

[Workers compensation insurance](#) is an integral part to any [NC restaurant insurance program](#) . But, due to the relatively low cost of this protection for restaurant owners, it is often overlooked. This 7

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part in our 10 part series takes a closer look at workers compensation and highlights several key elements of this policy that a restaurant owner needs to understand in order to best protect his business, his workers and his cash flow.

First of all, this discussion will be directed to and focused on North Carolina workers compensation insurance for restaurants. Some of what you may learn here will apply in other states but for the sake of this discussion, we are focusing on NC rules and regulations.

The first question that a restaurant owner might ask would be if he or she even needs to buy work comp insurance for their restaurant. The answer is an unqualified yes. But here are the rules. In NC, you are only required to purchase work comp insurance on your business if you have 3 or more employees. Also, you can choose to include or exclude corporate officers and owners. But here's the catch. Not being required to purchase the policy is not the same thing as avoiding the exposure. If you don't purchase the policy, you will still be required to pay all claims. Without the policy you are just deciding to pay all the claims yourself out of your own pocket. This is almost universally a bad idea.

The insurance policy itself is a statutory based policy. This means that the policy follows the NC work comp statutes which spell out what is covered and to what extent. The workers compensation rules and rates in NC are controlled by the [NC Rate Bureau](#) . The claims process is handled by the [NC Industrial Commission](#).

Your actual workers compensation costs will be based on your payroll. Each classification of worker will have its own rate. To get your policy started you will estimate what your payroll will be for the year for each different classification that applies to your restaurant. At the end of the policy year, the insurance company will perform an audit of your payroll and an adjustment to the final premium will be made. If you had overestimated your payroll then you would be due a refund and if you had underestimated it, you will owe an additional premium. Under estimating is risky and can leave you with a bad cash flow situation that I call the audit trap. To understand the audit trap better, [read my blog here](#) .

Another aspect of your workers compensation policy to consider is that over time, most workers compensation policies are experience rated. This is done when the NC Rate Bureau assigns you an experience modification factor. This factor modifies your rate either up or down, depending on your past loss experience. This is a strong incentive for you to manage your risks and minimize your claims. To learn more about how this works, visit my blog on this by [clicking here](#)

One more point that I would make to restaurant owners who are setting up their workers compensation insurance is that they take the time to consider using a mono line workers compensation company for this policy. Recently we have seen a rise in these companies which write only workers compensation insurance. Often their expertise and specialization allows them to provide better back to work programs as well as more effective loss control programs. They are also more likely to offer a [pay as you go program for your billing](#).

While workers compensation insurance will rarely be the biggest ticket item in a restaurant owner's insurance program, there are several areas in this policy where the restaurant owner can reduce risk and save money by using the right company and the right agent. At [Clinard Insurance Group, in Winston Salem, NC](#)

we specialize in helping restaurants all across North Carolina and South Carolina. And since not every restaurant is the same and we don't think you should have to pay for prepackaged coverages you don't need or miss out on the coverages you do need, so we have created 5 different restaurant insurance programs for our NC and SC clients. We have a

[fine dining insurance program](#)

, a

[casual dining insurance program](#)

, a

[fast food insurance program](#)

, a

[bar and grill and tavern insurance program](#)

and a

[special insurance program for caterers](#)

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[www.ClinardInsurance.com](http://www.ClinardInsurance.com)

or call us, toll free, at 877-687-7557.