

The Grill



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Table of Contents

Part 1: Description of Operations & Loss Exposures	Page(s): 2-6
Part 2: Loss Experience	Page(s): 7-8
Part 3: Loss Exposures	Page(s): 9-15
Part 4: Existing Loss Control	Page(s): 16-17
Part 5: Non-Insurance Methods/Recommendations	Page(s): 18-19
Part 6: Existing Insurance	Page(s): 20-31
Part 7: Insurance Recommendations	Page(s): 32-33
Part 8: Appendix	Page(s): 34-37
Part 9: Works Cited	Page(s): 38

Part 1: Description of Operations & Loss Exposures

Operations:

The Grill is an iconic Athens establishment having served the local UGA and Athens community since 1981 making it the second oldest restaurant in downtown Athens. Focused on creating a sense of 1950's diner nostalgia, The Grill serves up classic meals such as burgers, milkshakes, and their world renowned feta fries. As one of the few 24/7 restaurants located in downtown Athens, The Grill is constantly serving customers whether it's one in the afternoon or four in the morning. While The Grill does not cater, they do serve many To-Go orders for pick up. With the sale of meals being their biggest source of revenue, the biggest expenses for The Grill would be the cost of labor for all of their employees and the cost of food stock to supply their restaurant.

Location:

Located at 171 College Avenue, Athens, GA 30601, The Grill is in the heart of downtown Athens. Situated off the sidewalk on a one way street in between a new Chick Fil A and a clothing store, The Grill is positioned in a heavy foot traffic area of downtown Athens with thousands of people walking by its doors every week. Tucked away from the main area of bars, The Grill is surrounded by quieter business who typically do not experience much foot traffic at night. With a police station located just up the street and the Athens-Clarke County fire station less than one mile away, The Grill is in a prime location in the event of an emergency with first-responders located close by. While The Grill does have a fire hydrant located on the

sidewalk just outside its building, a fire truck may have a difficult time accessing it due to heavy traffic and parked cars.

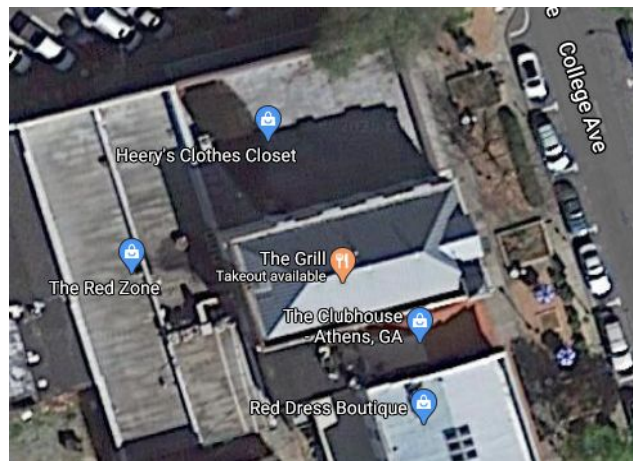
Building(s):

Housed in the same downtown building since 1981, The Grill and its iconic neon sign are hard to miss when walking through downtown Athens. Leasing their restaurant space, The Grill operates in a two story space with separately rented apartments located above and other businesses located directly on both sides of the restaurant. Constructed out of joisted masonry, The Grill's building is primarily composed of brick with interior walls supported by wooden framework. The front door is the main entrance and is the only exit available to customers with the only other exit being located on the bottom floor in the employee's only section. Looking at the main dining room, which is split into two sections by a low dividing wall, booths and tables occupy most of space with restrooms and the kitchen located in the back of the dining room. Moving downstairs, the lower floor of the building, which is only accessible by employees, contains the owner's office, storage for food stock, and a preparation area.



Premises:

Besides the main building which it operates in, The Grill does not own any of the buildings attached or surrounding it. Furthermore, The Grill does not own or operate a parking lot since customers are able to use Athens-Clarke County operated parking spots in front of the restaurant. On the sidewalk in front of The Grill is a stairwell that leads to an employee entrance, but this stairwell is normally barred off to the general public. If you walk in the main entrance to the restaurant you will find the main dining area open to customers and if you take the employee stairs down to the lower floor you will find the owner's office, food storage, and the food preparation area.



Property:

In order to operate, The Grill owns and maintains many pieces of cooking equipment which they own. Some of the equipment they use on a daily basis include fryers, grills, a fry cutter, an oven, milkshake machines, a fresh orange juice squeezer, and giant fridges where they store all of their food. Upon starting their job, staff are taught how to properly use and maintain

each piece of equipment in order to ensure their safety and to minimize accidents. In addition to the equipment used to prepare food, The Grill owns all the utensils and dishes used in the restaurant as well as all the decor, furniture, and cash registers located in the dining room and office space.

Customers:

Having been in operation since 1981, The Grill has seen thousands of customers of all types walk through its doors. Due to its close proximity to UGA's North Campus, The Grill is a well known eating spot for hungry college students whether it's for lunch or some late night munchies after visiting the local bars. In addition, local Athen's natives and businessmen working downtown love to stop by the restaurant on their lunch break for a quick bite. Overall, The Grill strives to create a family friendly atmosphere, dishing out tasty food to all ages from toddlers to seniors.

Employees:

As a bustling restaurant, The Grill employs a large staff full of various positions with approximately 33 employees including 5 cooks, 17 waiters, 5 bussers, 2 cashiers and 4 managers. Employees work on a weekly schedule created by the manager in order to ensure the restaurant always has enough staff to operate. Like most restaurants, The Grill experiences heavy turnover rates when it comes to waiters, bussers, and cooks who are all part-time workers. However, some of the managers, who are considered full-time, have been with The Grill for

many years making sure daily operations run smoothly and therefore could be classified as “key” employees.

Part 2: Loss Experience

The Grill has very few loss experiences, indicating that they have prominent risk management techniques. There have only been two losses under the new owner and he's owned the place for approximately 10 years now. The current management could only recall one loss from the previous owner. The loss that occurred under the previous manager happened to be a flood due to cracked pipes. The pipes were old and soon broke, so The Grill had to temporarily close for a few weeks. The current manager is unaware of what year the water damage occurred, however he did remember that the previous owner purchased a business interruption policy that covered the loss of revenue for the time the restaurant was closed. This did not result in a financial loss for The Grill.

One of the more recent losses for The Grill took place in 2010. This incident involved the jukebox that sits in front of the restaurant. According to the owner, the jukebox had not been working for a while and the only way to get it repaired was to send it to someone who specializes in repairing jukeboxes. After finding someone who had the right parts, the owner hired the man to fix the jukebox. The man stole the jukebox and did not return it. Eventually this turned into a lawsuit and was settled in court. The jukebox was returned to the owner (still broken) and now sits in the front of the restaurant. This obscure incident is one that is very hard to protect against, yet, once again, it did not result in a financial loss.

The last occurrence happened in 2014 and the incident involved was a slip and fall accident. A man came in highly intoxicated and asked for a beer. The server refused to serve him one because of how intoxicated he seemed. He stood up to yell at the server and slipped. He hit his head on the edge of the display case and was bleeding profusely. He was taken to the hospital

and recovered from his injuries. The Grill was not held responsible for the incident because his BAC (blood alcohol concentration) was very high, and The Grill did not serve him any alcohol. The man tried to sue but had no case because the server did not serve him the beer he asked for.

There are not any specific loss retention/reduction strategies that have taken in effect due to these incidents. The closest thing to a reduction strategy would be that now all employees are encouraged to refuse alcohol to customers who seem too intoxicated. There are no specific preventive measures The Grill could have taken for the jukebox incident.

Part 3: Loss Exposures

Property Loss Exposures (frequency, severity, exposure)

Aforementioned, The Grill is leasing the restaurant space, therefore the insurer of the building is responsible for paying for property losses. The following section will further explain the pure risks associated with the loss exposures faced by The Grill.

Building Exposures

Fire (low frequency, high severity, medium exposure)

Fire is one of the most common perils that a restaurant can face. The Grill's customers are not permitted to smoke inside the stated premises. However, The Grill's constant usage of kitchen appliances and equipment as well as the numerous electrical cords present in the building do pose a significant risk of fire. Despite the constant risk of fire, The Grill has not been affected by a fire in recent times, but there is always a chance of one occurring. To minimize damages that result from a fire, The Grill has numerous sprinklers located throughout and fire extinguishers readily available. Alongside the equipment that minimize the damages of a possible fire is the structure of the building itself; it is constructed out of jointed masonry (i.e. brick) which is fire-resistant material. The outcome of a fire could result in the loss of on-premises data and storage.

Smoke (low frequency, medium severity, medium exposure)

The Grill may also face smoke damages from a fire. If a *friendly* fire were to break out, all smoke damages should be covered by the policy in place. Considering that The Grill is a restaurant, the risk of fire is always there, but given its track record, it is highly improbable. However, if smoke were to persist within the space, the sprinklers may go off and cause additional water damage.

Water Damage (low frequency, medium severity, medium exposure)

Aforementioned, one of very few known losses that has occurred was caused by cracked pipes, thus causing water damage. Now, as time goes on, the pipes will age and will require repair or replacement to prevent another incident from occurring. Also, with how old The Grill itself is, it is more susceptible to mold caused by water damage.

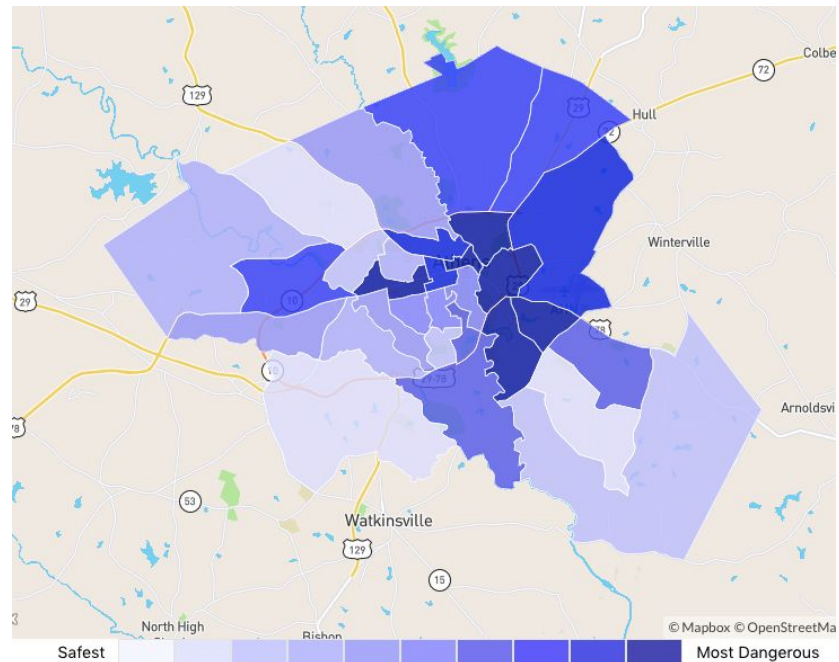
Building Personal Property Exposures

Theft (medium frequency, varied severity, medium exposure)

Based on a crime map provided by NeighborhoodScout.com, the area in which The Grill resides is considered to be extremely dangerous and crime ridden compared with surrounding areas. Because of its location in a crime ridden area of town and its constant influx of customers, The Grill faces a constant threat of theft. This includes dine n' dashes and stolen property. When it comes to the previous incident that involved a "stolen" jukebox, it was returned. In the future, situations may not always work in The Grill's favor to the point where the stolen item is returned in the current condition. On the other hand, dine n' dashes are more prevalent than larger acts of

theft. Other forms of stolen property may be the antiquities located in the center display case in the main sitting area or even the paintings on the wall.

ATHENS CRIME MAP 2020



Equipment Failure (low frequency, medium severity, medium exposure)

The Grill faces potential equipment failure. A restaurant requires an abundant amount of equipment not just to ensure efficiency, but also to make sure certain safety standards are met. This includes proper refrigeration, freezing, and constant maintenance of equipment used daily. There may be human error as well. Improper usage of the equipment by staff for the preparation of food may also lead to equipment failure.

Spoilage of Perishables (medium frequency, low severity, medium exposure)

At the time in which this case study is being written, the COVID-19 pandemic seems to have reached its peak. Because of this, The Grill has closed down indefinitely alongside many other businesses around the world. The unexpectedness of this outbreak may have affected certain contingency measures put in place for storage of food. Although the storage equipment is still running to preserve the perishables, it can only last so long. Spoilage of perishables is covered in the policy, however, despite COVID-19, would not be triggered in this special case of a pandemic. The only way for this coverage to be triggered would be a change in humidity due to mechanical breakdown, the contamination by the refrigerant, and power outages beyond The Grill's control.

Business Interruption Exposure

The business interruption exposure is one that is common across all businesses. It is an unforeseen and unwarranted circumstance that causes the business to close down indefinitely. This leads to little to no revenue for the business. Amidst the pandemic that is COVID-19, The Grill - and many other businesses - are going through business interruptions. This is one of many things that can cause a business interruption. Others include, but are not limited to, natural disasters, major equipment failure, and crime. Despite COVID-19, it would not trigger coverages in any section because (a) The Grill does not possess any business interruption coverage and (b) The Grill does not possess any parametric insurance.

Liability Loss Exposures (frequency, severity, exposure)

Liquor Liability Insurance

Liquor Liability: (high frequency, high severity, high exposure)

The liability accompanied with the sale of liquor poses an extremely large risk to the restaurant.

Since both beer and wine are served on a daily basis at The Grill until 2:30 am, this is an extremely common loss exposure that can be detrimental to the restaurant if not protected against. Liquor Liability can involve overserving a customer when they are clearly intoxicated and the resulting injuries and property damage from an overserved customer, even if they are off the premises. Since The Grill is located in a heavily populated college town, one common liability exposure involves the possibility of serving alcohol to a minor. The use of fake identifications or failing to check identification can result in a legal and financial loss to the restaurant. Since The Grill is located in Georgia, due to “Dram Shop Laws,” if an intoxicated customer gets behind the wheel or a minor is served, The Grill can be held liable for the damages that may occur.

General Liability

Food Product Safety: (medium frequency, high severity, high exposure)

Food Safety is one of the most common liability loss exposures in the restaurant business. The Grill is serving food products 24/7 so it is imperative that the food products customers are consuming is safe. From storage, to preparation, to being served to the customers, there are several liability loss exposures that can occur. Improperly handled food, incorrectly prepared food, and cross contamination all pose a significant risk to any restaurant. The Grill has several employees involved in the process of making the food which means there is a risk of improperly

handling products. Also due to a wide variety of menu items, there is a risk of cross contamination, which could cause an allergic reaction in customers. These loss exposures can contribute to a customer becoming ill or possibly ingesting a foreign object if not properly handled.

Customer Injuries: (low frequency, medium severity, high exposure)

Customer injuries can be possible at any restaurant at any time even if preventative measures are in place. The Grill maintains a safe environment, however there's always a possibility a customer might trip over a chair, slip on a wet floor, or even drop something on the customer when serving them; all are possible loss exposures at The Grill. This is why caution signs are so prevalent in every business due to the liability that accompanies the possible injuries. With the Grill being open 24 hours, intoxicated people also run the risk of injuring themselves by behaving carelessly which was the case in 2014.

Employee Dishonesty: (low frequency, high severity, low exposure)

In every business when there's a high volume of transactions, a common loss exposure that is a significant liability is Employee Dishonesty. The Grill employs 33 employees, 2 of which are cashiers and 4 are managers. Only managers are authorized to handle the cash which keeps their loss exposure extremely low since not everyone has access to revenues, however it's still a risk. Employee dishonesty can include anything from stealing from the business to writing down or taking pictures of card numbers during transactions, something we are seeing more of every day. Another instance of employee dishonesty may be upcharging customers so that an employee can take the difference. While The Grill seemingly has trustworthy employees, employee dishonesty cannot be overlooked as a business because it can decrease profits and damage reputations.

Employment Practices Liability Insurance (EPLI)

Employment Practices: (low frequency, high severity, medium exposure)

Issues arising from employment practices are extremely prevalent in today's world, especially when many solutions involve settlements in and out of court. According to the Society of Human Resource Management, "41% of all EPLI claims are brought against employers with 15-100 employees." These claims could have anything to do with sexual harassment, discrimination, the process of hiring and firing, and much more. In a small business like the Grill a claim arising from employment practices could be detrimental to the success of a business and cost thousands and thousands of dollars. Even though the Grill previously has had no issues with this, in employing 33 people there is always a risk of an accusation or a claim being made.

Workers' Compensation

Workers' Compensation: (medium frequency, medium severity, high exposure)

Worker's compensation is an important loss exposure in restaurants. In any restaurant there is a possibility of an employee having an accident on the job. It is a common loss exposure that an employee may cut themselves with a sharp cooking object, slip on a wet floor, or burn themselves on the stove or oven. The Grill is constantly exposed to these types of losses on a daily basis. Especially being such a popular dining area, the frequency of these occurrences can rise during a busy hour, or late at night when employees are tired. If a worker were to get injured on the job The Grill may become liable for paid time-off, medical expenses, and legal fees that may arise. In Georgia, businesses employing three or more people must have workers compensation coverage.

Part 4: Existing Loss Control

In case of a friendly or hostile fire, The Grill has an automatic sprinkler system in place. The system includes the following; automatic sprinklers, discharge nozzles, ducts, pipes valves, fittings, pumps and private fire protection mains. Furthermore, a non-automatic fire extinguisher, as well as hydrants, standpipes and outlets are in the location in case the fire is overwhelming and needs extra labor to be put out. There is also an automatic fire alarm, which protects the entire building through its connection to a central station, and a service contract with an Athens-Clarke county fire department providing fire protection service to the premise is also in place. Lastly, for fire protection, The Grill has an automatic commercial cooking exhaust and extinguishing system. The system includes the following; a hood, grease removal device, duct systems, and wet chemical fire extinguishing equipment. This is put in place to reduce severity or stop a fire from breaking out specifically for grease, grill, stove, or any medium used in cooking.

In case of theft, burglary, and/or vandalism, The Grill has security service. The service includes a recording system. The recording system includes 4 cameras, with one located near the register, across from the register, the bar, and the restrooms. The service makes hourly rounds covering the entire building when the premises are not in actual operation. Furthermore, they make sure to lock all their doors at night and set the alarm inside the building, which notifies the police station if someone breaks into the premises.

For protection against liquor liability, The Grill employs loss avoidance by ceasing the sale of alcohol by 2:30 am, as required by law. For loss reduction, The Grill does not allow employees, and personnel to consume alcohol during hours of employment or service. They

engage in further reduction by having only authorized employees and members permitted to serve alcohol and they must check identification before serving. However, there are no limits placed on how many drinks a person can have, but there is an eye-test, where if a person looks extremely inebriated, they will no longer be served. Although this test does not have a standardized measurement to reduce loss, it does reduce severity and frequency of loss.

The Grill has many loss controls in place for contents inside the building. For food contents, avoidance of food spoilage is possible through daily checkups of refrigeration and maintenance of refrigeration. For daily operational cash needed, they have two people count the money at the end of the day, take note of the cash, and put the cash in a safe within the office. At the beginning of each week, one of the managers, who is in charge of handling the cash for the morning shift, takes the cash to the bank. Furthermore, to ensure they are not defrauded with cash, 50 and 100 dollar bills are checked with a counterfeit money detector pen.

To avoid lawsuits for slipping and wet floors, the Grill has caution, wet floor signs and place them throughout the restaurant whenever there is a rainy day. To avoid lawsuits concerning items lost within the restaurant, they have signs that state, "Notice, we are not responsible for any misplaced or lost items." To avoid lawsuits pertaining to the consumption of undercooked or raw food, they have a raw food consumer advisory on their menu.

Part 5: Non-Insurance Methods/Recommendations

After looking at The Grill's establishment and assessing their business, we have determined various methods of non-insurance risk management. These are meant to help reduce loss exposures we observed on the premises and with the way the business is conducted.

Emergency Employee training (in case of a fire):

The Grill could greatly benefit from emergency staff training. This would help ensure that the staff knows what to do in case of an emergency such as a fire. This would not only help with the safety of the staff, but the customers as well. They could be taught to regularly inspect the equipment used to put out fires, taught how to properly evacuate the building, and can be taught ways to minimize the risk of potential fires. Through the use of emergency employee training, The Grill can cultivate a culture of safety for both its employees and customers.

Security System:

The Grill could use an upgraded security system in order to catch theft. The current security system at The Grill employs the use of very old cameras with low quality recordings. These cameras have a live feed, but do not retain recordings for later use. Cameras are also only placed near the cashiers desk and near the back of the restaurant. Since dine n' dashes are the most common form of theft at The Grill, better security cameras placed at the entrance and on each side of the store can help minimize the risk of theft. Not only can this reduce the risk of theft but in case a dine n' dash occurs, it may be easier to catch and identify the culprit this way.

Implement Accurate Inventory Tracking:

In order to reduce the amount of spoilage (and save more money) The Grill could purchase an inventory tracking software. Currently the inventory is tracked by an employee once

a week on paper. This may result in more errors and inaccurate counts of items. With an inventory tracking software the owner can accurately see what products need to be replenished and what needs to be cut back. This software could also reduce employee theft by making sure employees are not taking items/ produce they are not supposed to.

Regular Equipment Maintenance:

The Grill currently does not run routine maintenance checks, and only replaces equipment when it completely stops working. If The Grill implemented regular equipment maintenance, there would be a reduced fire risk, it can help improve health and hygiene, extend the longevity of the equipment, improve the speed of operations, and ultimately save money. This can entail, deep cleaning the vents and hoods once a week, inspecting all freezers and coolers to make sure they work well and efficiently, and making sure all kitchen equipment such as the deep fryer are in shape to prevent fires.

Part 6: Existing Insurance

Property Policy:

As of 2020, The Grill has a property policy written by the Yates Insurance Agency with coverage provided by the Westfield Insurance Company. Yates Insurance is a Georgia based Multi-Lines Independent Insurance Agency belonging to the E & S marketplace and the Westfield Insurance Company is a national multi-line provider of business property and liability insurance. The A.M. Best Rating service gave the Westfield Insurance Company a grade of an A for financial strength which is a good indicator of an excellent carrier. With a strong financial background and many happy and satisfied customers, the Westfield Insurance Company is a great carrier for The Grill to be insured under.

Based on the 2020 commercial property coverage part form, which is the most current form, The Grill pays a premium of \$6,417 annually to insure its property which includes coverage for the building, business personal property, business income, and equipment breakdown. While The Grill does not own the building they operate in, they do have insurance to protect the building and all of their property located inside the building as required in their lease.

With The Grill only having one location that contains all of the property of the restaurant inside, it would be devastating to the owner of the company if something were to destroy the building. For a company like The Grill, who has invested thousands of dollars into new kitchen equipment and renovations to make the restaurant look like an old school 1950's diner, having enough insurance coverage is highly important to the sustainability of business. The Grill has a coinsurance clause of 90% and has limits of \$1,181,842 and \$202,100 for building coverage and business personal property respectively. Being insured to such a high coinsurance limit makes

sure that if something terrible did happen to The Grill, they would be protected and able to recover. In addition, having a coinsurance limit above 80% provides The Grill with coverage extensions such as coverage for property off premises and coverage for the property of others.

The Grill has a Special Cause-of-Loss form which provides broader coverage than either a basic or broad form would. One of the added benefits for The Grill having a Special Cause-of-Loss form is that it will cover any cause of loss that is not specifically excluded, thus giving The Grill some added protection against some losses that they might not have planned for. In addition, it will provide extra protection against theft and friendly fire which is important for a restaurant like The Grill to have since they experience dine n' dashes semi-frequently as well as many open flames with all of the cooking equipment running. Some of the other key areas of exposure for potential loss that are covered by the Special Cause-of-Loss form include coverage for fire, kitchen smoke, water damage caused by burst pipes, theft, equipment failure, and spoilage of perishable goods as none of these perils are specifically excluded in the cause of loss form.

While there are many covered property perils covered by the Special Cause-of-Loss form, there are a few which are specifically excluded and may not be covered unless specifically added back into the policy in a different section. One peril that is excluded but added back later as an additional coverage is coverage for "fungus," wet rot, dry rot, and bacteria. Occupying such an old building, The Grill is likely to encounter fungus down the road, but if they do come across fungus, they should be properly covered if they mold resulted from a specified cause of loss like water leakage from a properly maintained automatic sprinkler system, which is the only required protective safeguard for The Grill.

Since the unaltered Special Cause-of-Loss form does not provide coverage for every peril that The Grill might face, The Grill obtained many endorsements that will help fill in these lapses in coverage. In the next section, we will examine a few of the most important endorsements in the The Grill's property policies.

Property Policy Endorsements:

In order to best insure itself, The Grill obtained several endorsements to its property policies. Endorsements alter the original policy by changing or adding wording which either adds, removes or clarifies coverage that a company might need. While we will not discuss every endorsement acquired by The Grill, we will highlight a few of the most important ones that add vital pieces of coverage for the business.

One important endorsement that The Grill added to its policy is the Food Contamination endorsement which affects the Building and Personal Property Coverage form, the Business Income coverage form, and the Special Cause-of-Loss form. It states that if a government authority orders the restaurant to close as a result of the discovery or suspicion of "food contamination," insurance will pay up to \$50,000 to clean equipment, replace contaminated food, pay for employee medical tests, and make up for the loss of Business Income during the time of suspension. In addition, the endorsement will pay up to \$5,000 to help with advertising costs associated with restoring the reputation of the restaurant after this incident. However, the policy stipulates that it will not pay any fines levied against the restaurant by government authorities as a result of the food contamination. This endorsement is highly valuable to the long term success of The Grill because an incident involving contaminated food could permanently damage the reputation of a restaurant forever. Having the resources to recover from an incident like this is a

tremendous tool that The Grill has in case it does experience problems with food contamination which is not highly unlikely given that it is a restaurant that has been around for so long.

Another highly meaning endorsement acquired by The Grill is the Spoilage Coverage endorsement. Like most restaurants, The Grill keeps a good amount of perishable food on site in order to satisfy customer demand. Most food is kept inside of a refrigeration unit to preserve it from spoiling. However, if these refrigeration units break down or malfunction, it could lead to lots of wasted food and money. In order to protect themselves in case their food spoils, The Grill obtained this Spoilage Coverage endorsement which insures “perishable stock” up to \$50,000 with only a \$500 deductible. The “perishable stock” is covered if the loss was due to contamination by the refrigerant or if there is a change in temperature or humidity due to mechanical failure of the refrigerant. If a loss occurs, the insurance company will determine the value of the “perishable stock” and compensate you with what the stock would have sold for if no damage or loss had occurred minus any discounts and expenses you would have otherwise had.

Affecting the Building and Personal Property Coverage form, the Direct Damage-Utility Services endorsement obtained by The Grill provides up to \$25,000 worth of protection against direct damage to property caused by the interruption of water supply services, communication supply services, and power supply services. However, this endorsement does not provide coverage for the loss or damage of any electronic data which should not be a big concern for The Grill who does not typically deal with electronic data. Overall, the Direct Damage-Utility Services endorsement provides great coverage and peace of mind to The Grill who owns so

many expensive pieces of cooking equipment that could be damaged from the interruption of basic resource services.

The Building Glass-Tenant's Policy is another significant endorsement acquired by The Grill. Even though they lease the building, The Grill has building insurance and thus thought it was necessary to additionally insure the building's glass. The policy, which pays up to \$5,000, will pay for the direct physical loss of or damage to building glass resulting from a covered cause of loss. One reason why it is smart for The Grill to have this additional coverage is the high likelihood of vandalism in the area due to its central location in downtown Athens, which is surrounded by bars full of intoxicated college students. An intoxicated individual could throw a bottle into The Grill's glass window and cause a lot of damage. Having protection for their glass facade is important, as it is the first thing a customer sees when walking by and thus making the Building Glass-Tenant's Policy a smart endorsement for The Grill to have.

Lastly, one of most important endorsements purchased by The Grill is the addition of Equipment Breakdown Coverage which modifies the Commercial Property Coverage Part and is added to The Grill's Special Cause-of-Loss form. This additional coverage comes with an additional \$345 of premium every year but it is worth having because it provides up to \$50,000 worth of additional coverage for the direct physical damage to covered property that is the direct result of an "accident." For The Grill, this means that all of their valuable kitchen and cooking equipment will be repaired or replaced if the equipment breaks down due to contact with hazardous substances, mechanical breakdown, artificially generated electrical currents, explosion of steam boilers, or damage from any hot water boiler. In addition, this coverage protects against spoilage of perishable goods, damage to computer equipment, lost data, service interruption, and

loss of Business Income and extra expenses. The cooking equipment inside of the kitchen is vital to the daily operation of The Grill's business making the addition of the Equipment Breakdown Coverage endorsement a smart business decision for the long term success of the restaurant.

General Liability Policy:

As mentioned before, The Grill has a property policy underwritten by Yates Insurance Agency with coverage provided by the Westfield Insurance Company. The general liability policy is also covered by Yates Insurance Agency, with coverage provided by the Westfield Insurance Company because The Grill possesses a package policy.

Annually, The Grill pays a General Liability Premium of \$2,547.00. This premium is paid to cover the general aggregate limit, products/completed operations aggregate limit, personal & advertising injury claims, and damage to the premises that has been rented by The Grill. The general aggregate limit (\$2,000,000) is the limit the insurer is willing to pay for exposures not explicitly stated in the policy, but this does not include the products/completed operations. The per occurrence limit is \$1,000,000, which is the most the insurance company is willing to pay for a single occurrence.

The Grill's general liability policy consists of five sections: Coverages, Who Is An Insured, and Limits of Insurance, Commercial General Liability Conditions, and Definitions. The Coverages section entails what liabilities are covered under the insurance policy. Under this section, exclusions to the policy coverages are present as well. Certain exclusions exist because they narrow the range of claims covered. However, these exclusions may be addressed in a separate policy or form depending on the business. The "Who Is An Insured" section addresses everybody that may be considered under the wing of the policy. In other words, if a liability

claim were to arise, who would be covered under this policy and not be held individually liable for that claim. The “Limits of Insurance” section simply states what amount will be paid for a claim. The fourth and fifth sections provide clarification for the CGL Form as a whole. More specifically, section four has specifications for cases of bankruptcy, suit/claims, and even legal action against the insurance company themselves. The fifth and final section is the definitions section which simply defines widely used terms throughout the form so that they may not be misconstrued.

Aforementioned, there are certain exclusions in the general liability form that disallow certain things to not be covered. In pertinence to The Grill, exclusions such as “liquor liability,” “employer’s liability,” and “Workers’ Compensation And Similar Laws” under Coverage A are addressed in separate policies altogether.

Exclusions pertaining to employer’s liability and workers’ compensation and similar laws are expanded upon a policy under AmTrust Ins. Co. of Kansas Incorporated. For each accident that occurs, AmTrust is willing to pay up to \$500,000 for each accident. In addition, they also have a disease policy limit of up to \$500,000 which means that it’s the most AmTrust will pay to cover the totality of losses from sicknesses. Per employee, AmTrust is willing to pay up to \$500,000. Within this policy, it states that for workers compensation, the insurer will cover accidental bodily injury or by disease if it occurs during the policy period, or if caused by disease, if it’s caused by aggravated conditions of employment. In relation to Employer’s Liability insurance, the insurer will cover bodily injury by accident or diseases under similar conditions as the Worker’s Compensation section.

As for the liquor liability exclusion, it is covered by Mount Vernon Fire Insurance Co. in a liquor liability coverage form. The limits associated with liquor liability are \$1,000,000 for each wrongful act associated with liquor and \$2,000,000 aggregate limit. Within this policy, the insurer agrees to pay damages associated with the selling/serving for alcoholic beverages up to the limits stated in Section III in policy. One big exclusion stated within this policy is the punitive or exemplary damages exclusion which states that if a lawsuit is brought upon the insurer, no coverage will be provided whatsoever if the claimant is seeking compensatory and punitive damages.

Liquor Liability, Workers' Compensation, and Employer's Liability are the most important coverages for the Grill as they are a restaurant that sells alcoholic beverages in a college town. With the constant exposure of drunk college students, employees of The Grill are faced with a multitude of risks, thus why these policies are the most important for The Grill.

General Liability Endorsements

One exclusionary endorsement relates to Employment Related Practices. Affecting both "bodily injury" and "personal advertising injury" insurance does not apply in several instances. For example, coverage is excluded in "employment-related practices, policies, acts, or omissions such as coercion, demotion, evaluation, reassignment, harassment, humiliation, discrimination, or malicious prosecution directed at that person." Also, coverage is excluded in refusing to employ and termination of employment. Therefore, in a situation where these instances are involved, the Grill could be held liable since their insurance excludes coverage. Employment Practice Liability insurance (EPLI) would be the coverage needed against claims made by

employees alleging discrimination, wrongful termination, harassment, and other related issues. Since, the Grill is a small business with 33 employees, there's always a risk a disgruntled employee might file a suit making such claims which can be damaging financially, especially when reputation is involved.

The Hotel/Restaurant Endorsement affects Coverage A, "Bodily Injury and Property Damage", and Who is Insured under section 2. Several modifications are made, however one insuring agreement that adds coverage to the Grill involves Services Errors and Omission. This insurance applies "only to errors in the providing of facilities, goods, or services that takes place or omissions in providing such goods, facilities or services that should have taken place in the coverage territory." For example, if the Grill failed to provide food to customers as promised and it was unintentional and not based on discriminatory actions then the insurance company will pay the damages that the Grill becomes legally obligated to pay. The most they will pay under this coverage is \$25,000 and they will not pay for loss or damage in "one occurrence until it exceeds \$250." Coverage is also included for Delivery Errors and Omissions, however this doesn't apply to the Grill since they don't deliver. If they choose to start delivering, as many restaurants in Athens do, they will be covered.

Another important liability endorsement to note is the Designated Construction Project(s) General Aggregate Limit. This endorsement is an addition to CGL coverage parts, specifically Section 1- Coverage A and C which pertain to "Bodily Liability and Property Damage Liability" and "Medical Payments." This means that the sum that the Grill is legally obligated to pay as damages by occurrences relating to Coverages A and C for each designated project in the schedule will be covered equal to the General aggregate Limit. The general aggregate limit is

\$2,000,000 and the schedule does not list specific projects, but instead states “All Projects.” This endorsement allows an insured contractor to maintain the specified amount of insurance for each specific project.

Auto Coverage Policy:

The Grill does not own any company cars, but they still have auto liability coverage. Included in their auto policy are symbols 8 and 9. This means they have coverage for hired autos, including vehicles they hire, rent, lease or borrow. They also have coverage for non-owned autos for liability. Non-owned autos are vehicles they use in their business but do not own, hire, rent, lease or borrow. For instance, an employee may use their car to complete a work related task. In the event that an incident occurs, the company will be covered for up to a \$1,000,000 limit per accident.

Inland Marine Policy:

The Grill has an Inland Marine Policy, specifically Fine Arts Floater coverage and Valuable Paper and Records coverage. This is meant to protect against the art displayed on the walls, and for the collectibles that are in the display case. There is a limit of \$25,000 total for the loss of items and a maximum of \$5,000 per item. If there is a disagreement on the value of the property or amount lost, the Grill can make a written demand for an appraisal of the loss. If there is a loss of these items, the first step is to notify police and then notify the insurance company of the loss. The exclusions applicable to the policy include: If loss or damage to these items are committed by or at the direction of any insured, OR with the intent to cause a loss. The Fine Arts

Floater Coverage also includes a limit on emergency removal for 30 days, as well as a \$1,000 limit for emergency removal. It also includes a transit coverage of \$25,000.

Crime Policy:

The Grill's crime and fidelity coverage is determined on a limit of insurance per occurrence basis, as well as a deductible amount per occurrence. Coverage is extended to "Employee theft, Forgery or Alteration, Theft of Money and Securities inside the premises, Robbery or Safe Burglary of other property inside the premises, loss of money or securities outside the premises, computer and funds transfer fraud, and money orders and counterfeit money". Exclusions for this coverage include acts committed by "The Grill, its partners, or members, Acts Committed By Your Employees Learned Of By You Prior To The Policy Period, Acts Committed By Your Employees, Managers, Directors, Trustees Or Representatives, Confidential Or Personal Information, Data Security Breach, Governmental Action, Indirect Loss, Legal Fees, Costs And Expenses, Nuclear Hazard, Pollution, War And Military Action, Money Operated Devices, Motor Vehicles Or Equipment And Accessories, Transfer Or Surrender Of Property."

Terrorism Policy:

"A certified act of terrorism is specifically an act that is certified by the Secretary of the Treasury, Secretary of Homeland Security, and the Attorney General of the United States, to be an act of terrorism". This is in accordance with the Terrorism Risk Insurance Act (TRIA). There is an additional \$5 million aggregate coverage, subject to TRIA. If the aggregate insured losses are attributed from a certified terrorist attack, and the attack exceeds 100 billion a year, then the

insurer will not provide any additional coverage. If that is the case, insured losses up to that amount are subject to pro rata allocation with procedures established by the Secretary of the Treasury. Exclusions to this policy include losses excluded by the Nuclear Hazard Exclusion and Military Action Exclusion.

Part 7: Insurance Recommendations

While The Grill is currently doing a good job of protecting itself from risk exposures and losses through the use of both insurance methods and non-insurance methods, there is room for the company to improve its practices in order to best cover itself in the event of losses. One of the first recommendations we want to suggest for The Grill under recent circumstances is the purchase of parametric insurance. In light of the recent Covid-19 pandemic, many companies probably wish they had some form of parametric insurance to protect themselves and cover lost business income as all sorts of business continue to be shut down and affected by this outbreak. While another outbreak might not occur for several years, having insurance in place to safeguard against a future pandemic would provide extremely valuable if it is anywhere as close to as damaging as the current Covid-19 has been. The Grill could look into companies like Aon and Marsh who created PathogenRX, which is a pandemic risk insurance solution, for future procurement of parametric insurance.

Another small recommendation that we are suggesting for The Grill is for them to include what fine arts they are covering in their insurance policies. Currently, The Grill has Fine Arts Floater coverage included in their policy, but they do not have a page in their policy on hand describing what “fine arts” are covered by the policy. After talking with The Grill, we know that they have old comics and vintage pieces of art that are valuable and likely the items covered under this “fine arts” policy. However, it would be much smarter and easier for The Grill to keep track of the coverage for their items if they listed out the individual items and the value of each piece. In the event of the art pieces getting destroyed in an accident like a fire, it would greatly

help them know what was damaged and what they should expect to recover from insurance for the damaged art pieces.

A major liability loss exposure for the Grill involves employment practices and since an endorsement excludes “Employment Related Practices” the Grill currently has no coverage. Therefore, we would recommend that the Grill acquires Employment Practices Liability Insurance (EPLI) in order to cover any and all issues arising from the employment process. EPLI can be acquired as a stand alone coverage or can be purchased as part of a management liability package policy. For the Grill, a small business employing about 33 people with 4 of them being full time, we would recommend a policy limit of \$1,000,000 which is a common limit for EPLI.. Although the Grill previously has had no issues arising from employment practices, research shows that “41% of all EPLI claims are brought against employers with 15-100 employees,” according to the Society of Human Resource Management. This demonstrates the importance of EPLI coverage especially as a restaurant, where legal fees could amount to thousands and thousands of dollars in damages.

Part 8: Appendix

- A. Link to complete Insurance Policies for The Grill including the package policy, liquor liability policy, and workers compensation policy: [RMIN Liability](#)
- B. Exposure Survey Questionnaire:

Exposure Questionnaire

1. Do all grills, deep fat frying equipment and woks have a functioning and operational automatic fire extinguishing system that is compliant with National Fire Protection Association standard 96?
Answer: Yes
2. Are there functioning and operational fire extinguishers according to code?
Answer: Yes
3. Does the establishment serve raw seafood?
Answer: No, but The Grill serves a fried fish sandwich
4. Is the applicant responsible for the maintenance of the building, sidewalk, parking area or snow and ice removal?
Answer: No, the landlord is responsible. However, The Grill is responsible for maintenance of the building.
5. Are there at least two means of egress (exits) for every floor with public access?
Answer: No, there is one exit on each floor.
6. What time does the sale of alcohol cease?
Answer: Follows the standard GA alcohol serving laws. On Sundays, 12:30PM-12:00AM. Every other day, 9:00AM-2:30AM.
7. Are all alcohol-serving employees certified in formal alcohol training courses not mandated by the state?
Answer: No
8. Does the establishment utilize an identification scanner on all patrons regardless of age?
Answer: No, but The Grill does check IDs manually.
9. What is the lowest beer price offered, including happy hours and specials?
Answer: \$3.00
10. For any building built prior to 1978, is 100 percent of the wiring on functioning and operational circuit breakers?
Answer: Yes

11. Do all public areas, occupancies and/or habitational units have functioning and operational smoke and/or heat detectors?
Answer: Yes
12. Does the establishment attract a predominantly youthful clientele ranging from 21–25 years of age?
Answer: Yes; located in a college town
13. Does the Applicant contract pest control services?
Answer: Yes
14. Does the Applicant perform regular sweeping/mopping and/or floor inspections?
Answer: Yes, every day.
15. Does the building contain any habitational units?
Answer: Yes; there are units present adjacent and above the premises.
16. Are there any catering operations?
Answer: No
17. Do you post notices on proper hygiene and provide appropriate training?
Answer: Yes
18. Were FDA inspections completed regularly over the last 5 years?
Answer: Yes
19. Are signs posted that patrons must be 21 years old to purchase alcohol?
Answer: Yes
20. Is identification checked for all customers of questionable age?
Answer: Yes, identification is checked for all customers ordering alcohol.
21. Is training provided on age verification procedures?
Answer: No, however, there is informal training provided by current staff.
22. Procedures established for not selling to intoxicated persons or habitually intoxicated persons?
Answer: Yes, we monitor the intoxication state of customers, and serve accordingly i.e. if a customer is heavily inebriated, they will not be served.
23. Are there formal procedures established for dealing with intoxicated persons?
Answer: Yes, The Grill kicks them out and police can be notified.
24. How are obviously intoxicated persons encouraged not to drive?
Answer: Not usually an issue since there is no parking lot. Majority of customers take a taxi service.
25. Is complimentary, low sugar, foods offered to obviously intoxicated persons of employment or service?
Answer: No
26. Has Liquor Liability coverage been cancelled or non-renewed in the past five years?
Answer: No

27. Are patrons offered more than two complimentary drinks in one day?

Answer: No complimentary drinks are offered.

28. Are “all you can drink”, “bottomless drinks” or open bar specials offered?

Answer: No

29. Are patrons under the legal drinking age permitted on the premises?

Answer: Yes, it is a restaurant, therefore, anyone is welcome to the premises.

30. Are patrons under the legal drinking age permitted on the premises after 11:00 pm?

Answer: Yes, patrons underage are still permitted on the premises for food services.

31. Are whole bottles of liquor sold for bottle service or set ups offered?

Answer: No liquor is served.

32. Are drinking games offered or permitted (e.g. beer pong)?

Answer: No

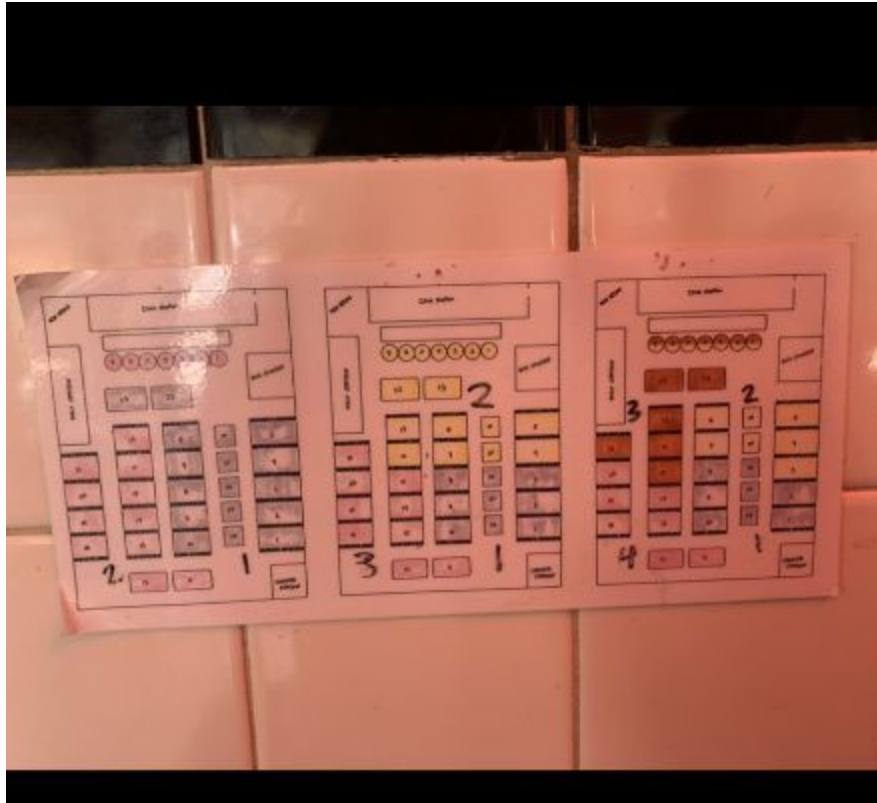
We gathered questions from the following link:

[Bar / Restaurant Product Application](#)

C. Best's Insurance Report

Best's Credit Ratings	
Financial Strength Rating View Definition	Best's Credit Rating Analyst
Rating: A (Excellent)	Rating Office: A.M. Best Rating Services, Inc.
Affiliation Code: p (Pooled)	Senior Financial Analyst: Joni Cerbone
Financial Size Category: XV (\$2 Billion or greater)	Director: Jacqueline Lentz, CPA
Outlook: Stable	Note: See the Disclosure Information Form or Press Release below for the office and analyst at the time of the rating event.
Action: Affirmed	
Effective Date: December 12, 2019	
Initial Rating Date: June 30, 1930	
Long-Term Issuer Credit Rating View Definition	Disclosure Information
Long-Term: a+	Disclosure Information Form View AM Best's Rating Disclosure Form
Outlook: Stable	Press Release AM Best Assigns Credit Ratings to New Members of Westfield Group; Affirms Westfield Insurance Company and Certain Affiliates December 12, 2019
Action: Affirmed	
Effective Date: December 12, 2019	
Initial Rating Date: November 30, 2007	
u Denotes Under Review Best's Rating	

D. The owner of The Grill could not provide a floor plan of the restaurant but we were able to get a picture of the seating chart of the restaurant.



Part 9: Works Cited

A.M. Best Rating Services <http://www3.ambest.com>

Armstrong, Andrew. “Why Restaurants Need Employment Practices Liability Insurance (EPLI).” *Sylvia Group: Insurance, Employee Benefits, Financial Planning*, www.sylviaigroup.com/blog/why-restaurants-need-employment-practices-liability-insurance.

“IRMI.” *Complete IRMI Library for Students* | *IRMI.com*, www.irmi.com/products/complete-irmi-library-for-gis-members.