

BRET DIXON
INSURANCE

POINTS OF
INTEREST

- Next newsletter will be January 2006.
- Have a safe and joyous holiday season. Best of luck in the coming business year!

Office Hours

Mon—Thurs

9 am—5 pm

Friday

9am—2 pm

You can always send us an email or look for info on www.bretdixonins.com

WACKY **FACTS:**

The oldest brewer in the world is the Weihenstephan Brewery in Freising, Germany. It was founded in A.D. 1040.

Quarterly Newsletter

FALL 2005

Are You Prepared For a Catastrophe?

Financial losses from Hurricane Katrina and subsequent flooding in New Orleans could exceed \$100 billion according to most estimates, but restaurant businesses stand to recover far less than they lost because of gaps and restrictions in insurance coverage.

One industry estimate has 80% of businesses and homes lacking flood coverage, and two-thirds lacking insurance for water damage.

Here in Illinois and Missouri, there isn't much of a threat of hurricanes. But flooding could be an issue for some of our clients along the Illinois or Mississippi Rivers or on lake-fronts. However, the biggest threats we face in our region are tornados and earthquakes.

Almost all property policies have wind damage as a covered peril, but earthquake coverage is automatically excluded and must be added into your property coverage. Sitting right on top of the New Madrid fault line, this may be a coverage you want to look into. Normally, it can be added for about an additional 10% of your property premium.

But your expenses in an earthquake go far beyond just being able to rebuild and refurbish your business.

Assuming that any seismic activity on the New Madrid big enough to have the area declared a disaster did occur, how quickly do you think you could find a contractor to rebuild your building? In such a catastrophe, it's entirely possible that you would be out of income for three to four months. Sure, your building would be rebuilt eventually, but how do you expect to pay your bills without any income for three months? And maybe you have a key employee or two that are crucial to your business. Are they going to sit around

for 3-4 months without collecting a paycheck waiting for you to reopen? Not likely. So even when you do get reopened, you're going to have to retrain people in new positions. Productivity will be off and getting back to 'business as usual' will take even longer.

How can you prepare for a catastrophe? The best starting point is to re-evaluate your current Business Interruption coverage to make sure it's adequate. During your 'down time' you're still going to have bills coming in—mortgage or rent payments, prior food and liquor deliveries, power, phone and water bills, etc... Maybe you have enough cash to cover them. In this business, many don't. So without that revenue coming in your business could turn into a financial trainwreck. Take some time every few months, at least every year, to sit down and make a list. If the sum of your list is less than your Business Interruption coverage, you could have a problem in a catastrophe.

If you don't presently carry earthquake coverage, you may want to speak with us about adding it.

CASH—We seem to mention it almost every newsletter, and for good reason, it's involved in almost every claim we see. It's your most valuable asset, and criminals spend all their time thinking about how to take it from you. Are you protecting it? Keep good records and never keep your records (register receipts, etc...) with the cash. Daily deposits protect you from losing more in a robbery and gets you a reduced rate from most insurance companies to reflect the smaller exposure.

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**Niche Writers of the
Restaurant & Tavern Industry**



**BDI on the web:
www.bretdixonins.com**

It's That Time of Year (Part 2)

The holiday season is sneaking up on us. In just a few short months Thanksgiving will be here and everywhere you look you'll see colorful lights and guys in red suits. Last newsletter, we covered summer "special events" such as bus trips to a ball game or golf tournament fund raisers. Depending on who's supplying the alcohol for such events, you could have a liability exposure. Well the same holds true if you have an employee or office holiday party.

If the party is at your establishment, you'll have coverage.

An area that you may run into coverage issues is if you rent a banquet facility or have the party at another location besides your bar or restaurant.

If one of your employees leaves the company party and gets in an accident harming another person or damaging their property, chances are there's going to be a lawsuit. The host facility probably has their own insurance protecting them, but as a bar or restaurant owner, your liquor coverage is only good at your premises.

You can prevent this, as discussed last newsletter, by pur-

chasing a "special event" policy. Such a policy with \$1,000,000 in coverage is only \$50 to \$150, depending on the size and duration of your event.

Even if the party is at your establishment, you may not want a claim to effect your standard liquor liability policy premiums for the next three to five years. If this is a concern for you, you may want to consider looking into purchasing a special event policy.

You can complete a special event liquor application on our website, under the client resources section.