

TOP TIPS FOR RESTAURANT OWNERS TO REDUCE INSURANCE COSTS



Now that you have been in business for a few years, perhaps it's time to look at your insurance costs and strategies you can put in place that will reduce your spending. As most restaurateurs know, enforcing good business practices are simply not enough to ensure you are protected.

Hospitality can be unpredictable from many standpoints. The busier and more successful you are, the more potential there is for the unexpected to happen. While it is important it is to ensure you are covered for any eventuality, there are ways to reduce your insurance costs that will help you sleep better at night and give you the confidence of knowing you are doing everything you can to protect your business, your employees, and your customers from harm.

In this article, we will look at some of the primary focus areas and talk about what you can do to reduce your liability and lower your costs at the same time.





REDUCING CLAIMS WILL REDUCE INSURANCE COSTS

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Some of the policy areas that can help reduce injurious incidents include:

GENERAL LIABILITY INSURANCE

General liability insurance covers your costs for any injury that occurs either on your premises, on the job or as a result of your product or service. It can cover immediate medical costs (such as ambulance rides or emergency room visits), court costs and legal fees, coverage for damaged reputation, loss of business, property damage, and so on.

No matter how careful you are, accidents do happen. Whether it's a slip and fall on a wet floor, a patron tripping on your welcome mat, or an employee hurting their back by lifting a heavy object, a costly lawsuit could ensue. If you do not have adequate protection to cover the claim, you could potentially lose your business entirely.

General liability insurance protects your restaurant from:

Bodily injury: these could include everything from hot coffee burns to food poisoning, to allergic reactions, but it does not cover any injuries sustained by your employees in the course of performing their work. For this, you will need a separate worker's compensation insurance policy.

Property damage: this coverage can protect you from any damage that occurs on or off-site, such as would be the case if you were catering an event and your equipment caught on fire, causing damage to the location.

Liquor liability: if you serve alcohol, obtaining a liquor liability policy is always a good idea. There is limited coverage on your general liability policy for liquor liability, but if you are a bar or a location that features liquor, beer, or wine service, extra protection is advisable.

Advertising injury: your general liability policy can include protection from damages that result from appropriating another entity's copyrights, brands or trademarks, or personal damages as a result of libel or slander.

Medical expenses: when a third-party (someone who does not work for you) is injured on your premises, you may be subject to claims against your policy relating to medical expenses. In this instance, your policy will cover immediate medical expenses as a preventative measure against injury claims that may be levied in the future.

Of course, avoiding an injurious situation entirely is always the best strategy. Here are some of the ways you can mitigate general liability claims:



SAFE FOOD HANDLING

This is likely the most obvious area in which injury can occur in a restaurant. All kitchen staff, serving staff, bussers, bartenders, supervisors, managers – virtually anybody who handles or presents food – needs to have a safe food handling certificate. When you hire staff, ensure that they have the proper certifications. If they don't, offer to pay for them to obtain what they need.

RESPONSIBLE BEVERAGE SERVICE TRAINING

Responsible beverage service training is meant to reduce the risks associated with serving alcohol to the public. There are several instructional programs offered, each targeted to a specific need. Event servers, professional servers, and managers—any individual who has access to or has occasion to handle alcohol in any way—should take this certificate course as it will promote the safety of your patrons, your employees, and your establishment in general.

ESTABLISH ENFORCEABLE COMPANY POLICIES

Your company safety policies should be read and understood by all of your employees. Detail these policies in a company handbook and have each employee read and acknowledge each one. Some companies may even choose to test new employees on these policies prior to giving them shifts. Having a workforce that understands and enforces these policies for you will go a long way to reducing the incidence of claims.

DISCRIMINATION OR HARASSMENT

A general liability claim could be levied against your business if you are found at fault for discrimination or harassment. This could result from any type of discrimination, be it gender, race, culture, religion, age or sexual orientation. Having clearly worded policies on what constitutes discriminatory practices is encouraged for all employers to help avoid these types of claims.

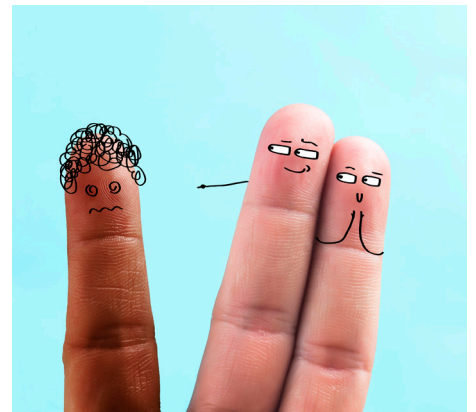
Harassment could also be grounds for a lawsuit. If such a situation were to be proven in court, it could be very damaging to your business reputation as well as being costly. Include anti-discrimination and anti-harassment guidelines in your company policy and be sure that your management team is well-equipped to enforce them.



WRONGFUL TERMINATION

Lawsuits pertaining to wrongful termination have increased significantly over the past two decades, meaning it is a serious issue you should be paying attention to.

For instance, if one of your managers was accused of sexually harassing a server and you fired them without performing a full investigation of the matter, they may be able to sue you for wrongful termination. If the court finds that the accusation was frivolous and no such harassment occurred, you could be liable. Be sure you are following investigative policies and procedures and not acting in a knee-jerk manner. Every individual deserves due process and this may help you avoid a costly claim against your insurance policy.



TYPES OF INSURANCE AND TIMELY TIPS

Here are some of the different types of insurance you will have in place for your restaurant along with some tips on how to reduce liability:

Employment Practices Liability Insurance/Harassment (EPLI)

Your employees should be confident of a safe working environment, but this is a rather broad topic. It encompasses physical safety—such as unobstructed walkways and protection from harmful chemicals—but it also extends to personal safety. Employees should be protected from verbal, physical, and sexual harassment at all times.

Some of the ways you can reduce the incidence of claims and liability:

- Provide an employee handbook to all new hires that details all company policies
- Ensure that any changes to your policies, whether they are internal or legal, are understood by all staff members
- Require appropriate safety certificates from all staff before scheduling them for work
- Post appropriate anti-harassment signage in the break room, change room or somewhere that is accessible to staff
- Offer easy ways for your employees to report any complaints
- Address all customer complaints and employee situations in a timely manner
- Appoint a dedicated staff member to be in charge of safety and empower them to make any necessary improvements or changes to policy

Workers Compensation

Workers Compensation insurance is a must in a restaurant environment where employees are exposed to potential perils every single day. Injuries can happen on the job from burns, cuts, slip-and-fall, exposure to chemicals, severe allergic reactions, and more.

To protect yourself from workers compensation claims, ensure your staff has a safe working environment and that they are all well-versed on how to safely use tools and operate equipment.

Vehicles (delivery)

If your restaurant also operates as a catering business or if you deliver meals as part of your business model, there is added potential for injury as you will be adding transportation into the mix. Your company delivery vehicles should be adequately insured for commercial liability as your driver's personal liability insurance may not cover him or her for on-the-job accidents.

In order to lower your risk, ensure that all people who are authorized to drive your vehicles have a valid California driver's license and can present you with a clean DMV abstract.

In closing: protect your assets with cost-reducing and risk-reducing strategies

These are just some of the ways you can reduce your liability and thus, your insurance costs. Where restaurants are concerned, safety and preparation are always the best policies. This is an industry that, due to the transient nature of the clientele, is nothing if not unpredictable, so the more you can do to protect yourself, the better off you will be.



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