



Insuring Restaurants and Lounges Is a Tricky Business

General Insurance for the Restaurateur

By Gerry Corrigan

It is important that owners of restaurants and lounges deal with an insurance broker that has a specialized insurance program that fits the unique needs and risks facing their business. Many insurance brokers place coverage for restaurants/lounges, but very few have the ability to secure a comprehensive program that responds to the industry's needs at

opposed to working with their insurance company to settle a claim against their business. Small doses of prevention will reduce the chances of a potential claim, which in the long run is a win/win situation for both the restaurateur and their insurance company.

The general insurance industry is facing its most difficult challenge in history. Poor investment returns, increased

company has to make a reasonable return on its investment. The business owner should benefit with receiving more comprehensive coverage's at a very attractive rate.

The restaurant industry has been a class if business that many insurance companies would not look at due to the high risks involved. However, some insurance companies do have programs in place specifically for the restaurant owner. For example, McElhoes & Duffy Insurance Brokers, which has been in the general insurance business for over 80 years with 10 years spent working closely with the Manitoba Restaurant Association., has a program called "The Restaurateur" developed for the restaurant/lounge business. The rating structure has been at a very low end of the general increases that the insurance companies have been offering. A number of years ago a survey was sent out by the Manitoba Restaurant Association to determine what the needs were for the restaurant/lounge business. This information enhanced the program and enabled McElhoes & Duffy to cover the unique insurance requirements of MRA members at a competitive cost and to meet the changing needs of the restaurant/lounge business. McElhoes & Duffy can be reached at 204-233-1418, at their website www.mcelhoesduffy.com and by e-mail at gerry@mcelhoesduffy.com

"Many insurance brokers place coverage for restaurants/lounges, but very few have the ability to secure a comprehensive program that responds to the industry's needs at a competitive premium."

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The experience and knowledge of the insurance broker with your industry is imperative, along with the stability of the insurance brokerage itself. There are many insurance industry courses and designations through the Insurance Brokers Association of Manitoba and the Insurance Institute of Canada. It is important that your insurance broker has the practical knowledge needed to protect your business.

The insurance company that the insurance broker places the insurance with should also be familiar with this class of business to enable them to handle potential claims in a responsive and professional manner. They should also be able to offer meaningful loss prevention services that will assist the restaurant/lounge operation in reducing potential hazards that could lead to a loss. The restaurateur would rather deal in the business they specialize in, as

claims costs and the effect of the unfortunate terrorist attack of September 11, 2001, along with a depressed stock market, has weakened the insurance industry to its lowest returns – less than 3%.

What does that mean to business owners? Insurance companies have to review all aspects of their business. Some business owners are faced with the fact that they cannot purchase insurance on their business, others have had their limits reduced and premiums have increased. The insurance companies have indicated that these measures are key to put the industry in a more stable position.

The insurance industry is facing many challenges. Reducing coverage, increased premiums and, in some cases, refusing to renew clients business insurance are common. A program has to be a win/win for the insurance company and the business owner for it to work in the long term. The insurance

It is important that your insurance broker has the technical knowledge and the designation to back it up. Your business is your most important asset. You must be careful with whom you trust it.