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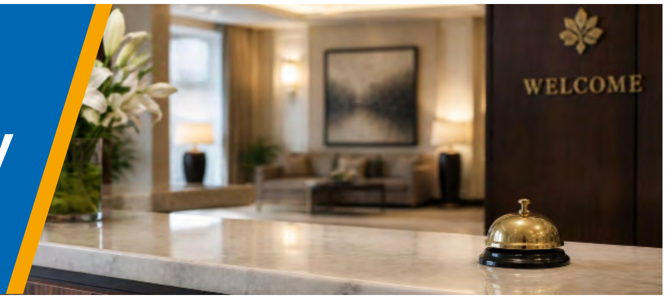
AIRE Alert

Human Trafficking Liability in the Hospitality Industry



A Look at the Loss

A recent hospitality loss highlights the growing liability exposure hotels and motels may face when human trafficking activity occurs on their premises. In this case, a small motel faced multiple trafficking claims involving minors. This claim proceeded to trial after the plaintiff alleged that trafficking occurred repeatedly over several weeks in guest rooms and common areas, and that a front desk employee helped facilitate the activity. Although the insured pointed to measures such as ID checks, surveillance cameras, and off-duty police patrols as efforts to prevent human trafficking, the plaintiff argued that management failed to respond to clear warning signs that it was occurring on the premises, as well as prior criminal activity and numerous property-level violations that reflected poorly on security and management at the site. The jury ultimately found in favor of the plaintiff – a judgment that reinforces the importance of active oversight, documented prevention efforts, and timely corrective action to reduce trafficking-related liability exposure.

The Takeaway

The Trafficking Victims Protection Reauthorization Act (TVPRA) is a set of U.S. federal laws that aim to prevent human trafficking, prosecute offenders, and protect victims—including unaccompanied immigrant children—both in the U.S. and abroad. Reducing the risk of trafficking and limiting exposure under expanding TVPRA liability standards requires more than baseline security measures. Documented training, employee oversight, incident response discipline, and management level accountability are all critical.

Prevention in Practice: Key Risk Control Strategies

Proactive risk control strategies can help hospitality operators reduce human trafficking exposure and strengthen defensibility under evolving TVPRA standards. These include:

Implementing a formal human trafficking prevention program.
A clearly documented, property-level anti-trafficking program should define prohibited conduct, escalation protocols, and management accountability. Owners should be aware that the absence of operational improvements despite repeated criminal events can materially increase liability exposure.

Mandating staff training with documentation.
All front desk, housekeeping and management staff should regularly undergo training that clearly defines unacceptable conduct and consequences and educates staff on trafficking indicators, including red flags in guest behavior and reporting obligations.

Strengthening employee screening and supervision.
Pre-employment background checks and supervisory controls over front desk staff, including segregation of duties and periodic audits, are critical to reduce risk and help defend against allegations that staff was participating in any trafficking venture.

Establishing processes for incident tracking and corrective actions.
A centralized log of all criminal activity, police calls or code violations should be created and tied to mandatory corrective actions, enabling problems to be quickly remediated and documented.

Pairing surveillance with governance.
Surveillance systems should go hand-in-hand with formal reviews, retention, and escalation protocols – documenting not only that security equipment is present and working, but that warning signs are promptly acted upon.

Instilling clear protocols for engaging law enforcement.
Written procedures should clearly define when staff must contact law enforcement and prohibit informal or discretionary handling of suspicious activity. This helps ensure meaningful intervention happens when needed, mitigating potential exposure under TVPRA knowledge standards.

Tightening guest access and room control measures.
Controls around room switching, extended stays, excessive foot traffic, and after hours access to hallways and stairwells can reduce opportunities for trafficking at a property.

Formalizing third party security oversight.
When off duty police or contract security are used, their activities should be clearly defined -- including expectations for the scope of duties, reporting and escalation of incidents. Documenting activities and follow up can provide an effective rebuttal to claims that activity was ignored.

Conducting management level risk reviews.
Periodic management reviews of crime trends, online customer reviews, police activity and claims history enable management to understand exposure and heighten controls accordingly.

What AIRE Can Do For You

Arch Insurance Risk Engineers (AIRE) can support policyholder's efforts to reduce crime and trafficking-related risks by providing practical resources that emphasize proactive risk management rather than passive compliance. These include:

- Comprehensive on-site risk engineering surveys with formal reports that document findings and recommend corrective actions.
- Customized risk control and loss prevention plans tailored to hospitality and security exposures.
- Targeted security risk evaluations addressing surveillance, access control and site vulnerabilities.

Together, these resources provide middle market hospitality clients with protocols, documentation, and ongoing support that underpin defensible practices, strong management oversight, proactive operational improvement and well-informed risk management decisions.

Additional Resources

- US Department of Homeland Security – Blue Campaign Human Trafficking Response Guide for the Hospitality Industry
- US Drug Enforcement Administration – Human Trafficking Prevention
- American Hotel and Lodging Association – Trafficking Prevention
- Protect All Children from Trafficking – Resources for Professionals in the Hospitality and Travel Industry
- The California Hotel & Lodging Association – Human Trafficking Prevention Resources

Arch Insurance Risk Engineers (AIRE) Alert

The AIRE team continuously monitors loss trends and events impacting our middle market clients. AIRE Alerts highlight issues driving real-world claims and provide practical, actionable insights to help clients strengthen risk controls and prevent claims.

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