

Workers compensation insurance can be a significant expense item for most restaurants. While the restaurant package insurance policy covering the property, and liability exposures of the restaurant is usually the biggest ticket item, workers compensation insurance can be a close second. And with workers comp insurance essentially being rated based on a restaurant's past losses, it often makes a lot of sense to do what you can to prevent the most common losses from occurring and driving up your experience modification factor and thus your costs. With today's article I want to take a look at a case study of an actual chain restaurant's very experience with chasing down and reducing one particular cause of on the job injuries. While the numbers may be much larger than those you experience in your one or two location restaurant, the math still works the same way and the numbers don't lie.

This case study is based on a multi-location restaurant chain. This restaurant was smart enough to have hired an insurance company that specialized in workers compensation coverage only. This specialization meant that they were able to have a loss control consultant assigned to their account to keep an eye on any trends that might spell trouble. Over time the loss control consultant noticed that the restaurant chain was seeing an increase in the number of finger cuts as the chain added locations and grew. Over time these finger cuts accounted for almost half of all the on the job injuries for this restaurant chain. Now, while the total costs of these claims was only about 10% of all claims costs, the sheer number of incidents was going to have a dramatically negative effect on the restaurant's experience modification factor and that in turn would drive up their workers compensation costs dramatically.

The loss control consultant visited a number of the restaurants in the chain and decided to try some training, some signage and the use of anti-laceration gloves. Then they ran the numbers to see what kind of impact this could have on the loss costs and the experience modification factor and thus the costs of workers compensation insurance for this chain over time. This restaurant was paying about \$615,000 per year for workers compensation insurance. The consultant calculated that if they could reduce the number of laceration injuries by 25%, then the restaurant would save about \$42,000 or almost 6.8% per year in workers compensation costs. Reducing the number of laceration claims by 50% would generate a savings of nearly 8.5% and cutting the number of finger cut claims by 75% would generate savings of \$62,500 or over 10%.

These numbers were enough to convince the restaurant management team that they should try to enforce the use of anti-laceration gloves in the places in their product creating process where it made sense to do so. Six months after they rolled out the program, their finger cuts were down by 45%. After they added additional signage and training, they were able to reduce the number of finger laceration claims even further. Since implementation, all finger laceration

claims have occurred only when the anti-laceration gloves were not being used.

There are two messages that the small one or two location restaurant can take from this example. First of all, selecting a workers compensation insurance company that specializes in workers compensation insurance only can give you the professional help and expertise that you need to cut your workers compensation rates now and in the future as well. Secondly, being open to possible injury prevention tools, like anti-laceration gloves might help you better protect your employees and your bottom line at the same time.

At Clinard Insurance Group we insure more than a hundred restaurants all across North Carolina and South Carolina. We want to work with you to help you reduce your insurance costs as well as your injury rates. If you would like to save money on the restaurant insurance for your NC restaurant or your SC restaurant, please call us, toll free, at 877-687-7557.