

# 5 INSURANCE MISTAKES MADE BY RESTAURANT OWNERS

## #1: CHOOSING AN INSURANCE COMPANY FOR PRICE ALONE

More often than not, business owners purchase the insurance package with the lowest premium just to save a buck. Unfortunately, that also means sacrificing valuable coverages and/or providing limits that are not accurate. Do not settle for less just to save money because it could end up costing you more in the future.

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## #2: NOT UPDATING AND/OR REVIEWING COVERAGES REGULARLY

It is recommended that you review your insurance package every 6 months. During that 6-month period you will want to keep your agent up to date on any changes that occur within your business. Such as, employee changes, vehicle changes, equipment changes, etc. As an example, if you purchase new and upgraded kitchen equipment, you will want to let your agent know so they can verify it will be fully covered. These are minor changes to your business but can be major changes to your insurance policy. The insurance market is always changing, so it allows the opportunity to see what other options might be available.

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## #3: PURCHASING POLICIES/COVERAGES THAT ARE NOT NEEDED

Many insurance companies will include additional coverages that act as “fillers” and do not actually provide any value to your business. Reviewing these “extras” is a good idea to make sure your premium dollars are best spent on coverages that are most important to your business.

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## #4: UNDERVALUING PROPERTY AND CONTENTS LIMITS

In an effort to save on premium, your first instinct might be to reduce the coverages on your building or business personal property. Business personal property can be described as anything not permanently attached to the building (ovens, friers, tables, chairs, etc.) The premium savings is typically insignificant, but more importantly, it can put your coverage at jeopardy. Some insurance companies may impose major penalties for being underinsured at the time of a loss.

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## #5: WRONG CLASS CODES/PAYROLL USED FOR WORKERS COMPENSATION INSURANCE

Make sure your insurance company is using the proper class codes for your employees. There can be a significant difference between the codes used and how they relate to your annual premium. We also recommended tracking overtime as it can help to reduce your premium.

