

Not every restaurant owner owns his or her building. And not every lease is the same. But if you have not taken the time to make sure that your lease requirements match up with [your restaurant insurance policy](#), then you may be leaving yourself open to an uncovered claim and as a result, potential downtime or a huge hit to your cash flow.

Consider the case of James, the owner of a small family restaurant. James signed his lease with his landlord but did not really study it carefully. One of the stipulations in his lease was that he was responsible for all repairs to the heating and air conditioning units on the roof. Two years into the lease, lightning strikes the roof units and destroys them. The cost to replace them is \$24,000.

Here's the problem. James has a businessowners policy which covers the contents of his restaurant - so everything not attached to the building. In addition, James did think ahead and had his agent add coverage for betterments and improvements to this policy. This betterments coverage is for items that are part of the building, which the tenant added – could be paint on the walls or even attached booths for the diners. The problem for James is that he didn't add the rooftop air conditioning units to the building so technically they don't fall under the tenants betterments and improvements coverage.

So how could James have protected himself? Well, for those air conditioning units he would need to add building coverage to his policy. The problem is, there is a coinsurance clause on the building coverage that would reduce his claim payment. (For more help with coinsurance clauses, read my blog about it by [clicking here](#).) The answer is that James should have added an Agreed Value Building coverage endorsement to his policy to cover the HVAC equipment. This Agreed Value form should be written with no coinsurance penalty.

There's one more area of concern in James' claim that needs to be addressed. Without the air conditioning units he is going to be in trouble keeping his restaurant open. He needs mechanical breakdown coverage to protect him from the loss of earnings he will suffer while he is waiting on his HVAC system to be repaired. To read my blog about mechanical breakdown coverage, [click here](#). To see a short video about mechanical breakdown coverage, [click here](#).

This real world example shows how important it is to take the time to review your lease and make sure that your restaurant insurance policy seamlessly integrates with that lease. When choosing a restaurant insurance policy it is very important that you select an agent that specializes in restaurant insurance. At Clinard Insurance Group, in Winston Salem, NC, we do just that. We write insurance for over 100 restaurants all across NC and SC. We understand that each restaurant is different and that they don't all need the exact same coverages. For that reason we have developed 5 different restaurant insurance programs to help you find the program that best suits your needs. We have a [Fine Dining Restaurant Insurance Program](#), a

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