

Don't Settle Those Scam Claims - Use Intelligent Insurance Coverage

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Every so often, to every restaurant operator, an event occurs that seems to be so dreadful that the mind shrinks in fear from the thought of the consequences. You, the owner or operator will be called by a person claiming that they suffered an injury from a fall or a form of food poisoning. They will relate a tale of suffering and woe. In order to keep insurance costs down, you have to be actively engaged in making sure that claims are legitimate. Never settle with these people on the side, for a fall or food poisoning. Always turn in the report to your insurance carrier. Your insurance agent may spot a pattern of claims. In many cases investigation by your insurance company will show that these claims are those of "scam artists" that use this and similar tricks to get quick cash settlements from restaurateurs.

If you believe that insurance is a non-useful expense and a burden to your business, think again. If you plan your insurance expenditures wisely, they can mean the difference between safety and tragedy when disasters strike.

Here are some rules for intelligent insurance coverages:

- Don't run to buy from a friend or relative.
- Discuss with your accountant and attorney the types of coverage you need for your type of business.
- Don't over or under insure.
- Evaluate each insurer policy by policy and take a look at their ratings.
- Stick to firms that have ratings of at least AA.. The differences in ratings are based on the insurance company's assets.

In Illinois, I recommend that first-time operators purchase the Illinois Restaurant Association's blanket insurance coverage, which covers casualty, workers compensation and liability.

I see the costs of insurance coming more into line making it easier for operators to get sufficient coverage, compared to ten years ago when costs for coverage skyrocketed. I see the future looking bright for insurance coverage of restaurants. The only area you might have a problem with is Dram Shop requirements.

Mr. Lloyd M. Gordon, President of GEC Consultants, Inc. has an MBA from the University of Chicago. He has concepted more than 375 restaurants and has been consulting for 40 years. He helps people enter the restaurant industry, points the way to profitability, and helps keep them successful. To discuss "Sensible insurance policy" he can be reached at 847-674-6310 or e-mail gec@gecconsultants.com or on the web at www.gecconsultants.com