



Are You Covered?

These tips will help you get more bang for your buck on bar insurance premiums in Wisconsin without sacrificing coverage.

There are many behind-the-scenes things bar and tavern owners need to deal with in running their businesses. You have to hire employees, work with food and equipment suppliers, and alcohol distributors, and maintain your building, just to name a few. Running a bar also comes with a lot of risk, so having adequate bar insurance is crucial so you don't lose everything you work so hard for.

What Insurance Coverage Do Bars Need?

Having adequate insurance coverage for your bar is a smart thing to do. Insurance can help protect your assets if a fire or other event damages your business. It can also protect you from lawsuits if an employee or customer is hurt on your property, you unknowingly serve a minor or a former employee sues you for wrongful termination. Bar owners should carry the following insurance coverages:

- **General liability.** General liability insurance helps to cover costs if someone is injured or their property is damaged at your bar or on your property. Most states require all businesses to carry this type of coverage.
- **Commercial property.** Commercial property insurance covers the repair or replacement costs if your business or equipment is damaged or destroyed. Bar owners should carry commercial property insurance regardless of whether they own or rent their building.
- **Workers' compensation.** Workers' compensation insurance is also required by law in most states. It helps cover costs if employees are injured or killed on the job.
- **Business income.** Business income insurance covers your loss of income if you have to close your bar due to a fire, water damage or other covered loss.

- **Liquor liability.** Liquor liability insurance protects you if your patrons injure or kill someone after leaving your bar.

"Although Wisconsin does not have a dram shop law [a law that can hold business owners legally responsible if someone buys a drink at the business, leaves and then causes harm], border states do. Bar owners that are located near state lines may need to protect themselves," says Jim Kuerschner, a corporate sales manager at **Society Insurance**.

What Factors Can Influence Bar Insurance Premiums?

According to Mike Ausing, executive vice president of operations at **Greater Insurance Service Corp.**, there are a number of factors that influence bar insurance premiums.

They can include:

- Type of operation (a bar, or a bar/restaurant, for example)
- Length of ownership
- Claims or loss history
- Square footage
- Contents and equipment
- Type of entertainment





"You could have two taverns located side by side that are similar in operation, but paying significantly different prices for insurance coverage," says Ausing.

How Can Bar Owners Save Money on Insurance Coverage?

The best thing you can do to save money on your insurance coverage is to take pride in ownership of

ARE THERE DISCOUNTS FOR BAR INSURANCE?

In some cases, you may qualify for discounts on your bar insurance that can cut the cost of your premiums. However, discounts vary depending on the insurance company you get coverage from. Typical discounts that you may qualify for include:

-  **Multi-policy discounts.** This is when you have more than one insurance policy with the same company.
-  **Paid-in-full discounts.** This discount is provided when you pay your insurance premium annually rather than monthly.
-  **Affiliation discounts.** Insurance companies may offer discounts to members of specific organizations, such as the Tavern League.
-  **Claim-free discounts.** Some insurers give you a discount if you have gone without filing a claim for a specified amount of time. For example, if you haven't filed a claim in three years, you may qualify for a discount on your insurance premiums.

your bar with regular cleaning, maintenance and updates. "Proper maintenance and pride of ownership are important," says Kuerschner.

"When grease accumulation is not attended to regularly, fires happen. Also, proper storage of greasy rags in metal, self-closing fireproof containers is necessary as part of safety protocol. Walking surfaces need to be maintained to protect employees and customers from slips, trips and falls," he advises.

Insurance companies frequently require that "maintenance is done on a regular basis; kitchens are clean; hoods, ducts and fire suppression systems are maintained at least semi-annually; and electrical, heating and plumbing systems are up to date. By staying on top of these types of maintenance, you can ensure that your property and patrons are safe," agrees Thomas

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(T.J.) Phillis, associate director of sales for **Ansay & Associates**. "It also allows you to control some of the main factors in your insurance costs."

"If the maintenance isn't done, you may be forced into a non-standard market, which will drastically increase your insurance premiums," he continues.

Another way bar and tavern owners can reduce the cost of their insurance premiums is by choosing a higher deductible. A deductible is the amount you must pay out of pocket before your insurance kicks in. For example, if an insurance policy has a deductible of \$1,000, you would pay \$1,000 if you have a claim and then your insurance would pay the rest.

"Purchasing a higher deductible, or updating your roof, electrical or anything of that nature can really help your business," confirms Ausing.

What Insurance Coverage Do Bar Owners Often Overlook?

Opting out of certain insurance coverages may cost you more in the long run. For example, if you pay your employees cash, you may not think you need workers' compensation coverage, suggests Phillis.

However, if an employee is injured on the job, you may be forced to pay their medical bills and lost wages, he warns. You could also face fines by the state.

Other frequently overlooked coverages are cyber liability and employment practices liability insurance. Cyber liability insurance protects you if there is a cyber-attack or data breach at your business. In the bar industry, this could be something like cyber thieves hacking into your system and stealing customer credit card numbers.

"If a cyber-attack forces your business to shut down because services are made unavailable, standard business income coverage does not cover it," Phillis says.

Employment practices liability insurance can protect you if an employee you fired sues you for wrongful termination, harassment or discrimination.

The Bottom Line

Insurance coverage is a necessary part of running any business, especially in the bar and tavern industry, which encounters more unique risks than other types of business.

To save money, bar and tavern owners should be proactive and address things that may cause higher insurance premiums, suggests Ausing. Pride of ownership, making updates and increasing your insurance deductible are all things you can do to save money on insurance. **TLW**