

With this week's blog, I want to focus on the 5 most common mistakes that restaurant owners make when tackling their restaurant insurance puzzle. Hopefully you haven't fallen prey to all of these mistakes but take a moment and consider your own approach to insuring your restaurant and which of these mistakes you may have made in the past. It's only too late to fix the mistakes after a claim so today is the day you should read this blog and take immediate action.

Mistake #1 – The Price Blind. This is the most common mistake that restaurant owners make. Let's face it, you are busy and owning a restaurant means putting out small fires in your organization every day. Taking the time it really takes to evaluate and understand the intricacies of something as important as your insurance contract is just something few owners ever take the time to do. This leads to the restaurant owner becoming blind to all of the moving parts and pieces and just focusing on the easiest lowest common denominator: just the price of the policy. The problem with this approach is that it ignores so many important variables. Often there can be huge coverage and protection differences between one policy and the next. There can also be huge differences between one agent and the next in terms of how well you will be protected (and incidentally how much you pay). Then consider that not every insurance company is the same and last of all, consider that the rating process leaves lots of places where you might actually pay a higher rate but have a policy that looks like you are paying a lower final premium. [Often this particular problem only shows up a year later at audit](#), but by then it is too late, you are now going to have to pay more than you thought for your policy. The best way to combat this mistake is to remember the old insurance adage: The cost of your insurance program is the sum of premiums you pay now, plus the premiums you will pay at policy audit, plus the uncovered losses that you will have to pay during the policy life.

Mistake #2 – The General Agent. This mistake is a biggie and could even cost you your business. Insurance is a funny business because, unlike most professional services, hiring a specialist to help you with your insurance will generally cost you less money than using a non-specialist. But the truth is even scarier. Unlike your family doctor, who would never operate on a brain tumor, an insurance agent can take a stab at insuring just about anything that walks in his door. If you bought your restaurant insurance from a friend, or your brother in law, or the agent that just happens to insure your house or your cars, you may be walking into the trap of inexperience and not even know it. And few insurance agents will tell you that they don't really understand insuring restaurants. Instead, they will practice and learn on your dime. This could leave you with a huge, uncovered loss. Also, consider the fact that insurance agents with niche specialties in restaurant insurance, not only understand the coverage ins and outs, but they also more than likely have access to better priced programs simply because they have a high volume of that kind of business and are more trusted by their underwriters. This is one of the anomalies of insurance; in most cases using a more highly experienced professional will actually cost you less money.

Mistake #3 Skipping Protection Reviews. Insurance should never be a set it and leave it kind of purchase. Your restaurant is constantly changing as is the world around you. You should take the time, at least every couple of years if not every single year, to review your policies in detail with your agent. Think about how your restaurant has changed since your last review. Have you bought new equipment, changed your hours of operation, or began offering new services or products like home delivery or liquor in your bar? Sometimes even the smallest change in your business, one that might seem insignificant to you, could have a huge impact on your insurance.

Mistake #4 Shaving It Too Thin. The long economic downturn that we have experienced since 2008 has left many restaurant owners looking for ways to cut costs and translate those saving directly to their bottom line. Be careful when you choose your insurance protection as the place to cut. Some cuts may be justified and make sense, but if you can't afford to actually pay for the new uninsured losses that your decisions might be creating, then these cuts are probably not worth the risks.

Mistake #5 One Size Fits All. Not all restaurants are the same and so you probably don't want a restaurant insurance program that is designed as a one size fits all program. This is the type of result you will probably get when you don't use an agent who insures many other restaurants as mentioned in mistake #2. But the point is well taken. If you are a high end, [fine dining restaurant](#), then your insurance needs will be quite different from a lunch and breakfast [grill](#).

[You can read more about this particular mistake by reading my blog on one size fits all restaurant insurance programs](#)

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