



BY: CHAD NESBIT,
NESBIT AGENCIES

Essential Insurance For Restaurants

What You Need To Know

When managing a restaurant (or opening a new one), owners cannot escape the fundamental reality of business management: insurance is required to protect your business and yourself. Whether you are losing money because faulty equipment is causing a slowdown in the kitchen, or you have property damage due to fire, smoke, or water, or you have some other liability issue regarding food or service, you need to know that you are not only covered by insurance but also protected with insurance that is the correct type for your situation.

Specific types of insurance can vary depending on where your restaurant is located, but the following policies are broad and should be held by all foodservice businesses:

- **General Liability** – This coverage is meant to protect you from general liabilities in your restaurant. Examples include slip-and-fall incidents and individuals getting sick after eating in your restaurant (regardless of whether the food actually caused the illness or not).

- **Liquor Liability** – Many states require that liquor liability be held as part of the insurance of any establishment that holds a liquor license. This is meant to help cover the business in the event of a drunk-driving incident or other incidents involving individuals consuming too much alcohol.
- **Property Insurance** – This provides general protection for the property in the event of fire or certain other events. Mortgage companies often require this type of insurance be held. It should be noted that property insurance may or may not cover natural disasters, such as earthquakes, hurricanes, or flooding.
- **Workers' Compensation** – This covers your business in the event of an employee being hurt at work. States typically require this type of insurance be carried by businesses that have employees.
- **Business Income/Interruption** – This coverage maintains your business during a temporary shutdown.
- **Spoilage** – In the event of a loss of power leading to the spoilage of contents in freezers or walk-in

refrigerators, this type of policy could be used to cover the cost of replacing the spoiled food.

Selecting the right insurance and choosing how much to get is not an easy task, especially for owners and managers who, rightfully so, have the more pressing matter of running the day-to-day operations of their restaurants. Insurance agents have knowledge of not only the restaurant industry in general but also the local and state laws which may pertain to your restaurant in particular. As with all types of insurance, it is better to be safe than sorry. Don't make your decisions based solely on the cost of the insurance you are considering. Cheaper is almost never better. +

Chad has over 23 years of experience in the areas of risk management and insurance program development. Chad currently oversees the marketing at Nesbit Agencies. Chad helps develop risk management plans for many different industries and companies of all sizes. In addition to his agency responsibilities, Chad also serves on various insurance company advisory boards regionally as well as nationally.