



Catastrophe Losses Pose Unique Risks to Hospitality Market





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It Happened. What's Next?

Hotels and entertainment venues that go out of service because of a catastrophe face a significant drop in revenue, and not just because of business interruption.

Fire, flood, biohazard cleanup, environmental contamination, mold, hail, lightning strikes and active shooter events are among the risks that should be part of a venue's catastrophe or emergency plan. In addition, contagious outbreaks because of illness, either the result of a sick guest or employee, may require a property to be decontaminated.

KEY FACTS TO REMEMBER:

- ✓ Hospitality Losses Can Be Costly
- ✓ Catastrophes Are Typically Unexpected and Unpredictable
- ✓ Reputation Is at Stake, and a Diminished Reputation Can Lead to Loss of Future Bookings
- ✓ Damage Must Be Addressed Quickly to Avoid Delays and Possible Secondary Damage

KEY FACT #1

Preparing for the Inevitable

At one time or another, your business will sustain a loss. That's why it's crucial to be prepared before disaster strikes. Advanced preparation will ultimately affect how much the loss will cost to repair and how soon your space can get back up and running.

Several factors play a role in preparedness. These include ensuring a contract is in place with a reputable restoration firm in advance of a loss. Having a contract means that a rate has been established in advance for the most common types of losses; a contract also identifies the most important points of contact for both parties. A hotel or venue should identify the person (or individuals) within their organization who is authorized to initiate the restoration response process in the event of property damage. With restoration and remediation, time is of the essence.



HOSPITALITY INDUSTRY

The Hospitality sector may comprise any of these property types:

- Grand/Executive Hotels
- Resorts and Spas
- Motels and Hotel Chains
- Vacation Ownership/Timeshares
- Concert Halls/Stage Venues
- Sports Arenas
- Movie Theaters
- Commercial/Retail Stores
- Shopping Malls
- Museums/Art Galleries
- Convention Centers
- Casinos
- Golf Courses, Wineries, etc.

KEY FACT #2

Mitigating Risks

An organization can mitigate losses by preparing for them internally. For example, appropriate staff should be trained to identify and shut off valves for water and gas lines. The risk of secondary damage, associated costs and downtime increases if an organization must wait for a vendor to identify and close valves.

Additionally, information about the restoration vendor, other applicable contractors and steps that outline when to call them should be readily available. While it's important to have the documentation onsite, equipping employees with the appropriate contact information on their phones can reduce damage and disruption time since these incidents often occur after hours.

Fair Warning: Be aware of unscrupulous contractors who take advantage of unprepared businesses in the event of a loss. Working without a contract or without an insured contractor can lead to more damage, increased delays, legal exposure and additional expenses.

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**Avoid scrambling for contractor names and phone numbers.
Have employees add contractor vendor information into
their cell phones.**



TIME-SAVING TIP

Depending on the type of loss sustained, the following vendors may need to be notified:

- Sprinkler contractor
- Elevator and escalator contractor
- Landscaping contractor
- HVAC contractor
- Plumber
- Electrician

KEY FACT #3

Avoid Delays

If property damage isn't addressed quickly, it can lead to secondary damage. For example, it typically takes three or four days to dry out water-damaged walls and floors with specialized equipment. Any type of delay will cause mold to begin forming within 48 to 72 hours. Once mold has formed, the job becomes more complex because demolition and mold remediation will be necessary. This means additional time for reconstruction and for the space to be returned to operation.



COST-SAVING TIP

Address losses quickly to prevent delays and return damaged property to operational status.

KEY FACT #4

Success Factors

Two-way communication is essential to ensure repairs go smoothly. Restoration contractors should be able to answer questions about the loss, the process and next steps. Venue management must be able to provide contractors easy access to damaged areas and respond quickly with direction and approval when needed. Having a remediation contractor familiar with the insurance process in the event a claim is filed is helpful.

Recognize that returning a damaged space to use requires a partnership between the venue and the restoration contractor. Avoid unnecessary delays by allowing the restoration firm to do its job. Turning off drying fans and questioning the necessity of access to damaged areas may prolong the restoration process, potentially risking secondary damage.

Allow the restoration company an opportunity to assess damage and determine what areas need to be contained. Oftentimes, venues will err on the side of caution, prohibiting guests from accessing entire floors, when only a small block of rooms on one floor needs containment. This occurs frequently when there is a water loss, because the damage typically decreases as it descends farther from the source.



KEY FACT #5

Reduce Reputational Harm

Preparing personnel and having an established relationship with a restoration contractor are key factors in reducing delays and added costs.

Your restoration contractor can offer creative input in evaluating suitable barriers or facades so guests avoid damaged areas without becoming alarmed. This reduces business interruption while also maintaining customer satisfaction.

Addressing losses promptly can also reduce the risk of employee complaints to OSHA and other agencies regarding unsafe working conditions.



CHECKLIST

Contractor Vetting Q&A Checklist

Vetting a contractor before a loss happens can save time and money. Below are some suggested questions and documents to request:

- What is the contractor's experience handling various types of losses?
- Do they use a contract?
- What are their rates?
- What is their coverage area, and does it match the areas needing coverage?
- What is their standard response time?
- Do they use web-based technology?
- Can they provide certificates of insurance?
- Who will handle the losses?
- Is the vendor familiar with commonly used insurance-estimating software?
- How are problems or issues handled?
- Does the contractor have resources on hand to manage catastrophic events, including the necessary equipment and personnel?





About American Technologies, Inc.

Established in 1989 by Gary Moore, American Technologies, Inc., is the nation's largest family-owned and operated restoration contractor. Headquartered in Anaheim, Calif., the company specializes in restoration, environmental and reconstruction services following natural and man-made disasters with an unwavering commitment to customer service. To learn more, visit ATIrestoration.com or call (833) 400-0056.



(833) 400-0056

www.ATIrestoration.com

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