

Commercial Risk Summary – Eating & Drinking Places



RESTAURANTS

Category: Eating and Drinking Places

SIC CODE: 5812 Eating Places

NAICS CODE: 722511 Full Service Restaurant

Suggested ISO General Liability Codes: 16900, 16901, 16902, 16910, 16911, 16915, 16916, 16920, 16921, 16930, 16931, 16940, 16941

Suggested Workers Compensation Code: 9082, 9083, 9084

Description of operations: Restaurants offer a full menu of food items and may or may not offer alcoholic beverages. A restaurant may specialize in a specific type of cuisine or may serve a general menu. Some entertain customers with music, comedy, various promotions and special events. Some may have small dance floors.

Property exposures are substantial from cooking, electrical wiring and refrigeration units. The more grease-laden vapor that is produced, the greater the exposure to fire. All grills and deep fat fryers must have automatic fire extinguishing protection, hoods and filters. There should be fuel shut offs and adequate hand-held fire extinguishers. The kitchen must be kept clean and grease free to prevent the spread of fire. Ammonia used in refrigeration units can explode. Spoilage exposure is very high. A small fire or a power outage of even moderate duration can cause all fresh and frozen goods to be condemned as unfit for consumption or sale. Business income with extended time period coverage should be purchased by any restaurant. Losses can be minimized if there is an alternative location to continue operations and not lose customers. Returning to normal operations after a loss is difficult due to the lag time between reopening and returning to full income as regular customers may have moved to a new "favorite" restaurant.

Equipment breakdown exposures can be high as operations are dependent on refrigeration and cooking equipment.

Crime exposures are from employee dishonesty and money and securities. Criminal background checks should be conducted on any employee handling money. If the restaurant uses expensive cuts of meat or serves alcohol, theft of stock could be a problem. If the cash receipts are high, employee dishonesty and holdup are concerns. There must be consistent rules on cash drawer management and job assignments. Money should be regularly stripped from the cash drawer and irregular drops made to the bank during the day to prevent a substantial accumulation of cash.

Inland marine exposures include accounts receivables if the restaurant offers credit to customers, computers for tracking inventories and payrolls, and valuable papers and records for supplier and employee information. Duplicates of all records should be kept off-site. Cash registers, cooking equipment and office equipment may have computer applications. Some establishments will have paintings, statues, or other fine arts on premises. Some may have a bailees exposure from offering coat check services to customers or from storing entertainers' property.

Premises liability exposures are high due to public access to the premises. Servers move throughout the premises with trays of food and beverages, generating spills that can result in slips and falls. Vigilance in cleaning up spills is the only way to prevent falls. Temperatures of hot beverages must be limited to reduce injuries due to scalding. Steps and uneven floor surfaces should be prominently marked. There

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should be lighted emergency exits available in the case of emergency. Lists of ingredients should be posted to prevent allergic reactions. All employees must be instructed in proper customer handling, including how to deal with disgruntled or overly enthusiastic customers. Parking lots and sidewalks need to be in good repair, with snow and ice removed, and generally level and free of exposure to slips and falls. Outdoor security and lighting must be consistent with the area.

Products liability exposure is due to food poisoning and allergic reactions. Monitoring the quality of food received, posting lists of ingredients and maintaining proper storage temperature can reduce this exposure.

Liquor liability exposure depends on the amount and type of alcohol served. If liquor is served, any failure to comply with state and federal regulations can result in the loss of a liquor permit. There must be a set procedure to check ages of anyone attempting to purchase alcohol, as well as monitoring so customers purchasing alcoholic beverages do not then give them to patrons who are underage or intoxicated. Employees who serve alcohol should complete training courses in recognizing intoxication problems and dealing with customers. A procedure should be in place to deny serving intoxicated patrons. Programs that encourage designated drivers or offer free taxi service can be useful.

Automobile exposure may be limited to hired or nonownership liability exposures from employees running errands. If the restaurant offers valet parking, garagekeepers coverage should be purchased to cover damage to customers' vehicles. MVRs and driving records should be obtained for any employee driving or parking customers' vehicles. If valet parking services are contracted to another firm, the insured restaurant should be named as additional insured on the contractor's policy.

Workers compensation exposures come from slips, falls, cuts, burns and heavy and awkward lifting, along with interactions with customers. Employees must be trained on the carrying of heavy dishes between the kitchen and the serving areas. As with all retail businesses, hold-ups are possible so employees should be trained to respond in a prescribed manner. The employees in many restaurants tend to be minimum wage and turnover may be high. Well-trained employees with an incentive to do their best and who have clear direction will have the fewest injuries. Company incentives to encourage long-term employment are positive signs of management control.

Minimum recommended coverage:

Business Personal Property, Business Income and Extra Expense, Spoilage, Equipment Breakdown, Employee Dishonesty, Money and Securities, Computers, Valuable Papers and Records, General Liability, Employee Benefits, Umbrella, Hired and Nonownership Auto, Workers Compensation

Other coverages to consider:

Building, Accounts Receivables, Bailees Customers, Computers, Fine Arts, Cyber Liability, Employment-related Practices, Environmental Impairment, Liquor Liability, Garagekeepers, Stop Gap Liability

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Agent: The coverages listed below are suggested for consideration for eating and drinking places. After evaluating each of the listed coverages, check the recommended blank by those that apply specifically to this client. Make sure both the exposure and the coverage are explained to the client.

Client: For each of the coverages that the agent has recommended, initial whether you have chosen to accept or reject that coverage in the blanks provided.

PROPERTY COVERAGES

	Recommend	Accept	Reject	Not Applicable
Building and Personal Property Coverage Form				
Building	_____	_____	_____	_____
Business Personal Property	_____	_____	_____	_____
Personal Property of Others	_____	_____	_____	_____
Improvements and Betterments	_____	_____	_____	_____
Building and Personal Property Coinsurance				
Percentages None 80% 90% 100%	_____	_____	_____	_____
Bldg ___ ___ ___ ___	_____	_____	_____	_____
BPP ___ ___ ___ ___	_____	_____	_____	_____
PPO ___ ___ ___ ___	_____	_____	_____	_____
I&B ___ ___ ___ ___	_____	_____	_____	_____
Alternatives to Coinsurance				
Agreed Value	_____	_____	_____	_____

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Functional Replacement Cost	_____	_____	_____	_____
Peak Season	_____	_____	_____	_____
Reporting Form	_____	_____	_____	_____
Other _____	_____	_____	_____	_____

Optional Property Coverage Forms

Builders Risk	_____	_____	_____	_____
Commercial or Manufacturers Output Policy	_____	_____	_____	_____
Condominium-Unit-owners Coverage	_____	_____	_____	_____
Equipment Breakdown	_____	_____	_____	_____
Legal Liability	_____	_____	_____	_____
Standard Property Policy	_____	_____	_____	_____

Optional Property Endorsements

Additional Debris Removal	_____	_____	_____	_____
Ordinance or Law	_____	_____	_____	_____
Outdoor Trees, Shrubs and Plants Enhancement	_____	_____	_____	_____
Replacement Cost Valuation	_____	_____	_____	_____
Spoilage	_____	_____	_____	_____
Utility Services-Direct Damage	_____	_____	_____	_____

Commercial Risk Checklist – Eating & Drinking Places

Other Property Options

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

TIME ELEMENT COVERAGES

	Recommend	Accept	Reject	Not Applicable
Business Income With Extra Expense Coinsurance Percentage ____	_____	_____	_____	_____
Business Income Without Extra Expense Coinsurance Percentage ____	_____	_____	_____	_____
Extra Expense	_____	_____	_____	_____
Leasehold Interest	_____	_____	_____	_____
<i>Alternatives to Coinsurance</i>	_____	_____	_____	_____
Agreed Value	_____	_____	_____	_____
Maximum Period of Indemnity	_____	_____	_____	_____
Monthly Limit of Indemnity	_____	_____	_____	_____
Premium Adjustment	_____	_____	_____	_____

Optional Time Element Endorsements

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Business Income from Dependent Properties	_____	_____	_____	_____
Ordinance or Law Increased Period of Restoration	_____	_____	_____	_____
Utility Services	_____	_____	_____	_____

Other Time Element Coverages

	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____

PROPERTY AND TIME ELEMENT CAUSES OF LOSS

		Recommend	Accept	Reject	Not Applicable
Bldg BPP PPO BI EE					
Basic	_____	_____	_____	_____	_____
Broad	_____	_____	_____	_____	_____
Special	_____	_____	_____	_____	_____
Earthquake	_____	_____	_____	_____	_____
Flood	_____	_____	_____	_____	_____

Other Cause of Loss Endorsements

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_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

INLAND MARINE COVERAGES

	Recommend	Accept	Reject	Not Applicable
Animal Mortality	_____	_____	_____	_____
Bailees Customer	_____	_____	_____	_____
Commercial Articles	_____	_____	_____	_____
Difference In Conditions – DIC	_____	_____	_____	_____
Electronic Data Processing	_____	_____	_____	_____
Fine Arts	_____	_____	_____	_____
Goods in Transit	_____	_____	_____	_____
Signs (Neon and Electric)	_____	_____	_____	_____
Theatrical Property	_____	_____	_____	_____
Valuable Papers and Records	_____	_____	_____	_____

Other Inland Marine Coverages

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

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CRIME COVERAGES

	Recommend	Accept	Reject	Not Applicable
Money, Securities and Other Property				
Employee Dishonesty	_____	_____	_____	_____
Including Customer's Goods	_____	_____	_____	_____
Computer Fraud	_____	_____	_____	_____
Destruction of Electronic Data or Programs	_____	_____	_____	_____
Extortion	_____	_____	_____	_____
Forgery or Alterations	_____	_____	_____	_____
Guests Property	_____	_____	_____	_____
Identity Fraud Expense	_____	_____	_____	_____
Lessees of Safe Deposit Boxes (Securities and Other Property only)	_____	_____	_____	_____
Telephone Toll Fraud	_____	_____	_____	_____
Money and/or Securities Only				
Theft, Disappearance and Destruction	_____	_____	_____	_____
Robbery and Safe Burglary	_____	_____	_____	_____

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Securities Deposited With Others	_____	_____	_____	_____
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Property other than Money and Securities

Premises Burglary	_____	_____	_____	_____
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Premises Theft	_____	_____	_____	_____
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Robbery and Safe Burglary	_____	_____	_____	_____
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Other Crime Coverages

_____	_____	_____	_____	_____
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_____	_____	_____	_____	_____
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_____	_____	_____	_____	_____
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LIABILITY COVERAGES

	Recommend	Accept	Reject	Not Applicable
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Commercial General Liability				
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Occurrence Basis	_____	_____	_____	_____
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Claims-Made Basis	_____	_____	_____	_____
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Optional Liability Coverages

Cyber Liability	_____	_____	_____	_____
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Directors and Officers	_____	_____	_____	_____
Employee Benefits	_____	_____	_____	_____
Employment-related Practices	_____	_____	_____	_____
Liquor	_____	_____	_____	_____
Owners and Contractors Protective	_____	_____	_____	_____
Special Events	_____	_____	_____	_____

Other Liability Coverages

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

BUSINESSOWNERS POLICY

_____	_____	_____	_____
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COMMERCIAL AUTO COVERAGES

	Recommend	Accept	Reject	Not Applicable
Liability	_____	_____	_____	_____
Physical Damage	_____	_____	_____	_____
Hired Cars	_____	_____	_____	_____
Non-Ownership Auto	_____	_____	_____	_____
P.I.P./No-Fault	_____	_____	_____	_____

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Optional Automobile Coverages

Garagekeepers	_____	_____	_____	_____
Medical Payments	_____	_____	_____	_____
Uninsured Motorists	_____	_____	_____	_____
Underinsured Motorist	_____	_____	_____	_____

Other Auto Coverages

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

WORKERS COMPENSATION COVERAGES

	Recommend	Accept	Reject	Not Applicable
Workers Compensation and Employers Liability	_____	_____	_____	_____
Stop Gap or Employers Liability Coverage	_____	_____	_____	_____
Federal Employers Liability Act	_____	_____	_____	_____
Longshore and Harbor Workers Coverage	_____	_____	_____	_____
Voluntary Compensation	_____	_____	_____	_____

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Other Workers Compensation Endorsements

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

EXCESS LIABILITY COVERAGES

	Recommend	Accept	Reject	Not Applicable
Umbrella Policy	_____	_____	_____	_____
Excess Liability Policy	_____	_____	_____	_____

AVIATION COVERAGES

Aircraft Policy	_____	_____	_____	_____
Passenger Liability	_____	_____	_____	_____

SPECIALTY COVERAGES

Environmental Impairment Liability Policy	_____	_____	_____	_____
Fiduciary Liability Insurance	_____	_____	_____	_____
International/Foreign Operations Insurance	_____	_____	_____	_____
Media/Communication Liability	_____	_____	_____	_____
Rain or Weather Insurance	_____	_____	_____	_____

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Terrorism Insurance _____

Other Specialty Coverages

BONDS

Bid Bond _____

Contract Bond _____

License and Permit Bond _____

Other Bonds

OTHER OPTIONS

Comments

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I certify that I have reviewed my coverage needs in accordance with this checklist with my agent and I have accepted or rejected the recommended coverages as indicated by my initials in the spaces above.

_____ Signature of Client _____ Date

_____ Title

I certify that I have reviewed the coverages outlined in this checklist with my client and that the initials of the client indicate the acceptance or rejection of the coverages recommended.

_____ Signature of Agent _____ Date