

It's a Little Risky Being Green

By [John Welty](#), President, SUITELIFE Underwriting Managers, Ryan Specialty Group | September 05, 2021



As the environment continues to hold a seat at the top of the political and business landscape in both the U.S. and around the world, the idea, or appearance of going green is no longer enough. Most industries, and the hotel industry is no exception, have already gone green having moved 15 or 20 years ago beyond the early stages of eco-friendly operations. Businesses have re-imagined their operations to be more sustainable, economical and certainly greener, not merely to follow trends but because it's good for business.

From architectural design and systems integration, to supply sourcing and service models, hoteliers have spent the better part of a decade or more finding ways to reduce their carbon footprints. In many cases, the effort has yielded not only a more sustainable operating model but improvements to the bottom line

as well.

However, as in all things, there can be unintended consequences when a thoughtful risk analysis isn't factored into such business altering decisions.

The Power & Problems with Solar Energy

Solar panels aren't a new concept. As a matter of fact, they were first put to use on a rooftop in New York in 1883 by inventor Charles Fritts. In the intervening years, solar energy systems have grown in popularity and are now a common factor in the construction and remodeling of commercial buildings.

These solar energy systems run the gamut: they might merely power hot water heaters or they might produce so much energy that the excess power is returned to the local power grid for use elsewhere. Solar energy systems can reduce a typical hotel's energy operating costs by as much as 45 percent. In some cases, a solar energy system can contribute LEED (Leadership in Energy and Environmental Design) points. With LEED being the most widely recognized green building certification in the world, hotels bearing a LEED certification can help distinguish themselves from competition among an increasingly environmentally conscious traveling public.

These same eco-friendly, cost-saving solar energy systems and their panels can also present potential dangers to firefighters in cases of emergency.

According to Renewable Energy Magazine, despite the many benefits of solar panels, they [pose significant threats](#) during fire emergencies. These threats include ventilation risks, electrical burns, inhalation health hazards and potential risks to the environment when these systems are a factor in a fire event.

During a fire, firefighters may need to remove or punch holes into roof systems. Given the size and weight of solar panel systems, roofs covered in solar panels complicate this practice in emergency situations. The weight of these panels could prematurely collapse the roof and the panels themselves could block important access points for emergency services. Other threats firefighters face include the possibility of inhalation of toxic elements released by the panels when exposed to extreme heat, as well as the potential for electrical burns and even death if firefighters come into contact with an active solar system during a fire event.

Finally, solar panel systems create significant risk to the environment in the case of a fire. Poorly maintained solar power systems or those damaged due to fire risk leaking elements from their chemical makeup and even battery storage systems into the environment, not to mention the possibility of explosion during fire incidents.

These risks can position hoteliers for potential legal action in cases of injury or death. Hotel management can take certain precautions, specifically ensuring first responders are familiar with these systems.

Hoteliers with solar power systems should work with their insurer as well as local fire officials to ensure the system's design and implementation poses as little risk as possible. Most importantly, as required by the National Electrical Code (NEC) as well as many

state and local ordinances, a Rapid Shutdown system should be part of your solar system. The Rapid Shutdown system operation and location should be understood by employees as well as local first responders for ease and safety of use.

Under NEC guidelines first implemented in 2014, Rapid Shutdown requires a solar system to have a shut-off switch that quickly cuts the electricity running through the system. The Rapid Shutdown is separate from the traditional power main for most structures. In cases of emergency, firefighters will need to know where the Rapid Shutdown panel is and have ready access to it if possible.

Water Conservation Concerns

Just about every hotel in the U.S. now asks guests to help reduce their impact on the environment by reusing towels and limiting the changing of bed linens to help conserve water. These reduce and reuse programs can help hotels reduce water usage by approximately 17 percent, according to the American Hotel and Lodging Association. Given that water can account for 10 percent or more of a hotel's energy bill, implementing improved sustainability practices - such as low-flow toilets, hand-sensor faucets, landscaping water reclamation programs and regular plumbing maintenance - can have a dramatic impact on a hotel's balance sheet.

While sustainable and economical, a reduction in linen cleaning and standard hotel room upkeep and maintenance, especially over long guest stays, can create new problems. These "reduce and reuse" programs can create unintended consequences where other room safety issues are missed as housekeeping staff has limited access to the rooms during long-term stays of certain guests. These safety issues can include less-than-ideal sanitation conditions and missed opportunities for housekeeping staff to take note of other room hazards like uneven floor services, leaks in bathrooms, damaged door or room lock mechanisms.

Additionally, it's worth noting that in an age of increased active shooter events and human trafficking, limiting hotel staff access to guest rooms reduces the ability to take notice of unusual behavior or circumstances that might help alert authorities to potential criminal activity.

While hotel room access can help catch and reduce potential risks, one of the biggest impacts hotels have on the environment is through laundry. On-premise laundries use a tremendous amount of energy and water; they must be staffed, maintained and machines should be replaced and upgraded frequently. Many hotels have made the switch from on-premise laundries to commercial laundry facilities, both to reduce maintenance, staffing and equipment costs as well as to find more efficient energy solutions. However, not all commercial laundries are equal, and some are better than others at upholding sustainability efforts.

Hoteliers should look for commercial laundries that have earned the Clean Green Certification from TRSA, an organization that represents companies that supply, launder and maintain linens and uniforms for the hotel and other industries. Doing so helps to ensure that the hotel's "green burden" isn't merely transferred to the commercial laundry industry. Instead by using Clean Green Certified commercial laundries, hoteliers are part of an earnest effort to create a more sustainable operation through commercial laundries that meet strict water and energy conservation standards evaluated by third-party inspectors.

Seeking out these and other certifications, like TRSA's Hygienically Clean Certification, also helps to reduce health risks for the hotels as well.

Seven years ago, The New York Times reported the likely cause of a series of deaths among hospitalized children between 2008 and 2009 was connected to the [improper handling and storage of bed linens](#) by hospital personnel. While there were extenuating circumstances, hoteliers need to understand both the benefits and the practices of third-party laundry providers. Doing so can help reduce the risk of everything from a negative guest experience with stained or damaged bedding to more serious risks that can range from bedbugs to skin infections, rashes and even more serious health situations.

When Good Reporting Goes Bad

Corporate social responsibility reporting came into vogue approximately 20 years ago. According to the Governance and Accountability Institute, sustainability reporting by S&P 500 companies increased from 20 percent in 2011 to [90 percent in 2019](#). Businesses issue these reports because it helps attract environmentally concerned travelers as much as the underlying efforts often help reduce costs. In short, people like companies that are responsible. If there's an economic benefit built in, then all the better.

According to the Boston Hospitality Review, efforts are underway to [codify corporate social responsibility reporting](#). For example, there are statutory requirements related to greenhouse gases in California as well as new requirements within the hospitality industry to protect guest and employee data security. For hoteliers that have long presented themselves as good corporate citizens, the evolving landscape of corporate social responsibility reporting can present risks both in misstatements of facts as well as any overlooked mandatory or statutory reporting that might be required. Hoteliers should consult with their insurance providers to ensure the hotel's Errors and Omissions insurance coverage is sufficient to address any concerns related to increased regulatory efforts involving corporate social responsibility reporting.

Paper Cuts

Many hoteliers have found the reduction of physical paper can also lead to cost savings as well as a reduced carbon footprint.

With most Americans living vicariously through their phones, the concept of receiving documents, reservation confirmations and

receipts for hotel stays on their digital devices exclusively is no longer novel. In fact, countless hotels now conduct much of their business – as well as their loyalty programs – via smartphone applications.

There is, as with all things, some risk to going paperless. The first and most obvious risk is data security. The exchanging of personal and financial data via apps and email can create potential for data breach scenarios. Any business, especially smaller businesses, that transact business electronically are ideal cyber-criminal targets precisely because they do not think they are ideal targets. As we've seen with wide-scale data breaches with household names like Target, Home Depot and others, the implications of a breach can be extensive and expensive. Additional concerns to going paperless include lack of back-up documentation and the threat of system malfunctions.

Cyber security coverage as part of any hotel's comprehensive insurance coverage can be highly beneficial, and hoteliers should have their insurer walk them through exactly what would trigger such coverage and what that might mean in practical terms for the hotel's continued operation.

Green is Good, But is it Covered?

Many insurance carriers provide Green Coverage Endorsements which provide for things like certification upgrades (think LEED), vegetated roofing, professional design consultation, recycling additional expense coverage, green financial incentives and other related coverages. When exploring the rewards and risks of moving to a greener operation model, hoteliers would be wise to undertake a comprehensive audit of all their insurance coverages. Risks change. Hoteliers are best served when they are informed of their risk exposure and act to manage it accordingly, green or otherwise.



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John Welty is the president for SUITELIFE® Underwriting Managers, an all-lines insurance and risk program for premier hotels, resorts, luxury boutiques, gated communities and hotel management companies administered by Ryan Specialty Group, RSG Underwriting Managers. RSG is an international specialty insurance organization that provides innovative solution for brokers, agent and insurance carriers. At SUITELIFE, Mr. Welty is responsible for leading the program's underwriting team and maintaining the company's top-tier carrier relationships. He is responsible for pro-actively and strategically managing the retention and growth of the SUITELIFE through disciplined underwriting, managing program profitability, and program expansion and development. Mr. Welty oversees all aspects of the SUITELIFE program from underwriting, broker relationships, marketing, carrier relationships, employee growth opportunities, and client relationships to ensure a steady, profitable, and expanding program. Mr. Welty has a bachelor's degree from Duquesne University and an associate's degree in risk management from the Insurance Institute of America. Mr. Welty can be contacted at +1 610-989-2760 or jwelty@suitelifeum.com

[Extended Biography](#)

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