

Hospitality businesses – including hotels, motels, resorts, conference centres, and restaurants – face exposures that extend across their buildings, operations, guest services, and vehicles. A single incident, whether a fire, utility outage, guest injury, or vehicle accident, can have significant financial and reputational consequences.

This guide highlights the main exposures hospitality organizations face in four key areas, including property, business interruption, premises liability, and automobile liability. For each, it outlines common risks along with practical controls that can help reduce the chance of a loss or limit its impact.

By keeping these exposures and controls in mind, Brokers can help clients better protect their operations and stay resilient when challenges arise.

Property

Hospitality businesses depend on their buildings, guest amenities, and equipment to deliver services. Damage to these assets can disrupt operations, displace guests, and quickly affect financial stability.

Exposures

- Kitchen fires resulting from commercial cooking operations.
- Equipment breakdown, such as electrical, plumbing, HVAC, and refrigeration systems.
- Guest-related damage, smoking, or vandalism in rooms and common areas.
- Theft, arson, or vandalism in publicly accessible facilities.
- Weather-related events such as flood, windstorm, or wildfire.

Controls

- Install and maintain automatic sprinkler systems, fire alarms, portable fire extinguishers, and kitchen suppression systems.
- Implement regular preventative maintenance for electrical, plumbing, HVAC, and refrigeration systems.
- Conduct housekeeping and fire safety inspections at regular intervals.
- Strengthen site security with cameras, access controls, and staff training.
- Work with local fire services to create a fire safety plan and ensure response readiness.



Business Interruption

A physical loss is often only the beginning of the problem for hospitality businesses. Closures or service disruptions can quickly lead to lost revenue, reputational damage, and challenges in maintaining customer relationships.

Exposures

- Downtime following property loss such as a fire, flood, or equipment breakdown.
- Heavy reliance on peak tourism, seasonal events, or conferences.
- Utility outages disrupting refrigeration, kitchens, or guest comfort.
- Supply chain disruptions affecting food, linens, and cleaning supplies.
- Loss of bookings or long-term contracts following extended closure.

Controls

- Maintain a business continuity plan addressing critical operations and recovery priorities.
- Install backup power for refrigeration, lighting, fire alarm, and IT systems.
- Diversify suppliers and stockpile critical goods where practical.
- Explore contingency arrangements for event relocation or alternative accommodations.
- Align business interruption insurance coverage with realistic recovery timelines.

Premises Liability

Hospitality operations involve constant interaction with the public, creating frequent opportunities for liability claims if risks are not effectively managed.

Exposures

- Slips, trips, and falls in lobbies, stairwells, corridors, and parking areas.
- Foodborne illness from restaurants, catering, or bar service.
- Liquor liability tied to over-service or impaired guests.
- Recreational exposures such as pools, spas, gyms, and event spaces.
- Guest injury or property loss resulting from theft or assault claims that occurred within the premises.

Controls

- Conduct regular inspections and maintenance of public and common areas.
- Implement strict food safety and hygiene programs with staff training.
- Enforce responsible alcohol service policies and certifications.
- Establish documented safety protocols for pools and recreational facilities.
- Strengthen security through trained staff, surveillance systems, and incident reporting processes.

Automobile Liability

Hospitality businesses often rely on vehicles for guest transportation, valet services, and deliveries. If not properly managed, these activities create liability exposures that could result in accidents, injuries, or financial loss.

Exposures

- Collisions involving shuttle buses, vans, or courtesy vehicles leading to injury or property damage.
- Valet service accidents, theft, or mishandling of guest vehicles.
- Catering and delivery vehicle incidents during food or event service.
- Employee use of personal vehicles for business purposes (non-owned auto exposure).
- Regulatory non-compliance related to licensing, insurance, or driver qualifications.

Controls

- Implement a driver screening program with background checks, abstracts, and medical reviews.
- Provide ongoing driver training covering defensive driving and distracted driving.
- Maintain and inspect all owned vehicles with detailed service logs.
- Establish clear valet procedures for key control, vehicle handling, and liability disclaimers.
- Ensure oversight and insurance coverage for hired and non-owned auto.

Summary

Hospitality operations face exposures that extend across their buildings, operations, guest services, and vehicles. A single incident can disrupt service, create financial loss, and damage reputation if not properly controlled. While this guide highlights common risks and practical controls, each operation has unique circumstances that require tailored attention.

At Echelon, our Technical Risk Services (TRS) team provides insights and resources that support and complement the work of our Broker partners. By working together, we help clients build more resilient hospitality businesses that safeguard people, property, and communities.

[Click here to learn more about our loss prevention strategies.](#)

Page 3 of 3

echeloninsurance.ca

Copyright © 2026 Echelon Insurance. All rights reserved. This guide is provided by Echelon Insurance (“we”) for general information purposes to help hospitality business owners understand the property and liability risks they may be exposed to and how they may enhance their protection and loss prevention. While we believe this form is comprehensive, it is provided “as is” and we do not guarantee it is complete. All responsibility and risk relating to specific incidents, including use of this form, are assumed by the commercial enterprise.

™ Trademark of Echelon Insurance. ® Registered trademark of Echelon Insurance.

echelon[®]
Insurance