

# RESTAURANT INSURANCE COVERAGE

**Are you thinking of opening a catering business, a sidewalk café or restaurant? While you are in the planning stages, be sure to consider the type of insurance coverage you will need.**

In the early planning stage of your business, you will need to contact an insurance agent who is knowledgeable about your area of operation. Ask owners of similar businesses to recommend agents. Second, you will need to discuss the details of your business, its exposures and the different types of insurance that are available to protect it. Your agent should be able to tailor coverage that is specific to your company.

The following are examples of insurance coverage that may be important for restaurant owners to consider. You may not need all of these coverages, and some can be bundled as a commercial package policy or business owner's policy. A bundled insurance policy could save you money. Work with your agent to ensure you have proper coverage.

## **COMMERCIAL GENERAL LIABILITY INSURANCE**

A commercial general liability (CGL) policy provides coverage to a business for bodily injury, personal injury and property damage caused by your business operations, products, advertisements or completed operations. A CGL policy shields your business from the expenses of out-of-court settlements, litigation or rulings awarded by the courts.

## **BUSINESS PROPERTY INSURANCE**

Business property insurance protects your company's physical assets, inventory, office space or warehouse. This coverage can help protect your business belongings from fire, explosions, burst pipes, theft, vandalism and other identified perils. It will replace stolen office equipment, repair damage to your office if caused by a covered peril and replace loss of income while physical structures or office space are under repair.

## **EQUIPMENT BREAKDOWN INSURANCE**

Equipment breakdown insurance covers loss caused by the mechanical or electrical failure of equipment, including photocopiers and computers. It pays for the repair or replacement of equipment, plus time and labor, as well as property damage caused by equipment malfunction.

## **WORKERS' COMPENSATION/ EMPLOYER LIABILITY INSURANCE**

Workers' compensation pays most of the fees, such as medical expenses, when an employee gets sick or injured on the job. The employer liability insurance also protects your business if an employee files a lawsuit claiming the employer's negligence caused the injury or sickness.

## **BUSINESS INCOME OR BUSINESS INTERRUPTION INSURANCE**

Business income insurance helps cover payroll and related bills if your business is interrupted. It replaces lost net income if you have a covered property loss and your establishment is forced to close temporarily. It pays for continuing expenses, such as mortgage, advertising and taxes.

## **FOOD SPOILAGE INSURANCE**

Food spoilage insurance reimburses your company the cost of food and beverage spoiled by certain covered events. These may include a prolonged power outage or exposure to contaminants.

## LIQUOR LIABILITY INSURANCE

Liquor liability insurance offers coverage for liquor-induced fights, altercations and other claims resulting from the sale of liquor. For instance, escorting an unruly patron to the exit may trigger an assault and battery allegation. In this case, it pays for litigation costs, including the cost to retain an attorney and other legal fees. Make sure your liquor liability policy includes assault and battery coverage.

## PUBLIC LIABILITY INSURANCE

Public liability insurance is required to operate on any public spaces, including sidewalks and plazas in the District of Columbia. It provides your business with a certificate of liability covering all uses of a public space. The holder listed on the certificate of liability insurance should be: District of Columbia Department of Consumer and Regulatory Affairs, 1100 4th Street SW, 5th Floor, Washington, DC 20024. Please check with your insurance agent for coverage specifics, endorsements or policy concerns.

## FLOOD AND SEWER BACKUP INSURANCE

A flood is a common occurrence and can result in serious loss exposure for businesses. Floods result from greater precipitation than the land can drain. The four most common causes of floods are rising water levels, ice jams, obstructed sewer drains and flood control system failures. The National Flood Insurance Program administered by the Federal Emergency Management Agency is the largest flood insurance underwriter in the United States. There also are commercial and surplus lines insurers that provide coverage for flood exposures. Most homeowners and business insurance policies do not cover flooding or sewer backup unless specific coverage is added to the policy by an endorsement.

## CRIME INSURANCE

Crime can be a significant cause of loss for businesses and generally arise from two main factors: crimes committed by employees and crimes committed by other parties. Several coverage options are available to address crime loss exposures. Employee crimes are addressed through “employee dishonesty” coverage or a “fidelity bond.” Crimes committed by others can be covered under a general commercial crime insurance policy that covers crimes such as forgery, burglary, robbery or theft.

## EMPLOYMENT PRACTICES LIABILITY INSURANCE

Employment practices liability insurance covers you and your business against allegations of wrongful termination, discrimination and harassment claims filed by employees.

## CYBER LIABILITY INSURANCE

Cyber liability insurance protects businesses and individuals from internet-based risks such as hacks and information breaches. Policies can cover first-party loss incurred directly by your company, and third-party loss such as the unauthorized access of consumers’ data stored by your company.

## UMBRELLA LIABILITY INSURANCE

Umbrella liability insurance provides additional liability protection. It covers claims made against you that might exceed your insurance policy’s liability limits. Additionally, it may provide coverage for claims made against you that are not listed under your regular insurance policies, such as slander and libel.

## BOND

A bond issued by a licensed security company may be needed when a license or permit is required by federal, state or local municipalities to ensure that the services promised by a business are completed according to regulation. Common types include surety, construction, commercial, notary and contractor bonds. To determine whether a bond is needed, check with the licensing or permitting authority.

### REMEMBER

Insurance gives you the peace of mind to operate your business knowing it is protected from accidents, theft, legal matters and natural disasters. The right policy, or combination of policies, helps your business overcome a situation that has the potential to drain your resources and take your focus away from your operation. Check with a licensed insurance agent or a licensed insurer to discuss your business insurance needs.

### ONE MORE THING TO KNOW

You can perform an online search to locate an agent or insurer. Access the insurance licensing portal on the DISB website or contact our office to verify whether the agent or insurer is licensed or authorized to conduct business in the District of Columbia.

If you have questions about insurance, please call DISB at 202-727-8000 or visit [disb.dc.gov](http://disb.dc.gov).

### MISSION

The mission of the Department of Insurance, Securities, and Banking (DISB) is three-fold: (1) cultivate a regulatory environment that protects consumers and attracts and retains financial services firms to the District; (2) empower and educate residents on financial matters; and (3) provide financing for District small businesses.

### SOCIAL MEDIA

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