

Most restaurant insurance programs automatically include coverage for lost business income in the event of a covered loss under the property section of the policy. So, if your restaurant suffers a bad kitchen fire and you are out of business for a month, then the income that you lost during that month of repairs can be covered and reimbursed to you. But the key word here is *can*. It may not be, depending on how your business income protection is worded in your policy. And this risk can be magnified if your business has a seasonal component to it and the loss strikes you during your peak season.

Let's take a quick look at the business income issues that can arise after the loss. In each case, these are issues that you should take some time to discuss with your agent before you experience a loss that puts you out of business temporarily. One of the biggest areas of confusion is with employee payroll. You may need to pay your employees even if you are closed in order to keep them from moving on to the competition. Many of these workers simply can't afford to miss a month of pay so they will be forced to move on. Will your policy cover the costs of keeping them on the payroll in order to keep them on as valued staff? What conditions must be met in order for you to collect from the insurance company? These are questions that you would do well to answer now, rather than find out after the claim.

Another issue that sometimes crops up after the fact is monthly limitations on the business income coverage itself. Some policies are written with a monthly maximum that you can collect for any 30 days of downtime. Some even have a policy limit that says you cannot collect more than a certain amount of money for any one claim. Does your policy have a monthly or per claim maximum? If so, do you know what this is and is this limit enough to cover your losses if you have a claim?

One last consideration for restaurants evaluating their business income coverage has to do with peak season issues. Is your restaurant one where certain months mean much larger revenue to you than others? If so, you may have a peak seasonality component to your revenue stream. What happens when your loss occurs during, or just before your peak season? If you lose 3 months of income during your peak season, will your monthly business income limitation come back to haunt you? Suppose your average monthly revenue is \$50,000 but your revenue jumps to \$75,000 per month during your peak season. If your business income coverage is limited to \$50,000 per month, then you could experience a shortfall of \$25,000 per month in your claim if a fire occurs during or just prior to your peak season.

With the many different choices facing a restaurant owner when evaluating restaurant

insurance, it's clear that you need some professional help and guidance on the front end. Discovering that you have the wrong type of protection or policy after a loss is just a recipe for heartache and misery. Be very careful when shopping for restaurant insurance to be sure that you first select an agent with experience and know how insuring restaurants. Make sure that you have a good feeling about your agent and he or she is someone that you can trust to be careful to look out for your needs first in the insurance buying process. While price will be an important consideration, saving money on a policy that will not adequately protect you after a loss is a fool's errand at best.

At Clinard Insurance, located here in beautiful Winston Salem, NC, we insure over 100 restaurants all across NC and SC. We will be happy to take a careful, in depth look at your restaurant insurance policies and give you professional and compassionate advice about how best to protect your livelihood. Visit us on the web at [www.TheRestaurantInsuranceStore.com](http://www.TheRestaurantInsuranceStore.com) or call us, toll free, at 877-687-7557.