

Pollution Solutions

Understanding the Environmental Risks of the Hospitality Industry

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The hospitality industry performs a wide variety of services and activities related to lodging, restaurants, food services, convention centers, golf courses, arenas, amusement parks, theaters, concert venues, tour services, and parks, to name a few. Along with these operations comes a great deal of risk to manage, including environmental risk. Beyond the day-to-day operational risk is historical risk. When acquiring or divesting a property, unexpected issues can arise from known and unknown contamination. Insurance can be a great risk transfer tool for these preexisting conditions.

Environmental risk has traditionally been viewed as an area with low-frequency/high-severity impact; however, due to more stringent environmental regulations and our increasingly litigious society, frequency of claims is on the rise.

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John is an Environmental Specialist who serves as a resource for clients and colleagues by identifying risks, providing guidance and advice on environmental issues. Prior to joining the insurance industry, he was a project manager at several environmental firms in Chicago and Denver where he performed environmental site assessments and managed remediation projects across the United States. He holds a B.S. in Environmental Management from Indiana University.





Some claims that you could potentially encounter as an owner, manager, or operator of property are:

- ❖ Problems with indoor air quality.
 - Releases of legionella bacteria from hot tubs, hot water tanks, plumbing systems, or decorative fountains resulting in bodily injury claims
 - Toxic mold growth within air-handling systems or structures
 - Inadvertent releases of asbestos during maintenance/renovation activities
- ❖ Discovery of pollution from historic site use during development.
- ❖ Leaks or spills from aboveground and underground storage tanks and/or their piping systems.
- ❖ Vandalism resulting in a release of pollutants from stored chemicals.
- ❖ Releases of pool or spa chemicals into soil, groundwater, surface water, or air.
- ❖ Midnight dumping of hazardous materials on your premises.
- ❖ Inadequate pollution liability coverage carried by hired contractors working on-site.
- ❖ Business interruption caused by pollution release or contamination.
- ❖ Air emissions due to food preparation activities.
- ❖ Disposal of grease/oil or other waste materials.
- ❖ Hazardous waste or emergency response from meth labs or other illicit operations.
- ❖ Releases of waste materials or chemicals (cleaning chemicals, pool chemicals) during transportation activities.
- ❖ Normal and routine application of pesticides and fertilizers to property over many years may impact the site through soil contamination, storm water runoff, and/or the shallow groundwater.

Fundamental to pollution management are strategies to mitigate your risks. Your risk management plans should include the following elements to help you avoid catastrophe:

- ❖ Water Management Plans and Strategies—Your first line of defense against a mold or legionella outbreak is proper management of water. Educating all employees on what to look for and how to stop a potential issue before it becomes a major problem is a great way to minimize your risk
- ❖ Spill Prevention Control and Countermeasure (SPCC) Plans—If your facility requires it, an SPCC plan developed by a qualified engineer will ensure you have the proper procedures in place to minimize the impact of a spill and maintain compliance with regulations.
- ❖ Inventory System for Chemicals—Collecting data and aggregating your chemical inventory at every level of your organization will help you operate efficiently and ensure compliance with regulations and standards.
- ❖ Comprehensive Facilitywide Pollution Prevention Plans and Strategies—Water-related issues and spills of petroleum products and chemicals are not your only concerns. Performing a holistic review of your environmental risk will help you identify, manage, prevent, and respond to environmental issues. If you do not have in-house environmental expertise, many pollution carriers offer value-added services, such as developing mold/water management plans or providing prenegotiated rates with environmental professionals that can help you evaluate and manage your risk as part of their coverage package.



Fortunately, there are insurance solutions available to help you transfer the risks you cannot manage. Competition in the environmental insurance marketplace has never been greater, and as a result, broad coverage, multiyear policy terms, and affordable rates are available. Lockton's team of environmental experts is available to help you craft a customized risk management solution that can include:

- ❖ Broad definition of pollutants including mold, legionella, caulk containing PCBs, carbon monoxide, and contaminated drinking water.
- ❖ First- and third-party on-site and off-site remediation of pollutants.
- ❖ Third-party bodily injury and property damage.
- ❖ Preexisting and new conditions.
- ❖ Business interruption expenses related to the cleanup of pollutants.
- ❖ Emergency response expenses.
- ❖ First- and third-party transportation coverage.
- ❖ Nonowned disposal site coverage
- ❖ Above/underground storage tank coverage.

Although it is impossible to avoid environmental exposures completely, a sound environmental risk management strategy combined with an environmental insurance program will have you prepared to respond effectively if a problem arises. Environmental and pollution-related issues should not get in the way of your organization achieving its short- and long-term goals. Let Lockton help design a program that works for you.

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To be the worldwide value and service leader in insurance brokerage, employee benefits, and risk management

Our Goal

To be the best place to do business and to work

