



Ways to Safeguard Your RESTAURANT

The joy of watching your patrons tucking in, enjoying the food and sharing a laugh is probably one of the biggest draws for budding restaurateurs. But while running a restaurant can be fulfilling and lucrative, it comes with great responsibility.

Small Actions, Big Impact

Having to serve food at a quick rate with the dangerous combination of open flames, temperamental appliances and scurrying waiting staff means that the potential for mishaps is high.

"One of the biggest risks for restaurants is the outbreak of fires," says Ang Chee Yong, Chartered Insurance Risk Manager at Allied World Insurance. "A lot of restaurant owners tend to focus on operations and profits, while upkeep and maintenance tend to get ignored, which can be very dangerous."

For instance, many owners are not aware that the exhaust ducts and kitchen hoods need to be degreased and cleaned at least once every 12 months, as grease and oil accumulated inside could create a high risk of the kitchen going up in flames.

Unfortunately, fires in commercial premises are on the rise. In Singapore, fires in non-residential premises increased by 10.3% to 515 in 2018 from 467 the year before.¹

Knowledge is Key

One other protection that restaurant owners may not necessarily think of is its liability towards the customers. Imagine if your waiter trips and accidentally spills a cup of coffee and scalds a guest? The costs can be astronomical and ultimately could dictate a restaurant's survival.

"My client's guest fell down in his restaurant and cut her face, which ended up costing over S\$10,000, including lawyers' fees and plastic surgery," said Mr Ang.

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Customers-aside, restaurants also need to think about coverage for their employees. Mobile phones are leading to a lot more accidents as employees tend to be distracted more often. According to Singapore's Ministry of Manpower, under the work injury compensation act, all employees who suffer an injury at work are liable to get compensation from their employers, regardless of who was at fault.² This helps to protect your business from a lawsuit over workplace conditions, making it a win-win proposition.

"Ultimately, during our risk assessment services, we try to help our clients avoid accidents – it's a preventative measure," relays Mr Ang. "A lot of the time, business owners are worried about the bottom line and are just unaware of the regulations or the safety guidelines."

For example, many restaurant owners are ignorant that for fires arising from deep fryers, the best way to put them out is through a fire-blanket, not a fire extinguisher. Also, restaurants are not allowed to store petroleum and flammable materials above 200 kilos, which several hotpot eateries got into trouble for several years ago.³



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Not So Trivial Tips

During Allied World's risk assessment visit, sometimes it is the seemingly trivial advice that determines whether a restaurant survives or not. Tips such as putting up a "Watch where you walk" sign after mopping or remembering to put back an anti-slip carpet can prove invaluable, especially if a mishap occurs.

With cashflow and liquidity being two of the biggest concerns for small-to-medium enterprises, business interruption coverage can also give restaurant owners peace of mind. Without an adequate financial cushion, fires, accidents or injuries could prove disastrous to a business.

Sources

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- ² <https://www.mom.gov.sg/-/media/mom/documents/safety-health/publications/wic-guide-for-employers-english.pdf?la=en&hash=7252FF0BA1902EF5A0EFA4C834B7D043>
- ³ <https://www.straitstimes.com/singapore/hotpot-eatery-in-the-soup-over-safety-violation>
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Getting A Headstart

Singapore is a famous food capital in Asia and competition is high with Singaporean diners having twice as many dining options as people in Hong Kong, on a per capita basis.⁴

Some 1,800 F&B businesses opened last year, which is a 42.54% increase from ten years ago. Meanwhile, around 1,000 closed in 2019 – this means that for every 10 F&B outlets that open, 5.5 go under.⁵

Operating in such an aggressive sphere is already stressful, but insurance can help alleviate some of the pressure, knowing that if any unfortunate incidents occur, you are protected. There's no one-size fits all approach to insuring a restaurant. Being prepared and taking proactive risk management steps are the building block of any sustainable eatery.

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