

Many restaurant owners don't really give much consideration to how much liability insurance to purchase when they first open their restaurant. After all, they are pretty busy with a lot of other details relating to their grand opening. And by the time their restaurant insurance policy comes up for renewal the next year, the liability limit question is usually not revisited, at that point in time they are usually just checking the renewal prices against the previous policy and making assumptions that nothing much has changed over the past year. I would encourage every restaurant owner to take some time to review the liability limits on their restaurant insurance policies and not just accept that coverage is coverage here.

Most restaurants purchase a businessowners policy for their basic protection and most of these policy forms have maximum liability limits of \$1,000,000, though some companies can offer liability insurance limits as high as \$2 million. If you want liability limits above the maximum allowed by the businessowners policy, then you can accomplish this by purchasing a commercial umbrella policy. Commercial umbrella insurance policies can add an additional layer of liability protection over and above all of your liability insurance policies, such as your commercial auto insurance policy and your workers compensation insurance policy. They might even be able to include your employment practices liability insurance as an underlying policy. This last policy form can often be problematic syncing up with your umbrella policy so you should seek help from an experienced restaurant insurance agent when trying to do this.

But more to the point, how much liability insurance is enough? The question of course is nearly impossible to answer. Liability exposure is by its very nature an unknown. Until the loss actually happens there is no way for you to predict how much you stand to lose. There are so many variables, not the least of which is the changing nature of litigation in your area and past jury awards. So the only answer that I can give you is to purchase as high of a liability insurance limit as you can afford to buy.

A recent liability claim and court case in Vista California can give you some idea of the risks and the numbers that you might encounter. In March 2008 a chiropractor named Anthony Zaccaglin was visiting a Starbucks when he slipped on a newly mopped area of the floor and hit his head. The store manager claimed that she had put out 3 cones to warn customers of the slippery area but several witnesses to the event testified that they saw only one cone. Zaccaglin hit his head on the hard floor and suffered a concussion that required more than a year of brain-injury therapy and kept him from returning to work. The Superior Court ordered Starbucks to pay Zaccaglin and his family \$7.5 million for this slip and fall accident.

Perhaps Starbucks is perceived as having deeper pockets than your restaurant. Or perhaps not. At any rate, this case can give you some indication of what can happen in a simple slip and fall case. Would a judgment of \$7.5 million outstrip your insurance limits? Would this put you out of business and into bankruptcy? Is it worth the risk? These are all questions that each restaurant owner needs to decide on his or her own. But you don't have to go it alone. Restaurant owners should take a little time to find an insurance agent who understands restaurant insurance and who already insures many of them. This kind of specialized experience should help you to obtain lower costs and get better help and advice at the same time. If you would like to put our restaurant insurance experience to work for you, call us today, toll free, at 877-687-7557.