

The 7 DEADLY Sins of Bar & Nightclub Insurance

Bar and Nightclub owners make a lot of mistakes when it comes to insuring their businesses. This comes from under-education by the owner and insurance agent, as well as simple oversight into what is otherwise a routine task. Not having the right insurance for your business could potentially result in lost savings, revenue, or even your entire business.

At RIS Insurance, we're dedicated to saving you money and helping you run your business the best way you know how, so we've compiled the 7 most common and DEADLIEST Sins of Bar and Nightclub Insurance.



Not having the Right Revenue Information

Your General Liability and Liquor Premium policies are based on your sales. Because of that, it's REALLY important to ensure that your sales figures are accurate.

One way you can do that is to invest in a computerized system. This will not only reduce the amount of time you spend calculating your sales, but it will also help reduce Human Error when it comes to counting out checks, taking inventory, and checking sales figures for the night.

You also need to properly figure your food to liquor ratio as well as your alcoholic- to non-alcoholic beverage ratio. Inaccurate reporting by as little as 1% can cost you *thousands* on your premium.

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appropriate for your establishment.
We can save you up to 37% on your current premium
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Paying for Unnecessary Coverage

If your agent doesn't have experience in the hospitality industry, you may be paying for coverage that's inappropriate for your business. You could be paying for certain coverage that isn't applicable for your type of business, or you may be paying for TOO MUCH coverage, thus spending more money than you need to be.

Here are some of the things you need to consider when getting coverage:

- What are your ACTUAL sales? Use the tips above to calculate your precise sales so that you don't over-estimate and pay more than you need to. It's best if you have your most recent sales figures in front of you when you meet with your Rogers Insurance Agent.
- Do you use vehicles in your business? If not, don't pay for unnecessary business automobile coverage.
- Will you be serving food? Establishments that serve food need different insurance programs than ones that don't; be sure that if you don't serve food, you're not paying to include this in your coverage.
- Will you have games, diversions or entertainment? Be sure that you're not paying the higher premiums that come along with having those things in your establishment.
- Do you REALLY need the extended coverage that you're paying for? Talk to your KHT Insurance professional about the extended coverage options and assess your risk to determine whether you need to pay the higher premiums.

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Not Considering Exclusions

Many policies don't cover things that you might not be aware of up-front. For example, your Loss of Business insurance may exclude the initial 72-hour time frame, which is when most loss of business occurs. As with everything that can be excluded, you should talk to your Rogers Insurance Agent and find out exactly what your Loss of Business coverage includes and if you can change the exclusionary frame.

The other things that your insurance may not cover need to be considered as well, like flood insurance, assault & battery insurance and equipment breakdowns. Some insurance companies reduce Defense Costs or cap Employee Claims or Mental Damages.

The exclusions in your policy, if you don't know about them, can come as a surprise at a time when you really need to know exactly what your insurance covers. It's a good idea to outline exactly what your coverage is so that you have a complete and comprehensive guide to what you can expect.

It's imperative that you speak with your KHT Insurance professional about all of these different types of insurance to find out exactly what your current and prospective policies cover.



Using the Wrong Programs or Insurance Companies

There are very few agents that cater specifically to bars and nightclubs. Most aren't aware of the subtle differences between the programs that are available and how they

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relate to your establishment. If you own a bar or nightclub, it's very possible that you're overpaying for a policy that's really meant for restaurants; this will not only cost you money in premiums, but it could cost you more money if you're not properly covered for your business.

Using the wrong insurance company can also cost you money. You may be able to save a little bit of money on your premiums by using a lesser-known company, but consider today's economy when making that decision. Insurance companies are increasingly unable to pay a claim, which can leave you in the lurch if you have to submit a claim. You'll then have paid your premiums and have no coverage.

KHT Insurance recommends using National, Well-Known companies and an agent that caters specifically to the bars and nightclubs. This will ensure that you've got the right program and an insurance company that you can count on.



Including Your Sales Tax in Your Sales Figures

Your premiums are based on your sales, but many bar and nightclub owners include sales tax when calculating their sales figures. Not only does this throw off your ROI calculations, but it can add up to a 7% increase in your sales figures, causing you to pay higher insurance premiums.

If your establishment has a computerized system, you can invest in the right software program to help you keep an accurate report of your sales taxes, as well as your revenue.

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Misclassifying Your Establishment

Did you know that an establishment that does 30% of their revenue in non-alcoholic sales is categorized differently than an establishment that does 29% of their revenue in non-alcoholic sales? Additionally, the type of establishment that you have can greatly change your premium – bars pay more than taverns do; nightclubs pay more than bars do. It pays to take a really good look at what kind of business you're really running, and along with your KHT Insurance professional, figure out which type fits your business the best. You can avoid paying thousands in premiums if you classify your establishment correctly.



Not Training Your Employees Properly

Improperly trained employees are not only a hassle to manage, but they can have an effect on your entire business, from Marketing to Insurance Liabilities. Taking the time to adequately train your employees can reduce the headaches that you experience as a business owner.

Your employees should be completely trained in the following:

- How to determine whether a patron has had too much to drink – liability laws can vary from state-to-state, so a bar can in some instances be held liable for serving a patron if the patron injures someone after they leave.

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- How to properly clean up spills – again, liability laws vary but generally negligence in cleaning spills that result in an injury can fall on the owners. This will also alleviate any health code issues that can arise.
- The best way to handle unruly or violent patrons – many establishments have seen litigation due to altercations in the bar. Training your employees in the best way to handle these situations will help you to ensure that your establishment is a safe place to visit.
- Handling customer complaints – not only do happy customers return, but you may be able to avoid litigation if you handle the complaint appropriately. Granted, if there is grievous injury or a major problem, your customer may file a claim anyway, but some incidents can be handled appropriately without litigation if you satisfy the complaint before the customer leaves.

It's impossible to avoid all the risks in your business, but with careful planning, proper documentation and the right knowledge, you can reduce your risk considerably.

For a FREE Risk Management Assessment, contact RIS Insurance at 925-365-3200 or visit www.bar-nightclub-insurance.com Our team of professionals work exclusively with Bar & Nightclub owners and are EXPERTS when it comes to insuring your business correctly.

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