maintenance is the key to preventing slips, trips and falls. In fact, we look at maintenance programs when underwriting risks, so having a written maintenance program can have an effect on your insurance costs. Pay attention to your property and be realistic about its vulnerabilities. Savvy hotel managers closely monitor their property for hazards. Some even work with maintenance staff to replace loose tiles and torn carpet on a daily basis. A well-maintained hotel will minimize slips, trips and falls.

In hotels that effectively control insurance claims of all kinds, we see pride of ownership. Owners, managers and staff take pride in their ability to provide safe and restful experience for guests.

Philip J. Harvey is president of Venture Insurance Programs, a national program administrator for select industries, including hotels, resorts and golf and country clubs. Through Venture, Mr. Harvey created a leading all-lines insurance program for hotels and resorts called SUITELIFE. Mr. Harvey has more than 35 years of insurance experience in all facets of property and casualty insurance. The hallmark of Venture is an entrepreneurial spirit that identifies market needs and works to develop unique solutions. Mr. Harvey can be contacted at 800-282-6247 or Please visit pharvey@ventureprograms.com for more information. **[Extended Bio...](#)**

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Hotel Business Review

November 2 at 3:53pm

For hotel groups looking for new ways to generate additional revenue in 2016 and beyond, the extended length accommodation sector continues to grow and provides solid value for owners and guests alike. While the sector grew out of a niche set of hotels in the 1970's that sought to provide long stay guests with home-like amenities and atmosphere, nearly every major global hotel franchise today has at least one extended length accommodation product under their portfolio of brands. Pricing of extended length hotels and serviced apartments has traditionally been a challenging concept for revenue managers given rates vary greatly depending on the length of stay a guest is seeking.



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