

For most restaurant owners, [workers compensation insurance](#) is a necessary evil. But unlike some other industries, say construction for instance, the workers compensation policy doesn't take such a huge share of the insurance expense pie. That may be about to change as workers compensation reforms are driving what could turn out to be big changes for workers compensation insurance going forward.

Workers compensation insurance reflects, over time, the impact of work related accidents and injuries on an industry by industry basis. But along with that industry specific impact, are the overall, nationwide impacts of the economy and workers compensation laws and reforms that have drive rate changes over time. Relatively speaking, we have been enjoying a period of fairly low workers compensation rates for most industries and restaurant insurance has not been an exception. But now, there are forces at work that lead me to expect higher workers compensation rates for all business types in the very near future. There are several factors driving this macro changes.

First of all, the past successes that the workers compensation industry has experienced in bringing in more safety programs and prevention programs have about run their course. You can only take safety so far and in most cases we have reached the floor in terms of driving down work comp rates with additional safety programs. This damper on rates is beginning to let up, allowing rates to begin to rise again.

A rebounding economy won't help. This may seem counterintuitive at first but consider that most of the people laid off in our current recession were those who were the least experienced and thus more prone to injuries and accidents. This has led to lower loss costs but now we are losing that price advantage. As rehiring takes place, loss frequency is sure to increase and those costs will have to be reflected in higher rates.

Next consider that from a workers compensation insurance standpoint, we have been in an extended buyers' market with rates continuously falling for more than a decade. This has cleaned out the reserves of many big players in this market and insurance company insolvencies seem poised to begin to show up. Having less providers will mean higher prices for consumers.

Last of all, the combined loss ratio for the workers compensation industry has been over 100%

for the last couple of years. Those types of losses are not sustainable so companies will pull out, fail or simply raise rates to stay afloat. Again, this all points to higher workers compensation rates in the near future.

So what should a restaurant owner do to guard against this tide of higher work comp rates to come? Well, first of all, take the time to implement the simple safety steps that can help [protect your experience modification factor](#)

. Next, make sure that you are buying your restaurant insurance from an agent who understands restaurants and insures enough of them to have a solid stable market for you when the winds of change come. Also, and this may seem a surprise, don't be stuck in the notion that you need to purchase your workers compensation policy from the same insurance company that insures your restaurant package insurance policy. These days there are insurance companies that specialize in just work comp insurance and their safety programs, claims handling and other areas of expertise allow them to be more competitive than companies who try to do it all.

At [Clinard Insurance Group, in Winston Salem, NC](#) , we insure over a hundred restaurants, all across NC and SC. We know that when it comes to buying insurance, the consumer is generally better served by hiring an agent with a strong specialty in their type of business. Strange to say perhaps, but we think that when it comes to insurance, hiring a specialist turns out to be cheaper than hiring a generalist. This may not be true in most industries but seems to be true when it comes to buying insurance. If we can help you with your restaurant insurance needs, please feel free to call us, toll free, at 877-687-7557 or visit us on the web at www.TheRestaurantInsuranceStore.com

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