



When Hurricanes Threaten, Planning Makes the Difference

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Companies who implement clear actionable plans, help to protect their staff and guests, minimize property damage, make their operations more resilient, and expedite recovery after the storm passes.

When it comes to vacations, coastal and subtropical resorts often top the list for hurricane related exposures. That puts many of the hospitality industry's most popular and valuable properties at the greatest risk from hurricanes and tropical storms. Major windstorms can jeopardize lives, cause significant damage to buildings and property, disrupt customer services and stifle revenue streams, but proper planning can help limit losses and speed recovery.

From Florida's Key West, north to Cape Cod and west to Corpus Christi, many of the most popular resort areas are at risk every year from potentially dangerous storms. In Florida, for instance, tourism is the leading industry, now drawing more than 100 million visitors annually who spend tens of billions of dollars.¹ Severe hurricanes can have a major impact on tourism. After Hurricane Katrina devastated New Orleans in 2005, tourist visits dropped by nearly two-thirds and took a decade to bounce back to near pre-storm levels.² Together, Hurricanes Katrina, Rita and Wilma caused roughly \$68 billion in insured losses in 2015 dollars.³ Hurricane Sandy ravaged New Jersey's shore vacation areas in 2012, and caused a total of \$18.75 billion in insured property losses along the East Coast, excluding federal flood claims.

It's not just the East and Gulf Coasts. Hawaii is heavily dependent on tourism, which accounts for roughly a fifth of the state's economy.⁴ When Hurricane Iniki, Hawaii's costliest hurricane, slammed into the island of Kauai in 1992, it caused \$2.7 billion in insured losses in 2014 dollars.⁵ This year, Hawaii had a close brush in July with Hurricane Darby, which hit the state as a tropical storm bringing heavy rainfall and flooding.

While hotels and resorts have no control over the weather, taking the proper steps before a hurricane can lessen the impact. Companies that implement clear, actionable plans help to protect their staff

and guests, minimize property damage, make their operations more resilient and expedite recovery after the storm passes.

Risks to Guests and Staff

The prime concern of any hotel or resort is the safety of its guests and staff. A storm that knocks out power to a wide area can strand guests in buildings without power, with dwindling supplies of food and fresh water, and limited sanitation facilities. The hotel may be responsible for evacuating guests, including those with physical limitations, and for providing transportation. If evacuation is not possible or not advised, the property may have to care for guests for an extended period of time while local services remain severely disrupted.

Property Exposures

Powerful hurricanes can cause extensive damage to roofs, doors and windows and destroy smaller structures. Near coastal areas, the lower floors of buildings may be at risk of significant damage from flooding. Besides the immediate damage caused by the storm, water intrusion due to torrential winds may lead to conditions that promote mold, particularly during power outages that shut down air conditioning systems in hot, humid weather.

To avoid structural damage that leads to water intrusion, the roof should be rated for hurricanes, and the windows for flying objects. Hotel and resort buildings, along with other structures on the property, should meet all local building code requirements and be able to withstand the potential strength of windstorms for their area. Structures that meet or exceed the appropriate requirements help to protect guests, staff and property.

Environmental Exposures

Hurricanes can give rise to a variety of environmental exposures, of which mold is a major concern. Whether through a broken window or leaking roof, once water gets into a building it can lead to mold growth on wet dry wall and other surfaces. The lack of adequate ventilation due to power outages can accelerate mold growth. This may require extensive remediation that necessitates shutting down portions or all of a building. Coastal properties may be at risk for other environmental problems. For example, a category 3 hurricane or higher may dislodge above-ground fuel tanks, causing leaks or spills.

Before the Storm

Preparation and planning ahead of time are the most important steps to protect guests and property. Contingency planning that encompasses prevention, emergency response, evacuation criteria and disaster recovery is essential. The plan should designate an emergency coordinator and response team, and it should be reviewed with local authorities. The staff should be familiar with the plan, including communication protocols and the proper procedures for shutting down systems within the facility, such as natural gas supplies, or the entire facility. Companies may wish to contract with disaster restoration vendors ahead of time so that they can restore their operations quickly. Property managers also should review their insurance policies to make sure that wind and flood coverage are adequate.

Plans should cover provisions for staff and guests who need to evacuate, relocate or shelter in place. Guests may have to be relocated from a shorefront property to one located further inland. The



relocation plans should be established well beforehand. Within the property, planning should cover how to safely move guests to lower floors when a loss of power shuts down elevators. Staff may have to provide additional assistance to guests who are not physically able to walk down many flights of stairs.

The potential for extended loss of utilities that affect water supplies, sanitation and ventilation should be addressed. Local city water pressure is generally only sufficient for sanitation needs on lower floors of a building, and pumps are required to move water to higher floors. If the toilets aren't working on upper floors, guests will have to be moved to lower floors or relocated to another facility. The lack of water pressure also affects fire protection systems. Unless fire pumps are provided with electrical power, or are diesel powered in order to pump water to higher floors, sprinkler systems may not be effective. Separately, ventilation is a serious concern because windows in

many new hotels do not open. Guests may be endangered by rising temperatures in a sealed building.

When a hurricane is imminent, everyone in the area will be seeking the same supplies. For that reason, hotels and resorts should preposition stocks of plywood to cover windows and doors. Emergency lighting, battery-powered pumps to remove water, replacement batteries and back-up generators are also advisable. Emergency lighting is particularly crucial for stairwells. Emergency supplies should include sand bags and storm barriers.

In addition, property managers need to consider how to protect their data when a storm knocks out power or severely damages a building. Crucial records and documents need to be backed up or removed and taken to another location. Local property managers should follow corporate procedures for backing up data and securing documents.

Before a hurricane arrives, hotels and resorts should review their coverage to make sure that both their windstorm and flood coverage are sufficient to cover potential expected losses.

Storm Warnings

A hurricane watch indicates that storm conditions may arise within the next 36 hours. This notification should trigger the facility's emergency action plan and protective measures. A hurricane warning means that sustained winds of at least 74 mph are expected within the next 24 hours. By the time a warning is issued, protective actions should be nearly complete and personnel moved to a safe location.

When a storm threatens, managers should reach out to guests that haven't arrived yet and advise them not to come. The more individuals on the site, the more people the resort will have to care for. When a warning is issued, properties should take the appropriate steps, for instance, deciding whether to shut down certain facilities and ensuring that the supplies on hand will be adequate for guests and staff on site.

Property managers will have to work with local authorities when it comes to evacuation plans, which apply to hospitality properties as well as local residents. Guests at a coastal property may have to evacuate while those further inland may be able to shelter in place. As part of their evacuation plans, the hotel also may need to arrange for transportation for guests and employees.

During the Storm

Should emergency officials advise guests to shelter in place, the hotel will be responsible for providing adequate and safe food and water. Properties should maintain sufficient supplies of bottled water and staff should be alert to local warnings to boil or otherwise treat city-supplied water. Without electrical power, the property's kitchen may not be able to operate. Loss of refrigeration can quickly lead to food spoilage and the increased threat of salmonella contamination. To address those concerns, hotels should maintain adequate stores of non-perishable food. In addition, hotels should stock housekeeping supplies, medical supplies and spare blankets.

Along with guest safety, the property should have a means of securing the property itself as well as any valuables that guests have brought with them. Vehicles should be fueled, and where the proper facilities exist, sufficient fuel should be kept on hand for transportation vehicles. Managers should be prepared to handle disruption of communications locally and have on hand sufficient battery-powered radios to keep track of weather updates, official announcements and any evacuation orders. This also includes preparations to deal with the shutdown of computer and record-keeping systems on site.

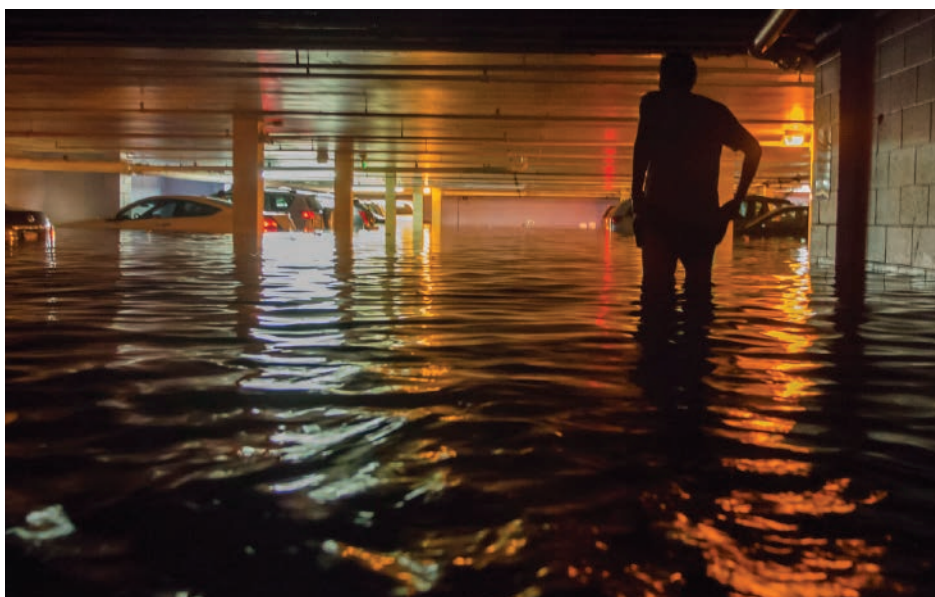
After the Storm

When the storm has passed, hotel managers should account for all guests and employees. If anyone needs rescuing, managers should rely on professionals with the proper equipment. Everyone should avoid driving in flooded areas as floodwaters may be contaminated or may be deep enough to carry away people and cars. Standing water may pose a danger if it is electrically charged from downed power lines.

When it is safe to do so, managers should conduct a preliminary inspection before entering flooded or wind-damaged buildings. Professionals should check gas, water and electric utilities for damage. Any damage to buildings and equipment should be photographed and documented. Temporary repairs can be made to protect buildings and their contents.

At this point, the disaster restoration part of the emergency plan can be implemented. Managers should coordinate closely with local authorities who may block off certain areas for safety reasons. As soon as it is permitted, disaster recovery vendors can begin the process of restoring the property.

Hurricanes provide a major test of a property's emergency plan. Managers should review how staff performed to find any shortcomings in their plans and revise as needed. This post-incident review can provide crucial lessons for the future.



Weathering Storms

As part of their overall emergency plan, hospitality properties should ensure they have the adequate insurance in place to withstand the financial impact of a major storm and get business back to normal as soon as possible. Before a hurricane arrives, hotels and resorts should review their coverage to make sure that both their windstorm and flood coverage are sufficient to cover potential expected losses.

Hospitality companies may want to work with an insurer that has experience in the industry and that can provide risk engineering support, including health, safety and environmental consulting. The insurer should be financially strong and able to provide a broad range of coverages to match the company's needs.

Hurricanes can pose a major challenge for the hospitality industry. By taking the appropriate steps ahead of time and working with the right insurer, hospitality companies can help to ensure that they can weather any storm.

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Endnotes

1. Florida tourism generated \$89.1 billion in economic impact in 2015, VisitFlorida, April 28, 2016, see: <http://www.visitfloridablog.org/?p=15486>
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4. Hawaii's \$14 billion tourism industry back to pre-recession levels, Washington Post, Sept. 27, 2013, see: <https://www.washingtonpost.com/blogs/govbeat/wp/2013/09/27/hawaii-14-billion-tourism-industry-back-to-pre-recession-levels/>
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