

2022 Restaurant Risk Management Survey



Foreword

For nearly a decade, Marsh's Restaurant Segment has worked closely with leading restaurant risk professionals, sharing insights and best practices from across the industry to help them improve their daily risk management efforts.

This industry-leading survey, focused on the industry's top current and emerging risk topics, is the outcome of our work together. It provides actionable insights to support restaurant professionals with reducing their loss costs and effectively managing risks across their organizations.

In collaboration with colleagues from Oliver Wyman, we analyzed survey responses and data from 45 restaurant companies, representing 75+ brands and more than 50,000 locations. Our findings aim to provide risk management, safety, claims, and legal professionals with restaurant industry best practices and guidance.

We hope that you find this survey report valuable and that the insights will help you support your risk, financial, and strategic objectives.

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Executive summary

This year's survey consisted of 78 questions in multiple categories based on key risks and current/emerging trends facing the restaurant industry. Below are some of the leading insights derived from participants' responses.

Dining habits and delivery continue to evolve

The COVID-19 pandemic and resulting widespread lockdowns in 2020 significantly impacted the restaurant industry and shifted dining habits.

Our survey found:

- Close to three quarters of respondents said they are considering or have already started making changes to their restaurants due to decreased demand for on-premises dining.
- There has been an increase in restaurants offering delivery from all of their locations as restaurants seek alternative methods to engage customers.
- Most participants use multiple delivery methods to get food to their customers, so there has been a decrease in the reported use of employee-owned vehicles to deliver orders.

Third-party claims

The increased involvement of third parties delivering orders to customers has raised questions on how this changing business model impacts claims. In this year's survey, more companies reported increases in claims arising from their use of third-party delivery services.

- There was a significant increase in respondents saying they experienced liability claims arising from third-party delivery personnel being on their premises, from 20% reporting such claims in 2020 to 45% in 2022.
- A small percentage of respondents reported more product liability and auto liability claims caused by delivery services; none of the respondents to our 2020 survey reported such claims.

Expanding use of specialty coverages

Unique lines of insurance coverage continue to increase in popularity. From 2020 to 2022:

- The number of companies purchasing cyber coverage increased from 90% to 97%.
- The number of companies purchasing franchise errors and omissions (E&O) coverage increased from 33% to 46%.

Safety policies and assessments

Safety policies and assessments continue to be a key factor in helping risk managers within the restaurant industry mitigate emerging risks. For example:

- While 45% of respondents, roughly the same as in 2020, said they still have to finalize their active shooter policy, there was a slight increase in respondents who said they have conducted active shooter training at all restaurant locations. More respondents have also purchased training material.
- The number of companies that have NOT conducted a formal assessment of hazard exposures in the past two years is 49%.

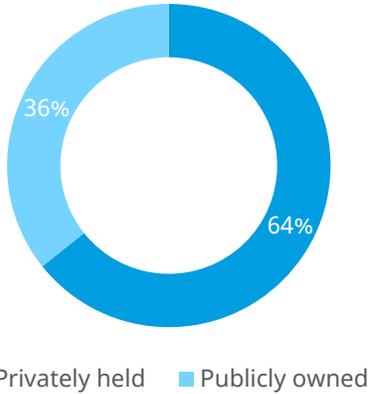
Survey findings

General policy and operations

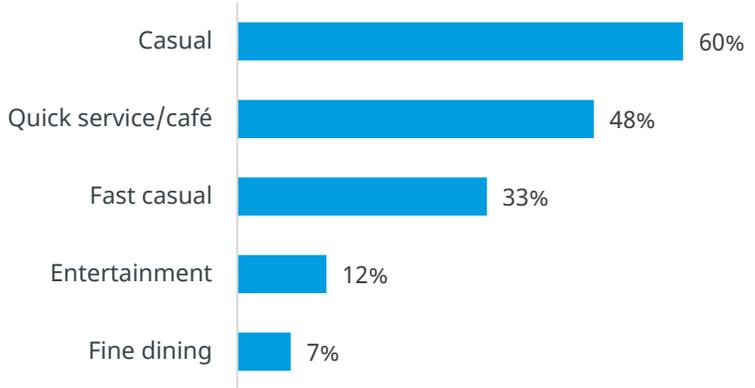


General policy and operations

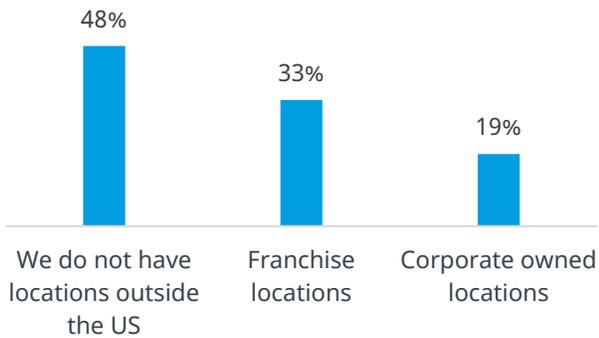
1. Corporate ownership structure.



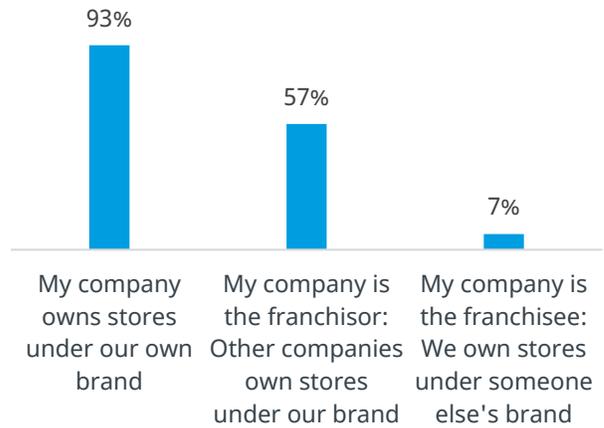
2. What segments apply to your company?



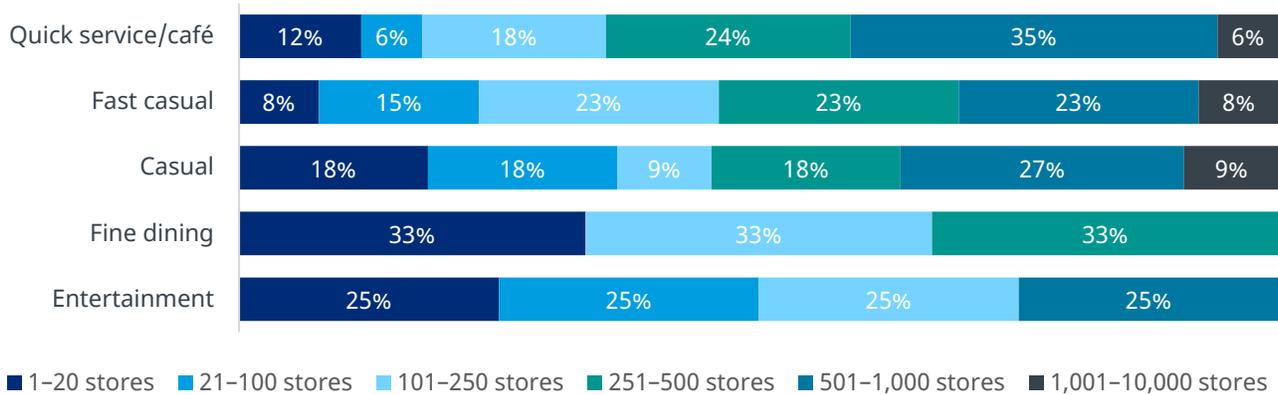
3. Do you have locations in a country outside of the US?



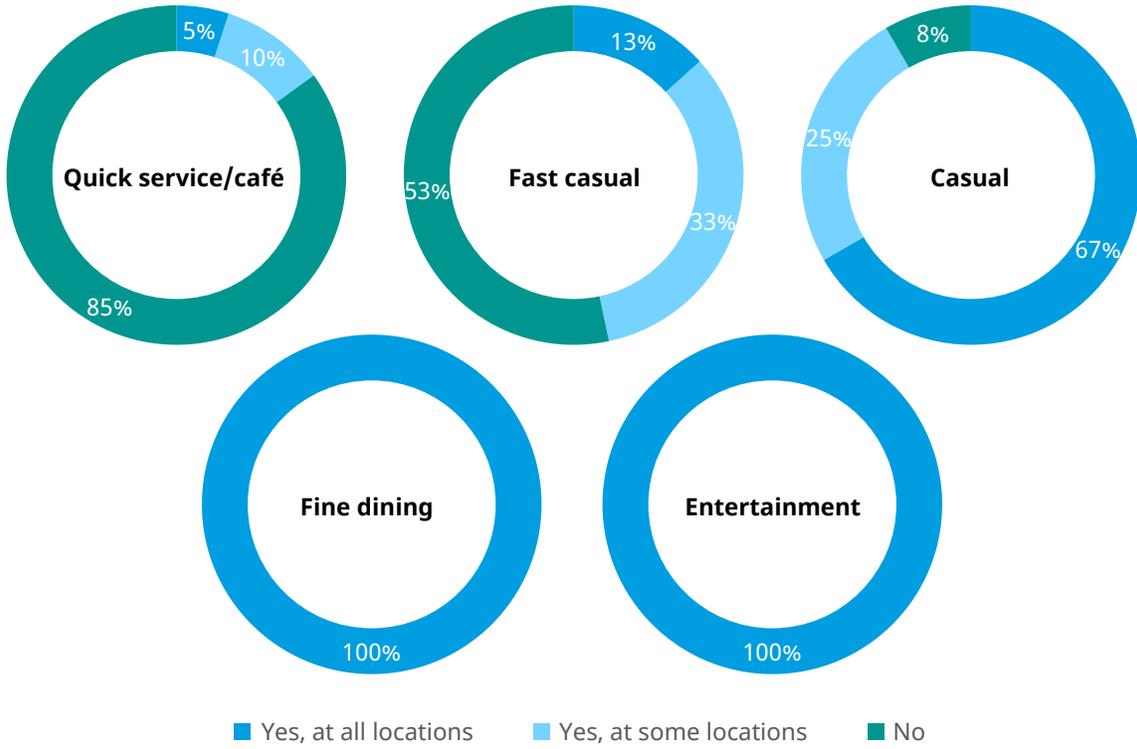
4. Franchise description.



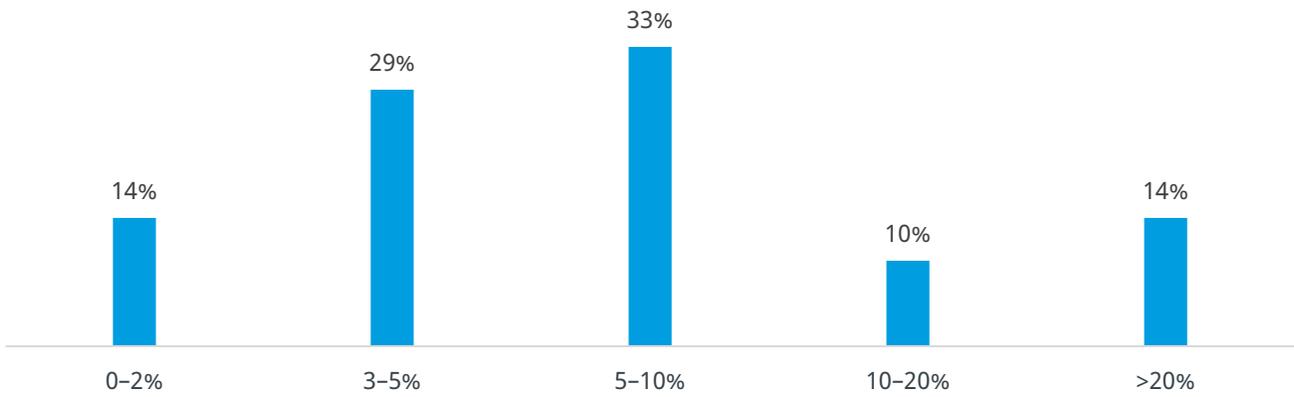
5. Please indicate the number of stores owned under your own brand in the following segments.



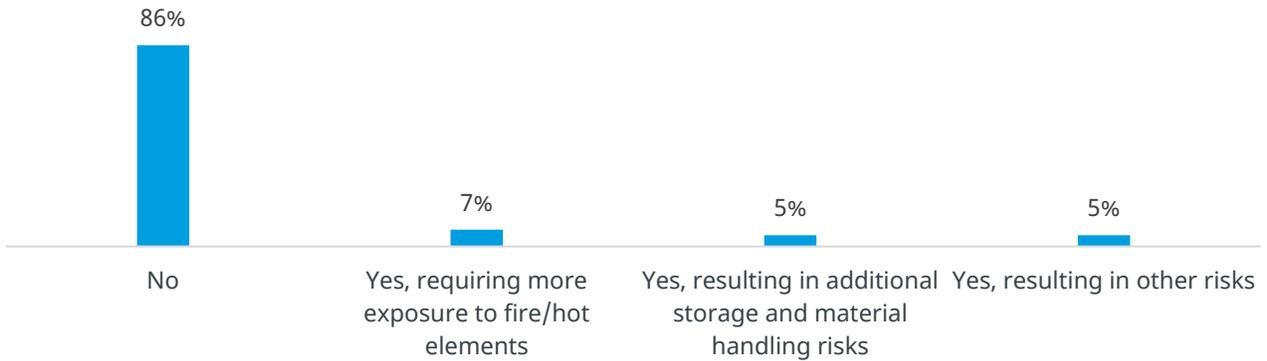
6. Do you serve alcohol at your restaurants?



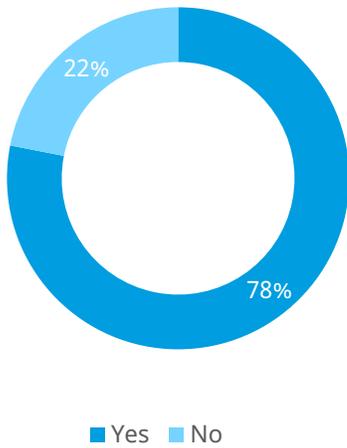
7. What percentage of your annual sales comprises alcohol?



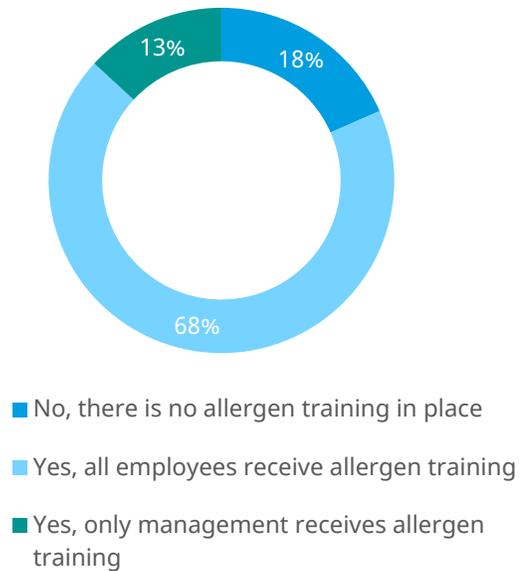
8. Has there been a significant change in your menu in the past three years resulting in changes to the risk profile? (Please select all that apply.)



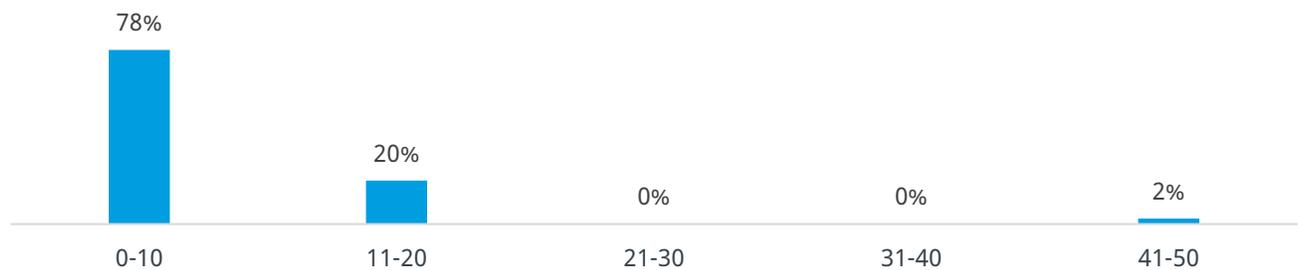
9. Do you have a formal written policy on allergens?



10. Do you have a training program in place regarding allergens?



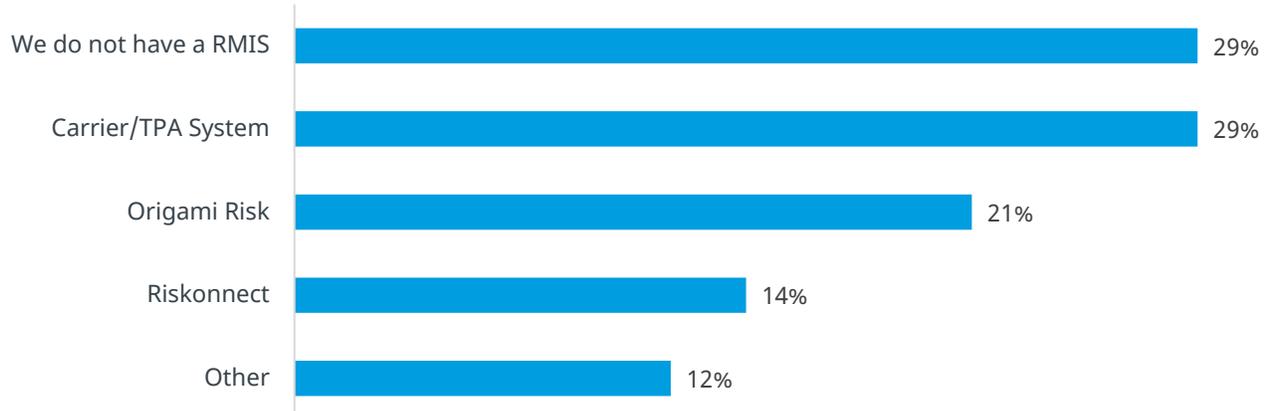
11. How many full time employees are in your risk management department?



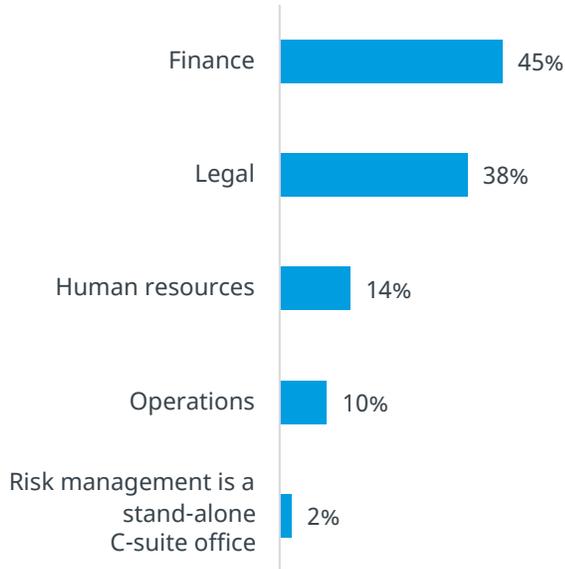
12. Please select all the areas of responsibility which fall within the risk management department/function.



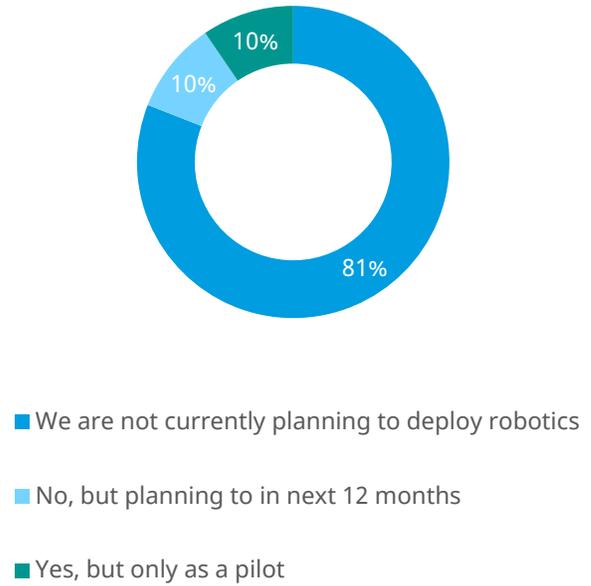
13. Do you use a risk management information system (RMIS)? (Please select all that apply.)



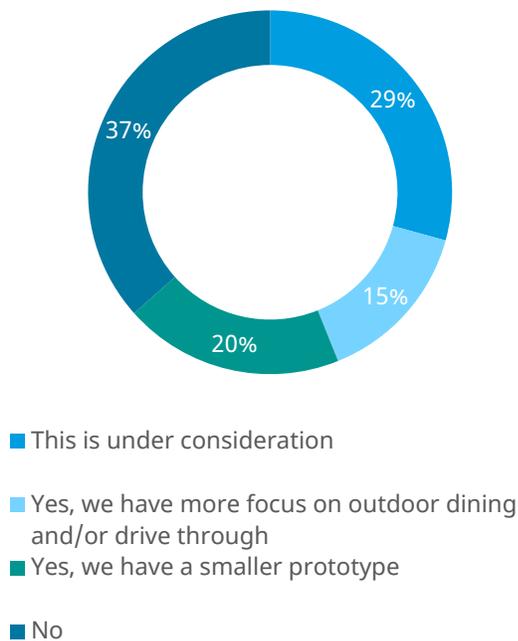
14. Which C-suite function does risk management report up through? (Please select all that apply.)



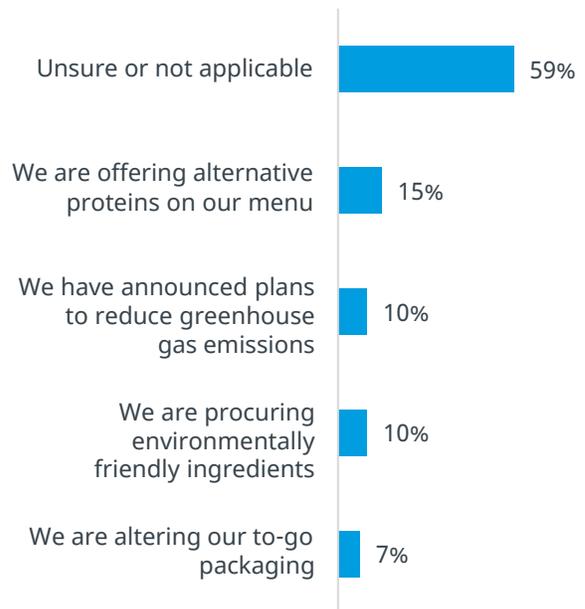
15. Have you deployed robotics at any of your restaurants?



16. Have you reimagined your restaurant new builds due to less demand for on-premises dining?



17. In regards to the environment aspect of ESG, what issues are you tackling? (Please select all that apply.)



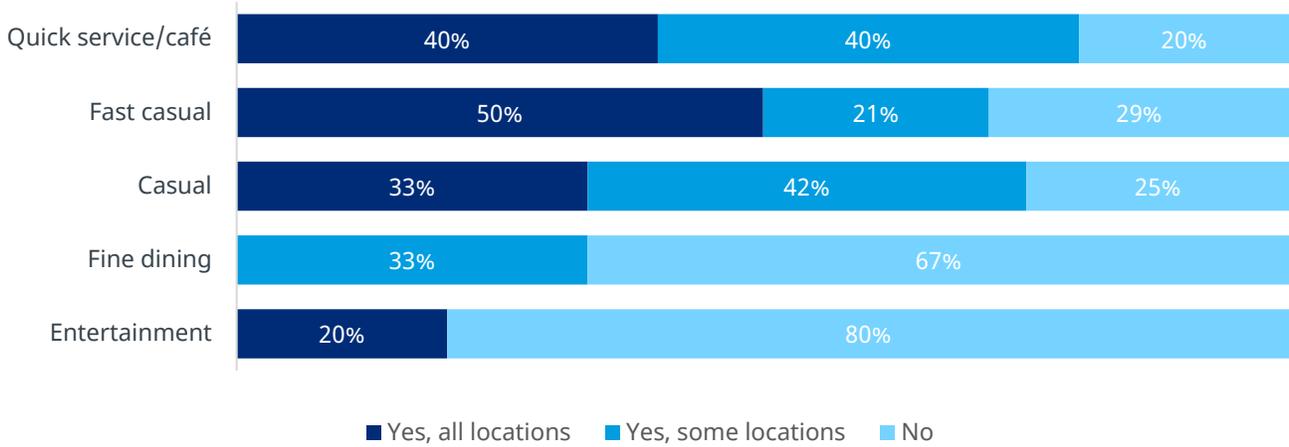
Survey findings

Delivery/drivers



Delivery/drivers

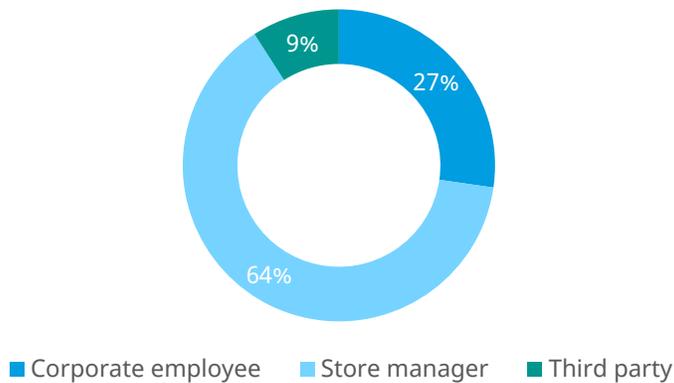
18. Do any of your restaurants offer delivery service?



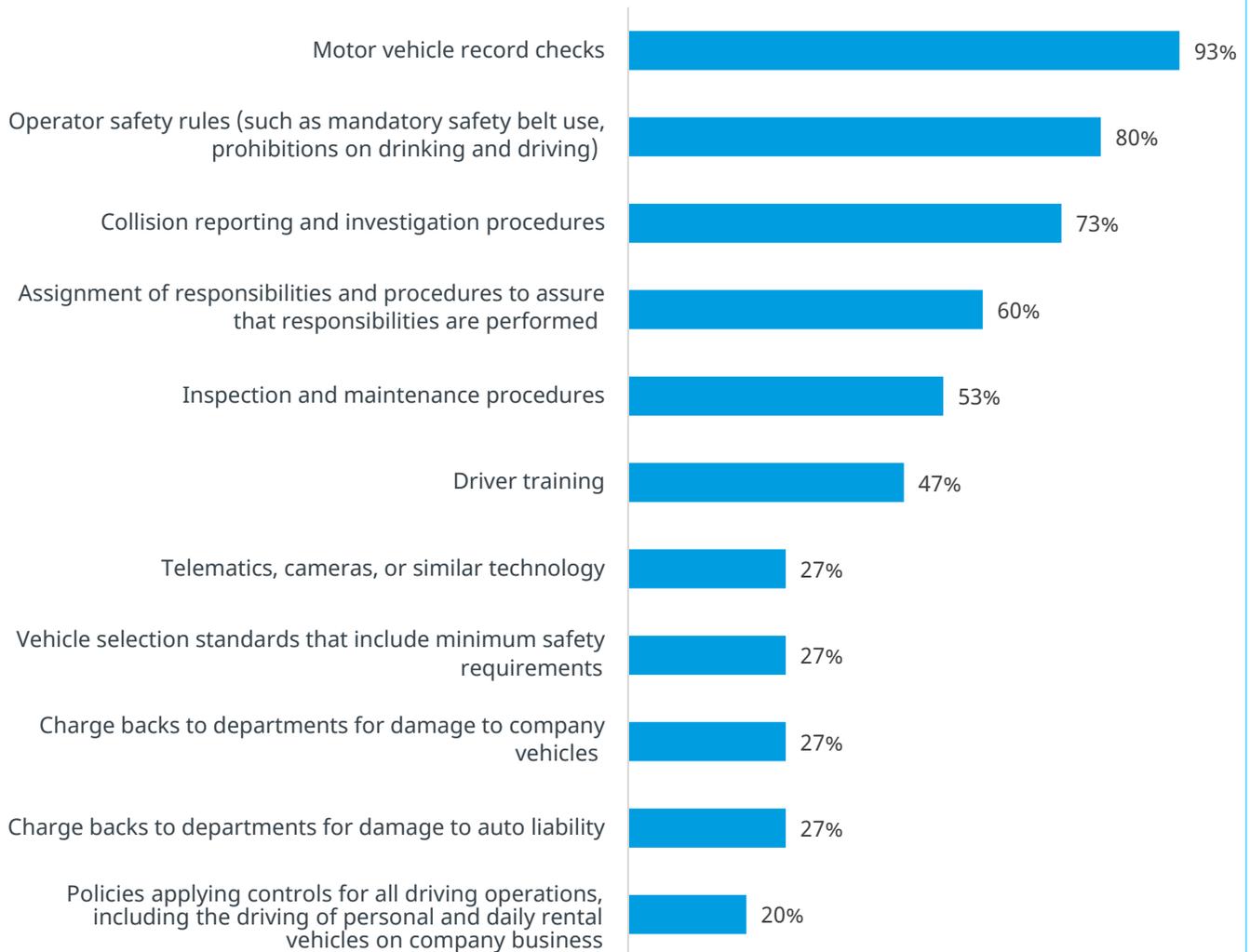
19. What methods are used in your delivery service? (Please select all that apply.)



20. How is the primary auto insurance for personal vehicles verified?



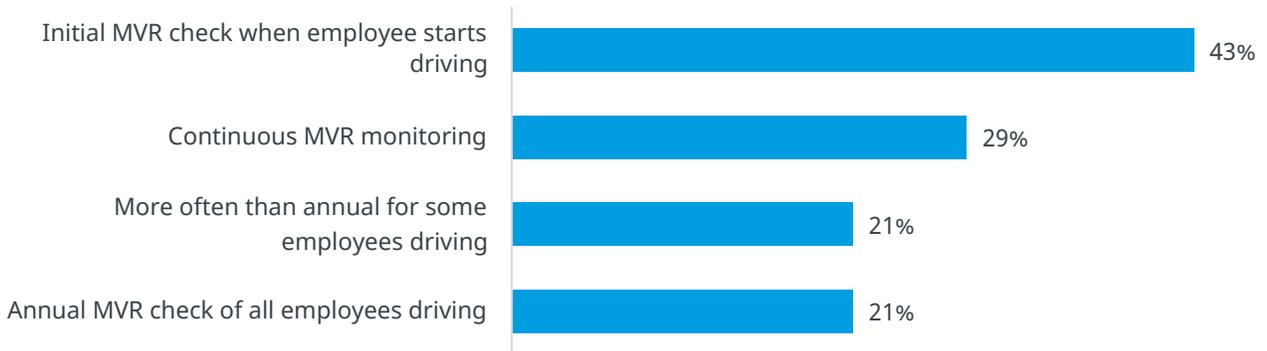
21. What safety controls are you using for your employees who are delivery drivers? (Please select all that apply.)



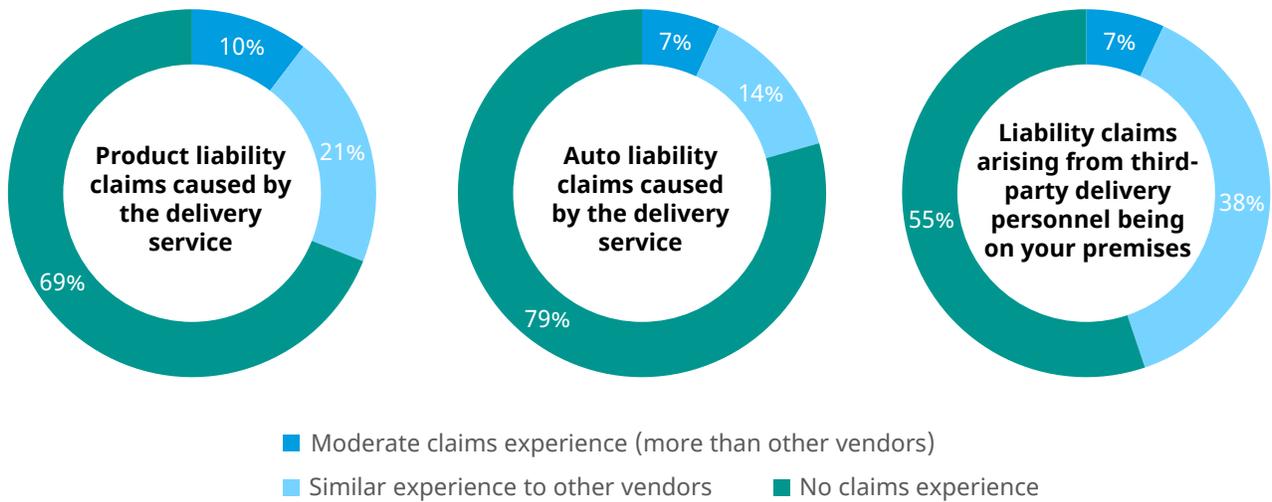
22. When is driver safety training provided? (Please select all that apply.)



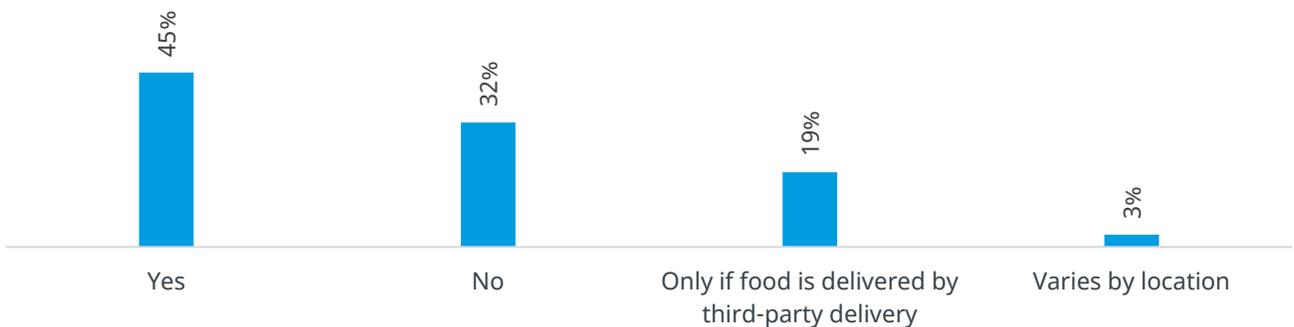
23. How often do you access MVRs for employees driving delivery vehicles? (Please select all that apply.)



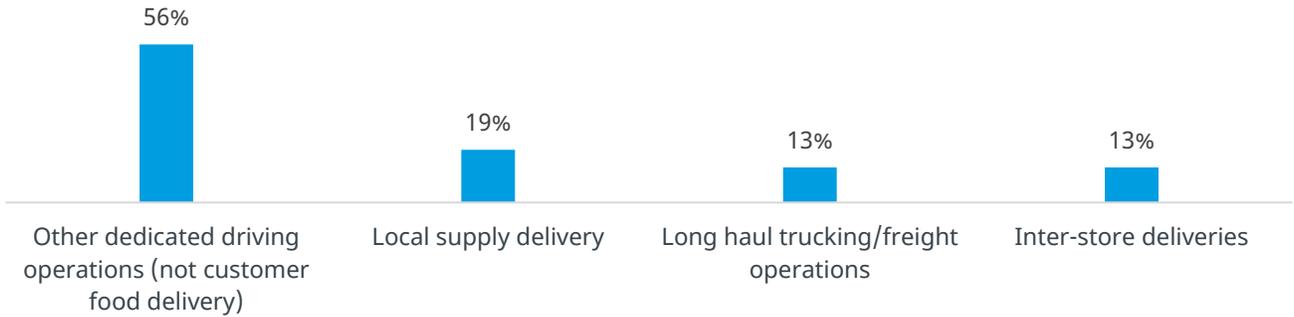
24-26. Regarding your experience with third-party delivery services, what has been your claims experience from the following insurance lines?



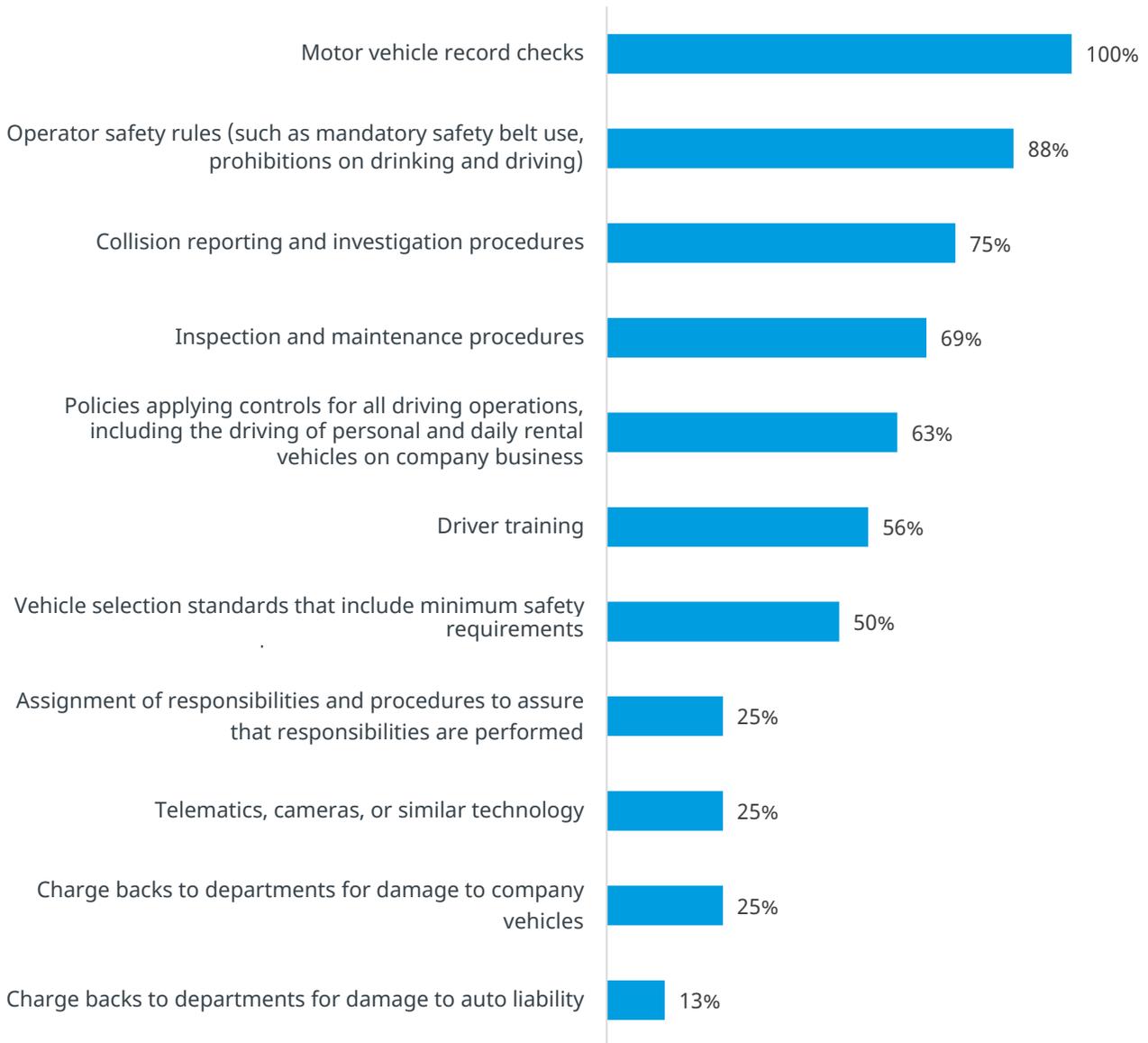
27. Do you use tamper resistant/evident packaging in your delivery process?

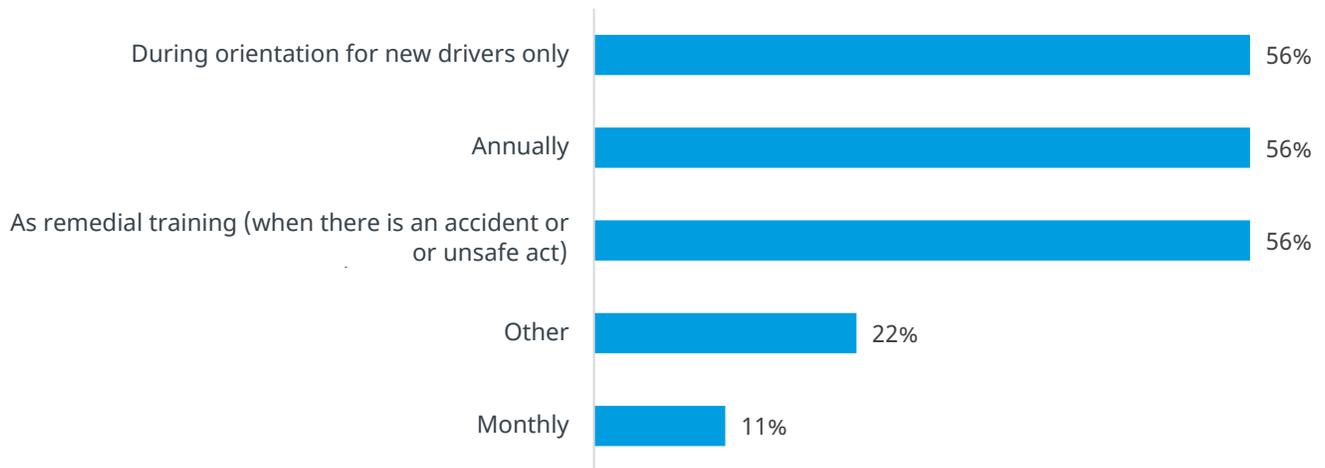
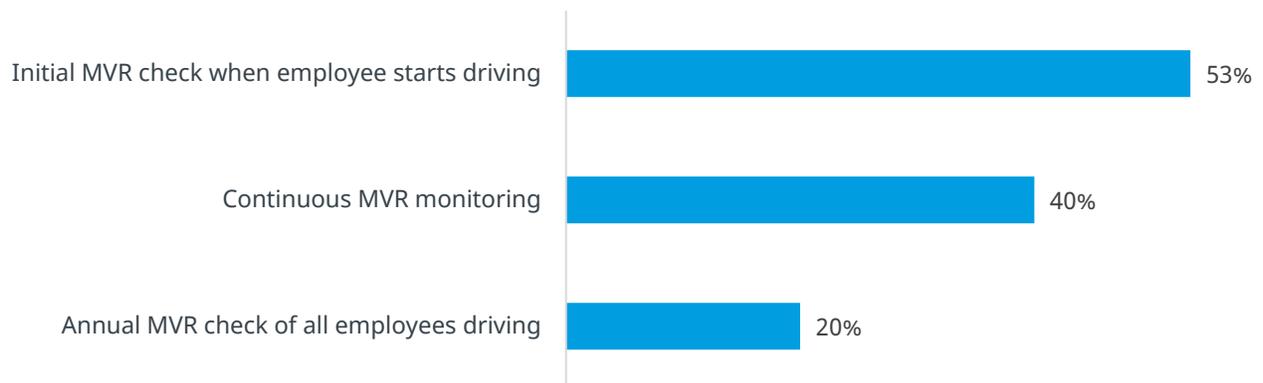


28. Do you have dedicated driving operations aside from customer food delivery?



29. What safety controls are you using for your employees in your non-customer food delivery operations? (Please select all that apply.)



30. When is driver-safety training provided for your non-customer delivery operations? (Please select all that apply.)**31. How often do you access MVRs for employees in your non-customer food delivery operations? (Please select all that apply.)**

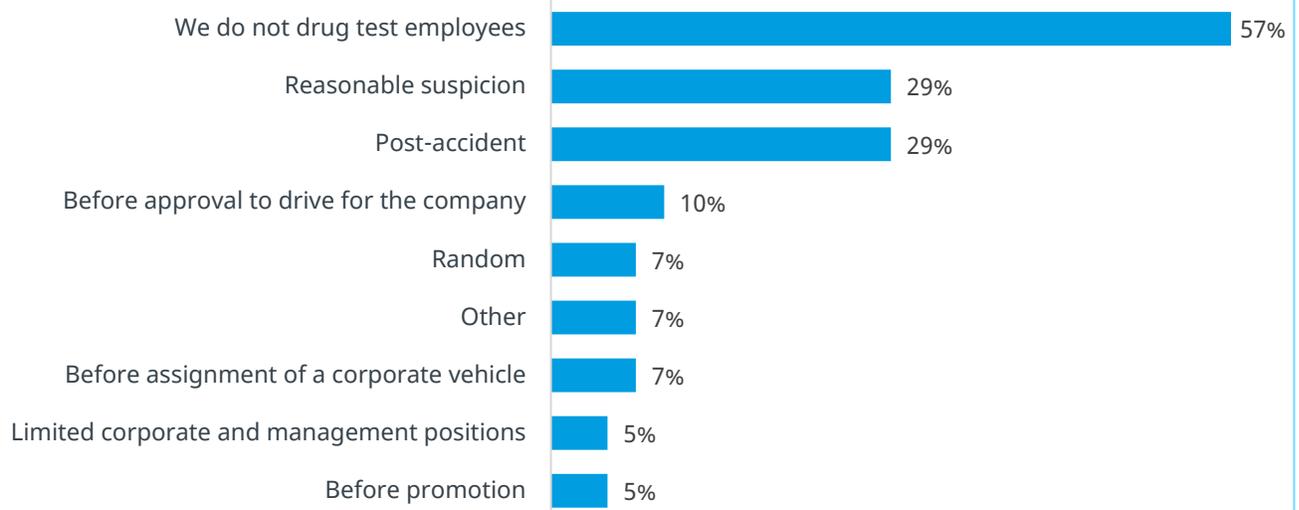
Survey findings

Safety policies and practices

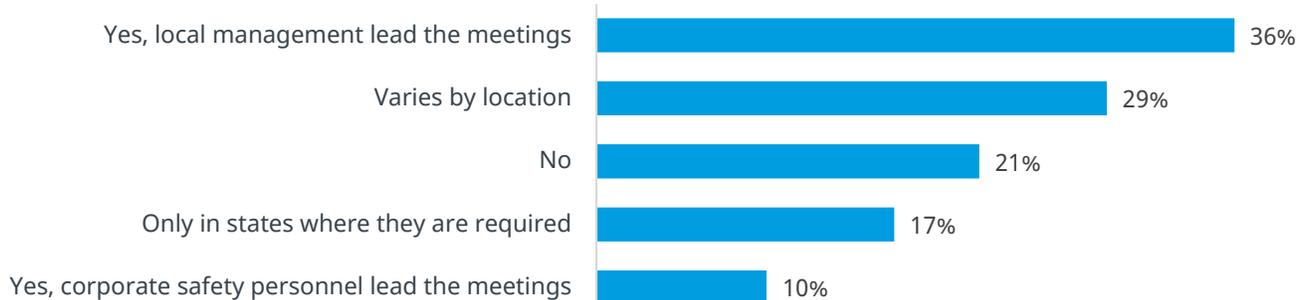


Safety policies and practices

32. Do you drug test employees? (Please select all that apply.)

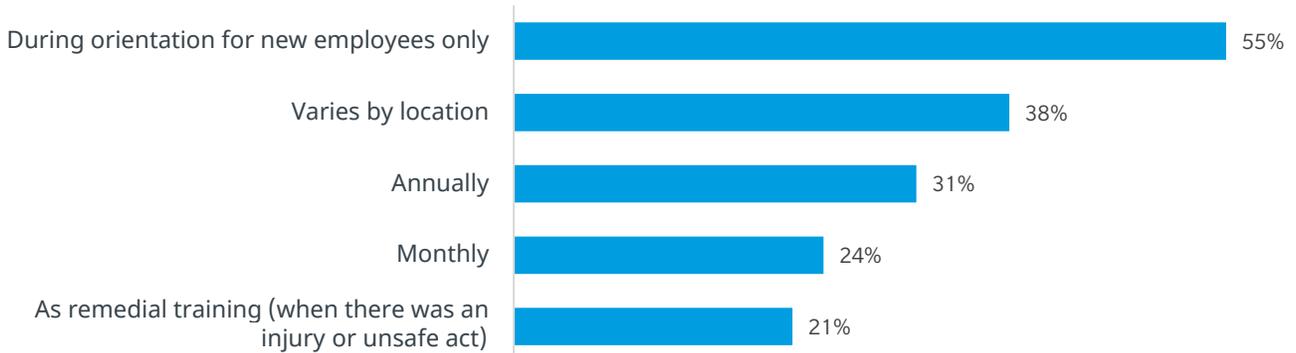
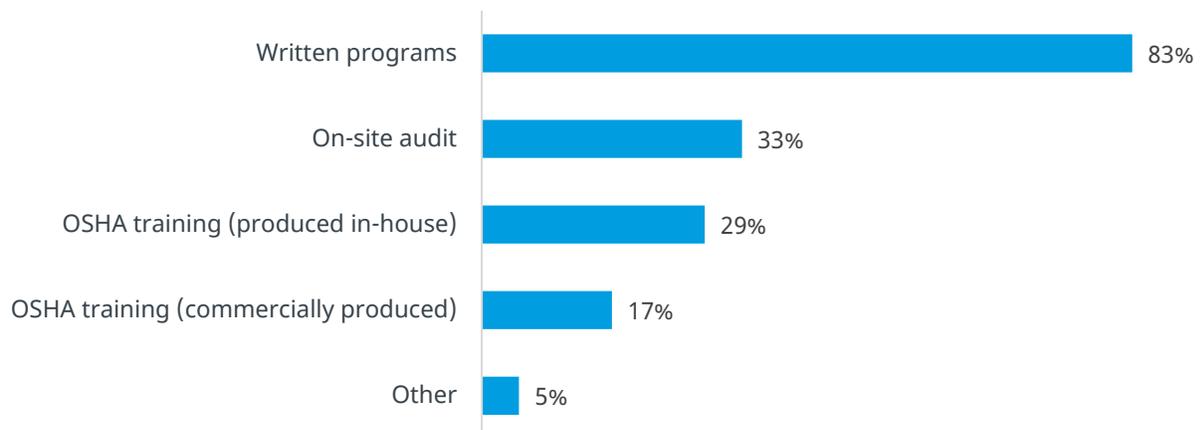
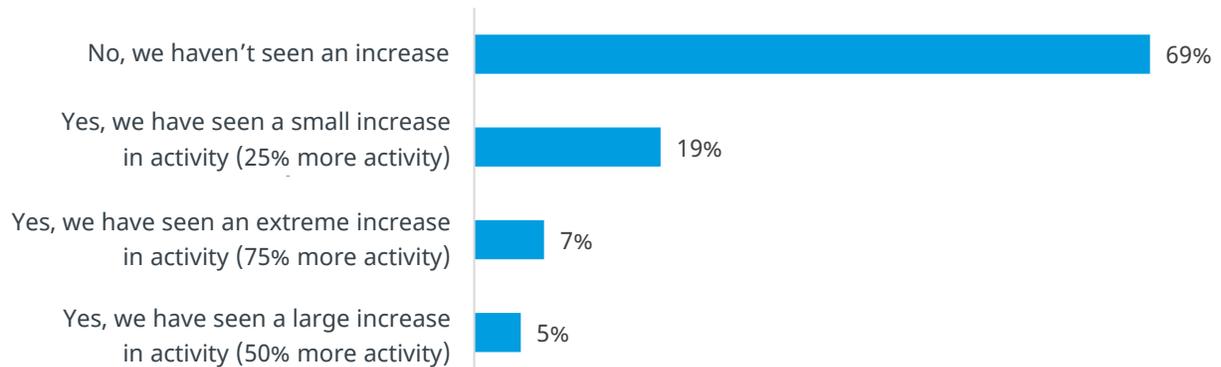


33. Do you have safety committee meetings at your locations? (Please select all that apply.)

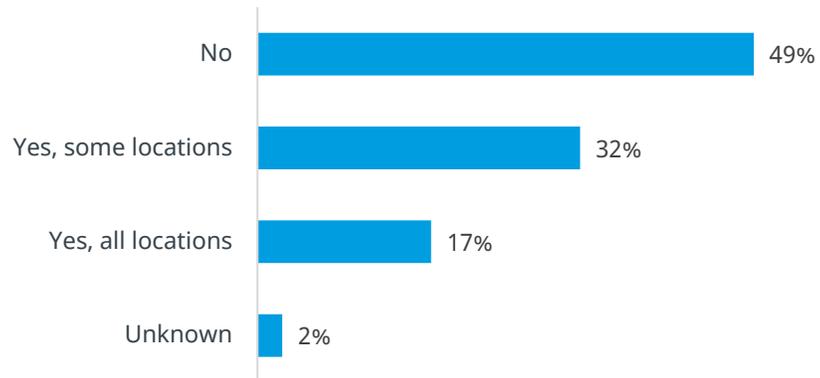


34. How do you provide safety training for employees/managers? (Please select all that apply.)

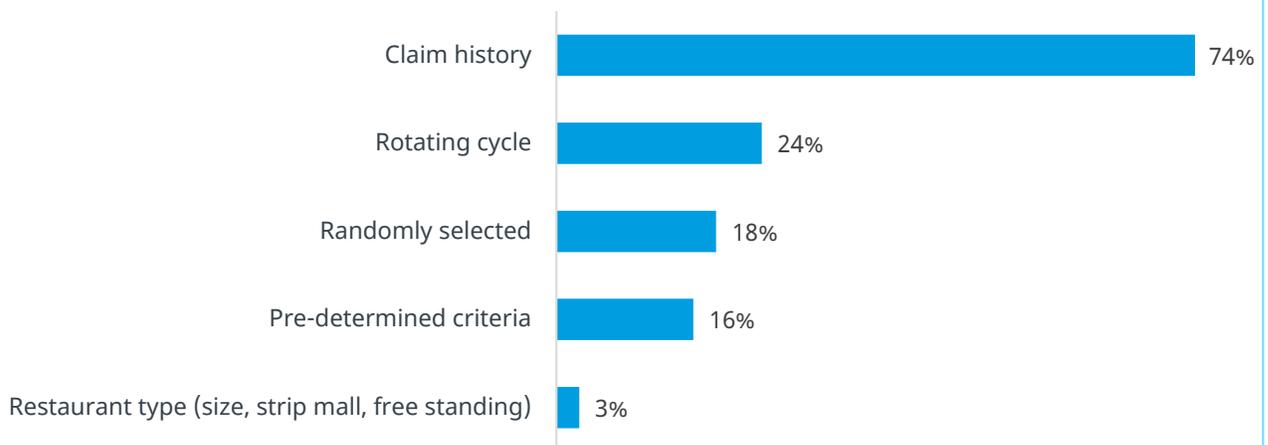


35. How often is safety training provided to employees? (Please select all that apply.)**36. Which of the following mechanisms do you have in place to ensure restaurants comply with Occupational Safety and Health Administration (OSHA) standards? (Please select all that apply.)****37. Have your locations seen an increase in OSHA activity (inspections, queries, calls) in the last 12 months?**

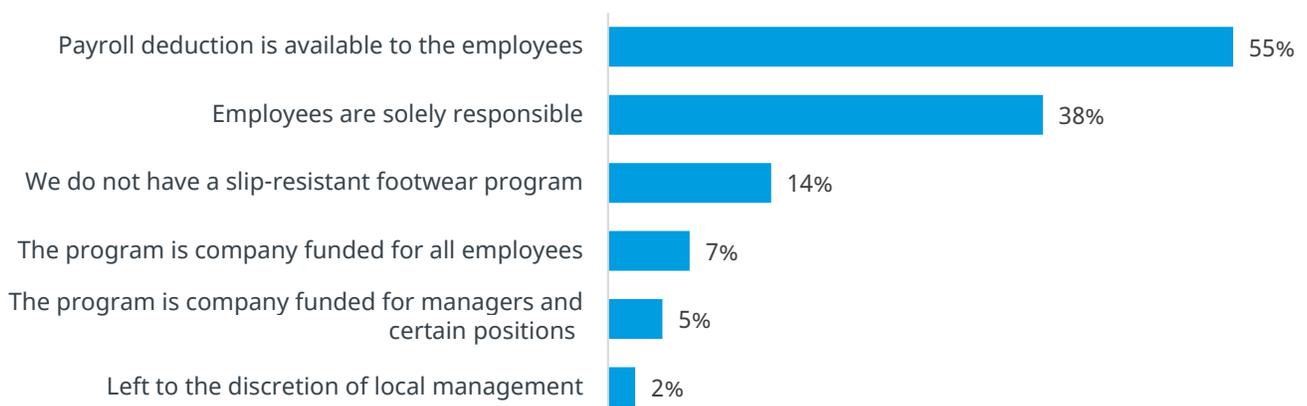
38. Has a formal hazard assessment of exposures (for example, ergonomics, material handling, cut, burn, slip/fall exposure) been conducted and documented in the past two years?



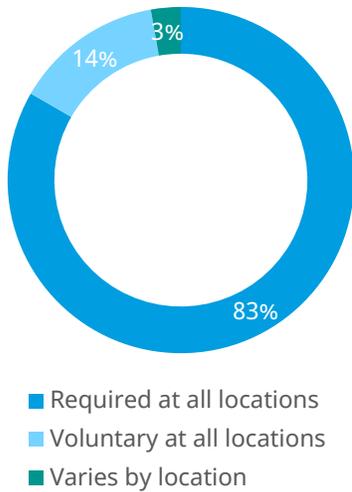
39. If locations are strategically selected for a safety assessment, how are the locations determined? (Please select all that apply.)



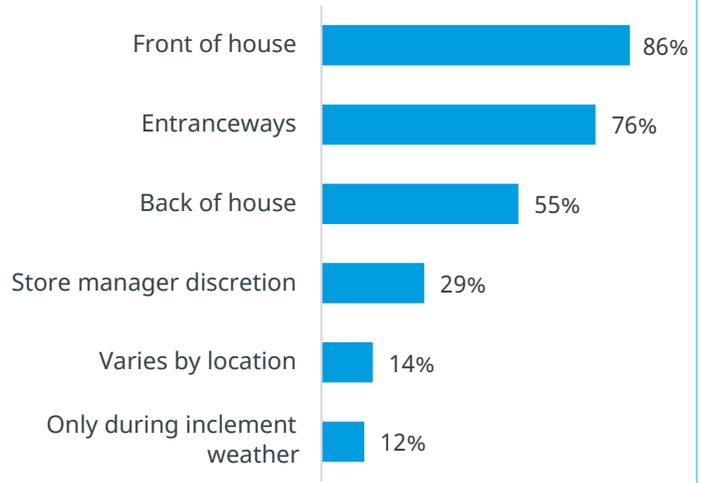
40. How is your slip-resistant footwear program funded? (Please select all that apply.)



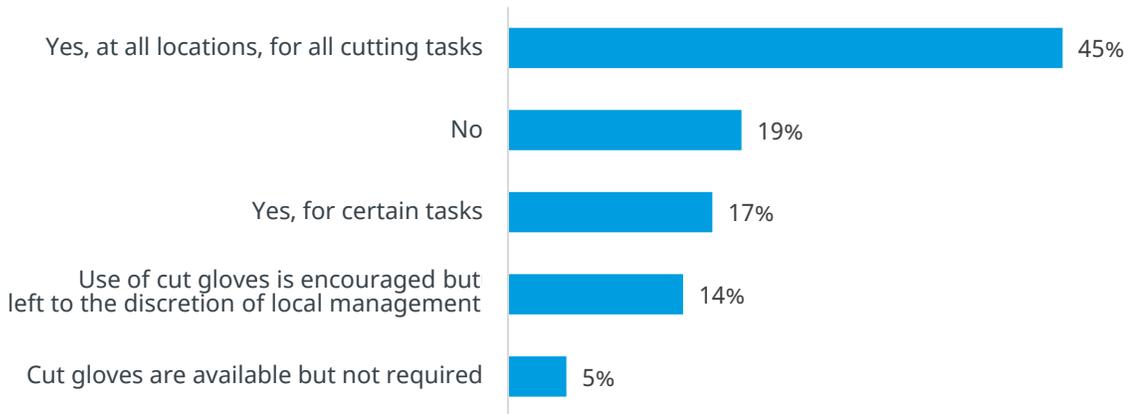
41. Is your slip-resistant footwear program voluntary or required?



42. Do your locations use wet floor signs? (Please select all that apply.)

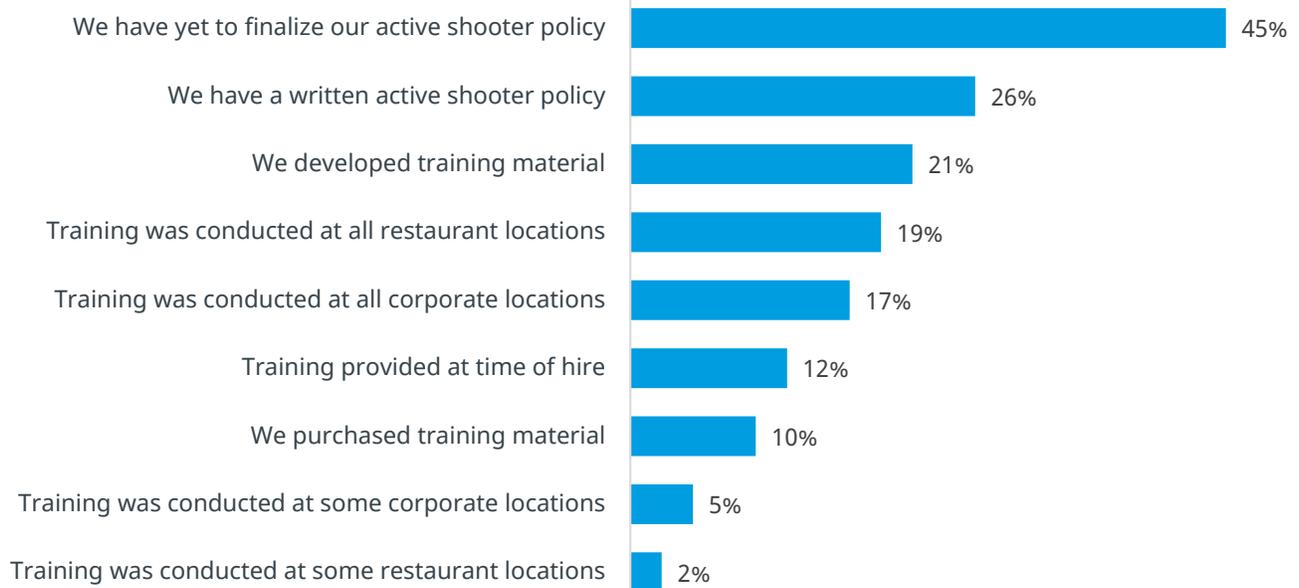
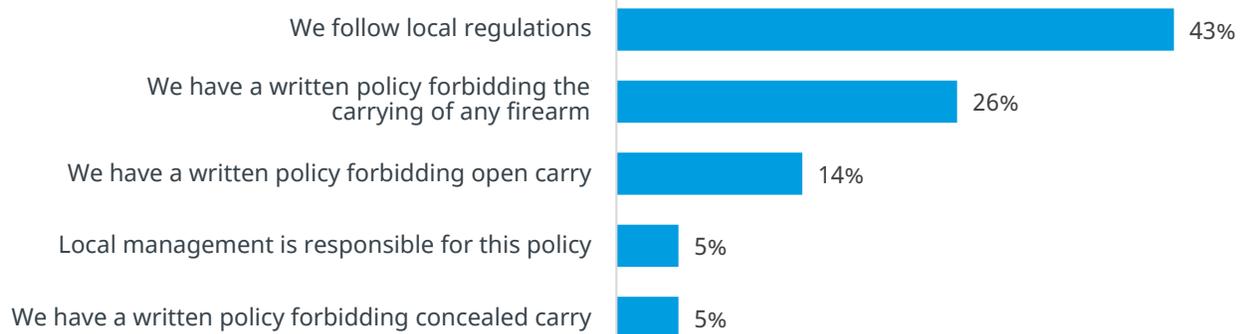


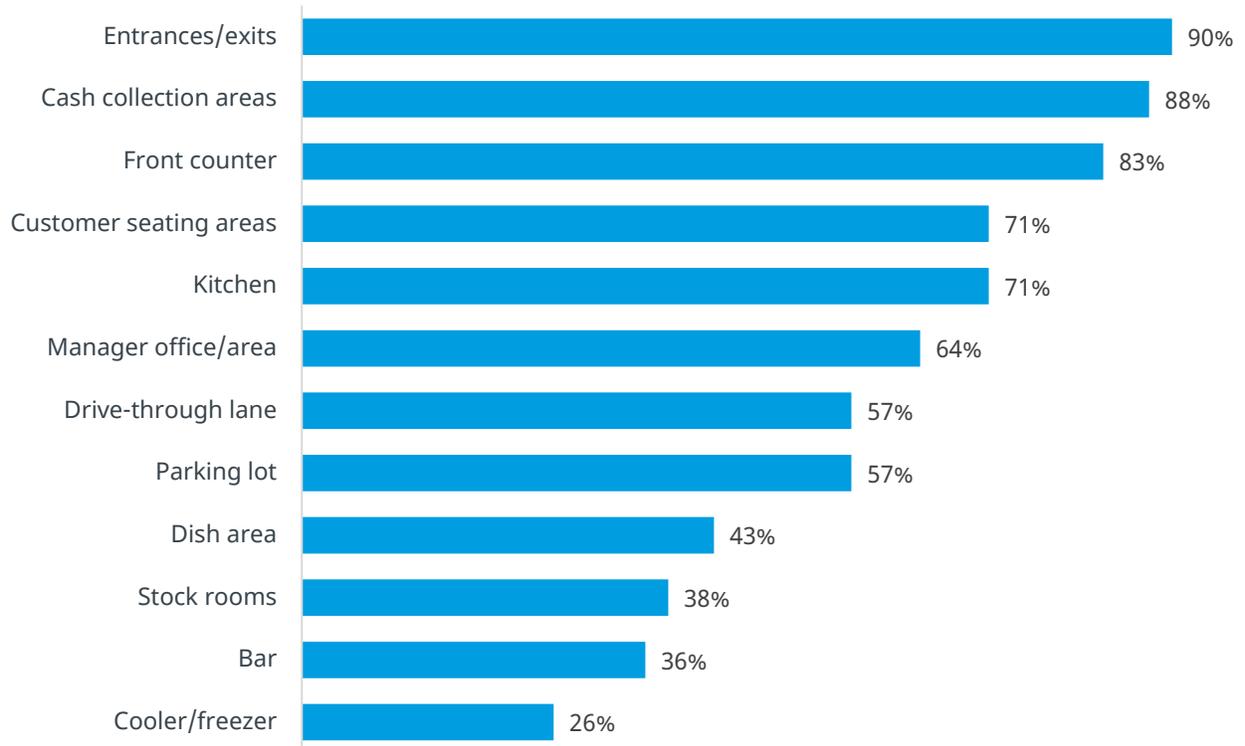
43. Do you require the use of cut gloves?



44. Where are cut gloves required? (Please select all that apply.)



45. What active shooter mitigation was used in the past two years? (Please select all that apply.)**46. Do you have a policy on guests possessing firearms on your premises?**

47. When using CCTVs, what areas do you monitor? (Please select all that apply.)

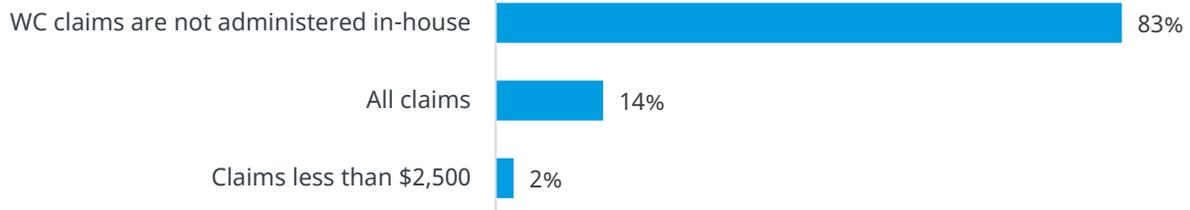
Survey findings

Claims administration

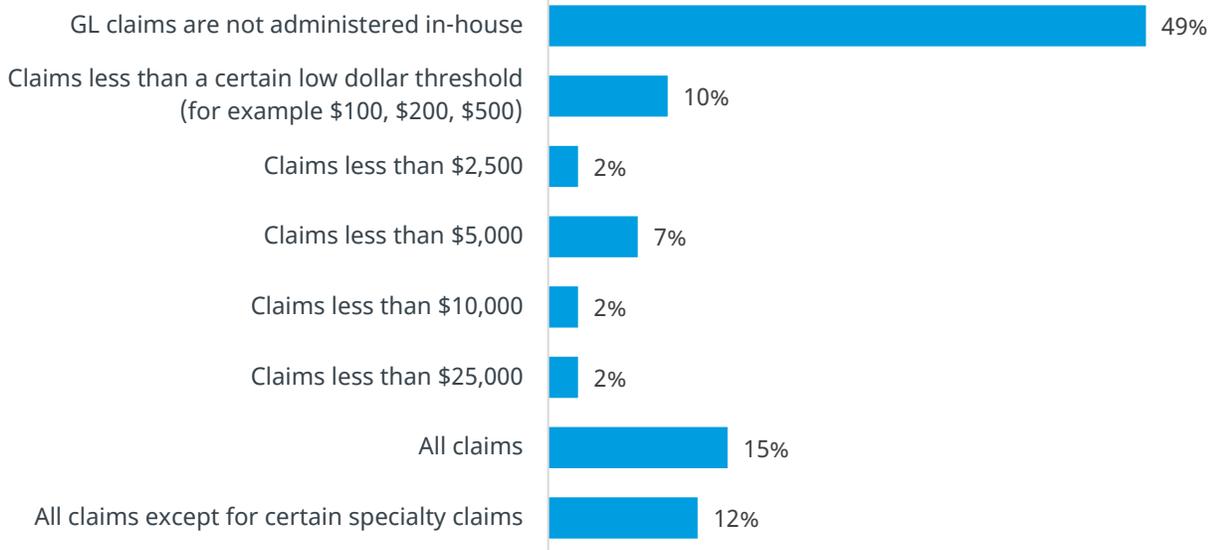


Claims administration

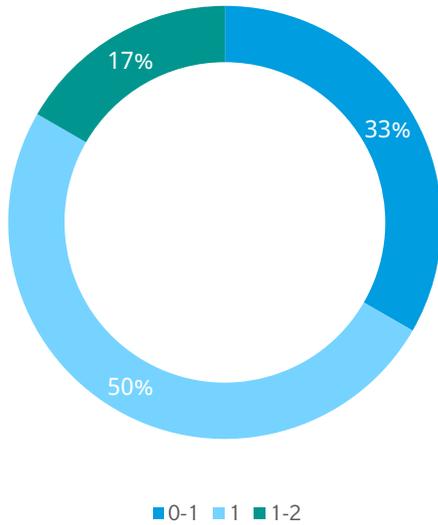
48. Are workers' compensation (WC) claims administered in-house?



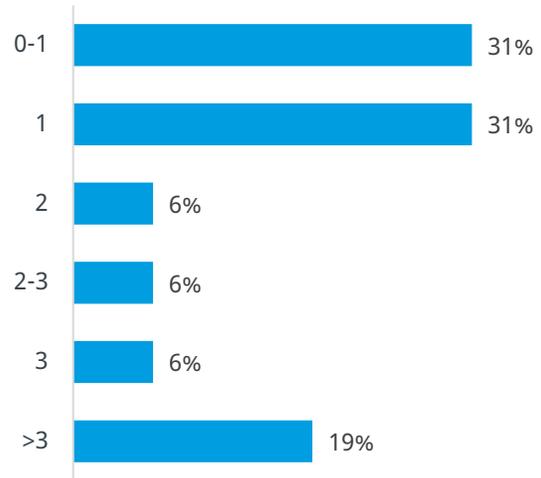
49. Are general liability (GL) claims administered in-house?



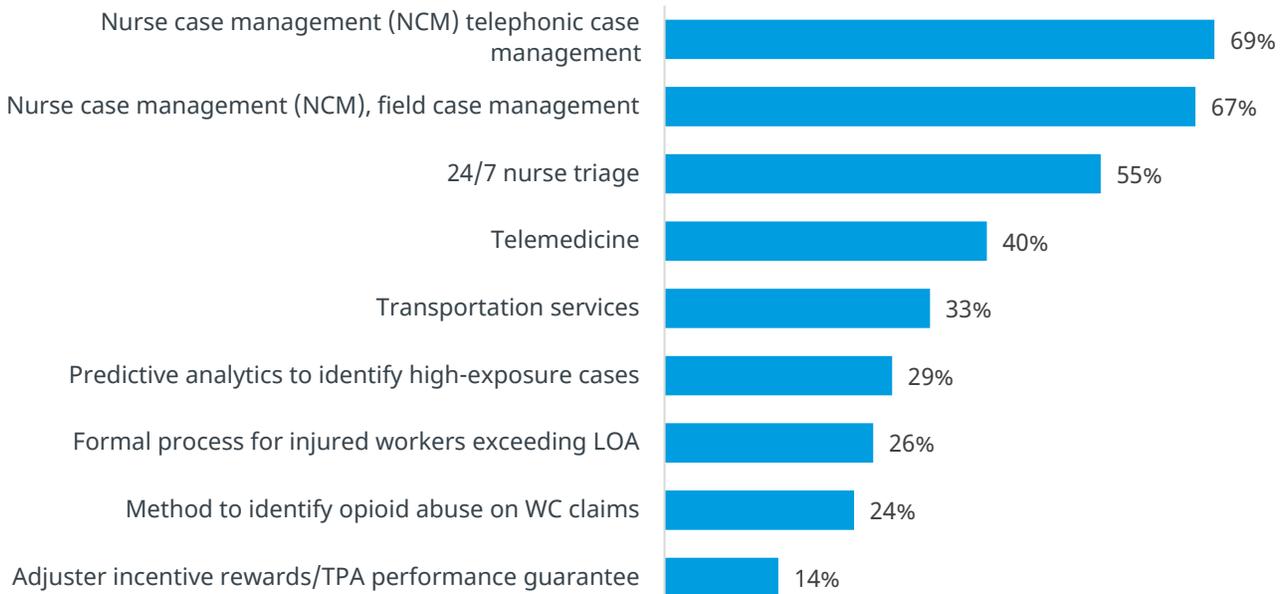
50. How many FTEs are in your WC claims administration department?



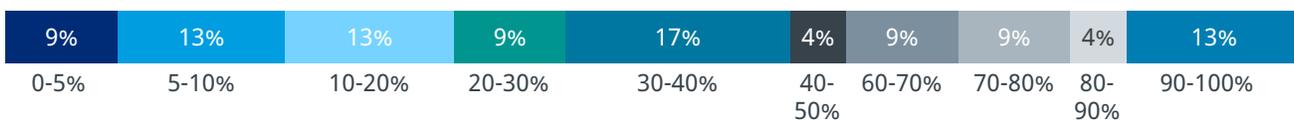
51. How many FTEs are in your GL claims administration department?



52. Do you use any of the following claims administration strategies? (Please select all that apply.)



53. What is the estimated percentage of your claims reported to 24/7 nurse triage?



54. What percentage of your claims use NCM telephonic case management?



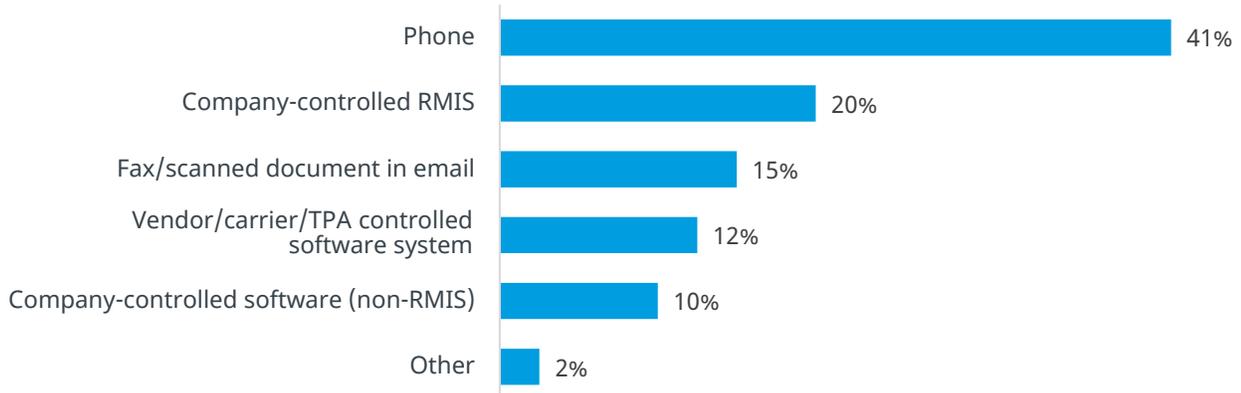
55. What percent of your claims use NCM field case management?



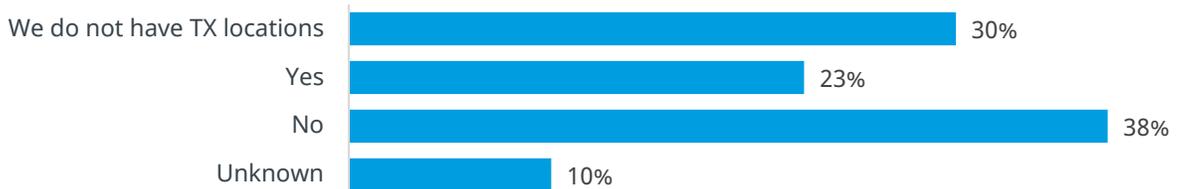
56. Who is usually responsible for reporting WC claims to the TPA/carrier?



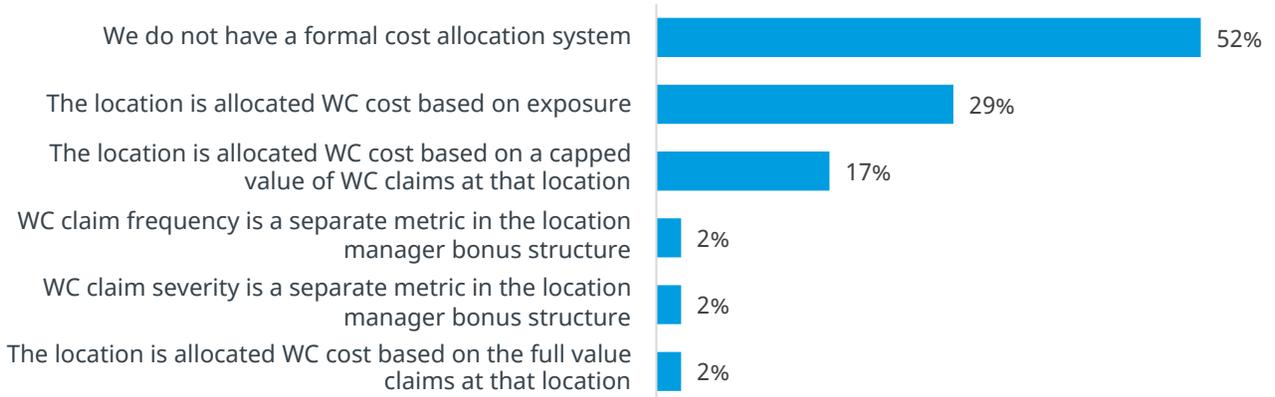
57. What is the primary method of reporting WC claims at the store level?



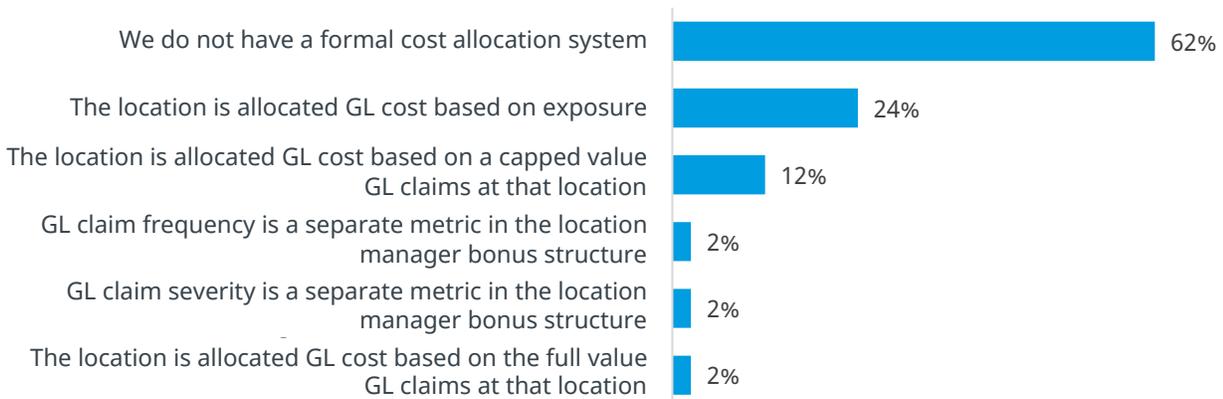
58. For your WC claims, do you opt out as a Texas nonsubscriber?



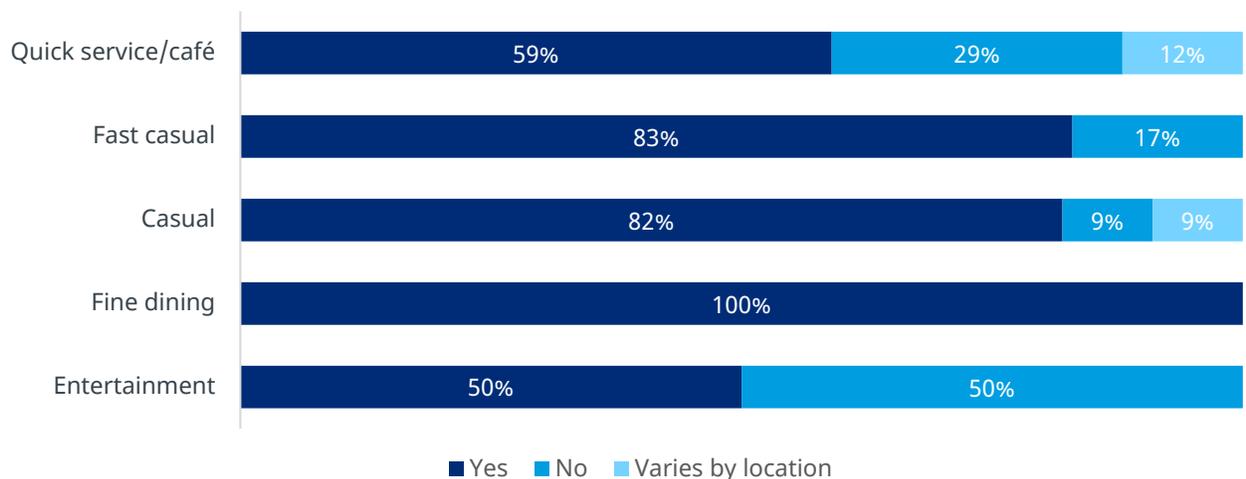
59. Are your location managers held accountable for the impact of WC claims through a formal cost allocation system? (Please select all that apply.)



60. Are your location managers held accountable for the impact of GL claims through a formal cost allocation system? (Please select all that apply.)



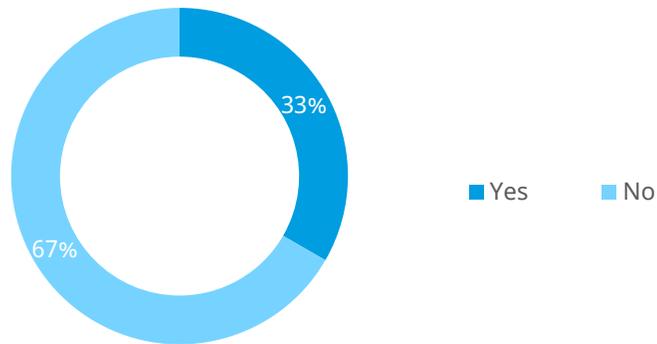
61. Do you have a formal return-to-work program in place for stores you own under your brand?



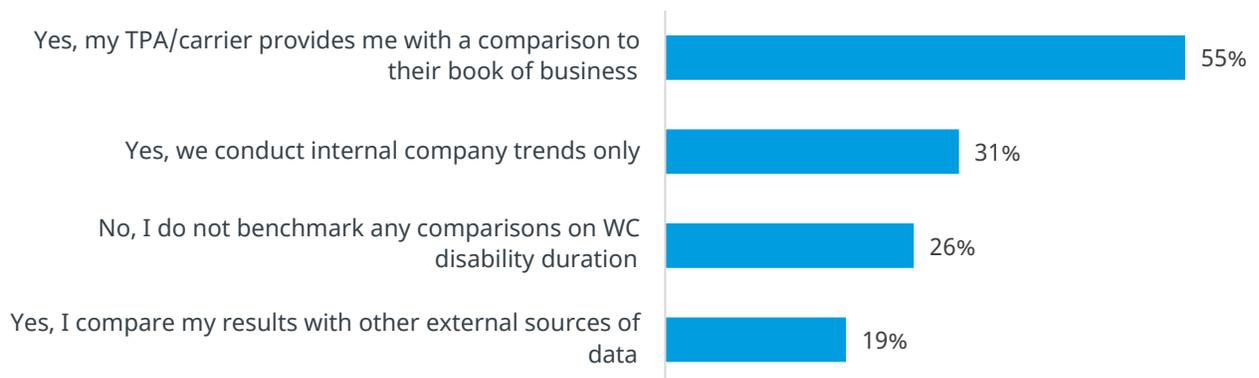
62. Do you have a formal return-to-work program in place for stores you franchise?



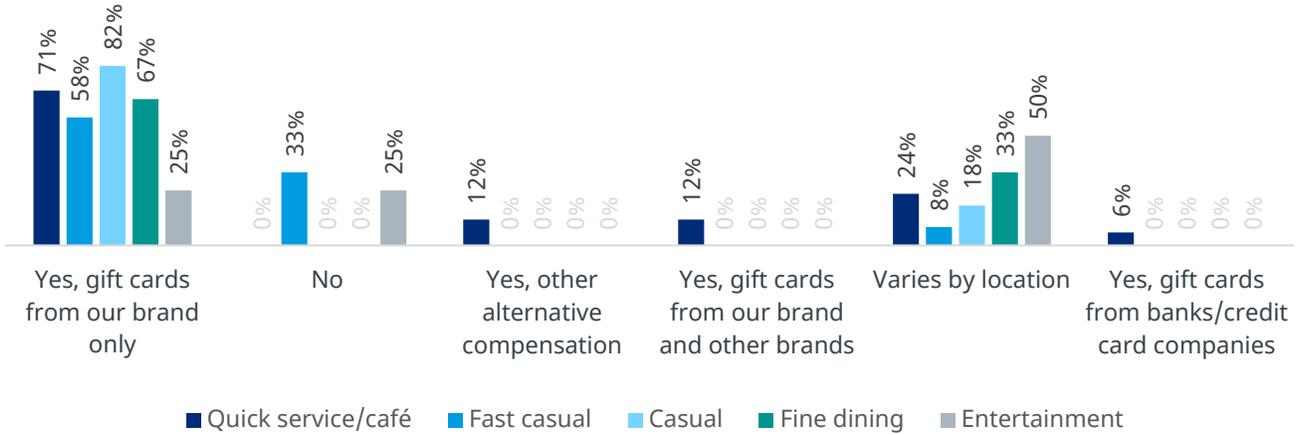
63. Do you use off-site transitional duty programs (such as charitable organizations)?



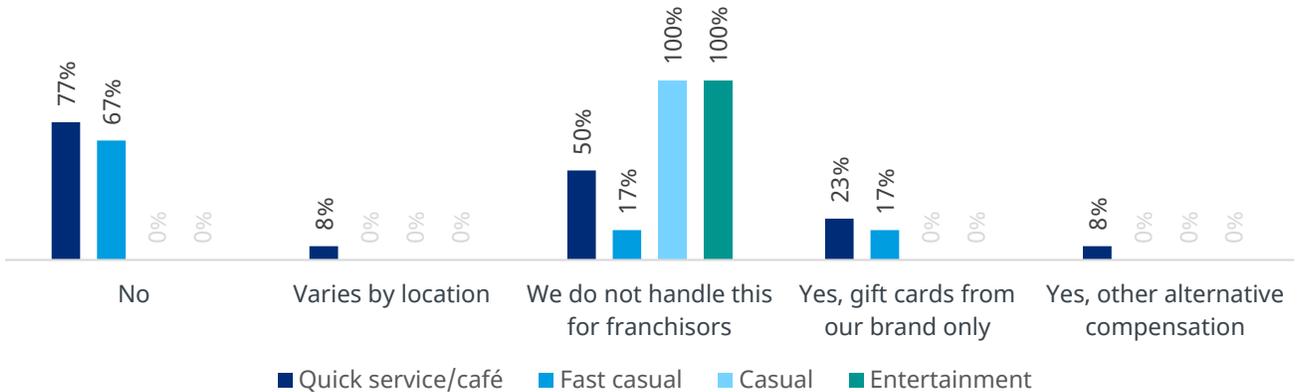
64. Do you benchmark the duration of WC disability by type of injury? (Please select all that apply.)



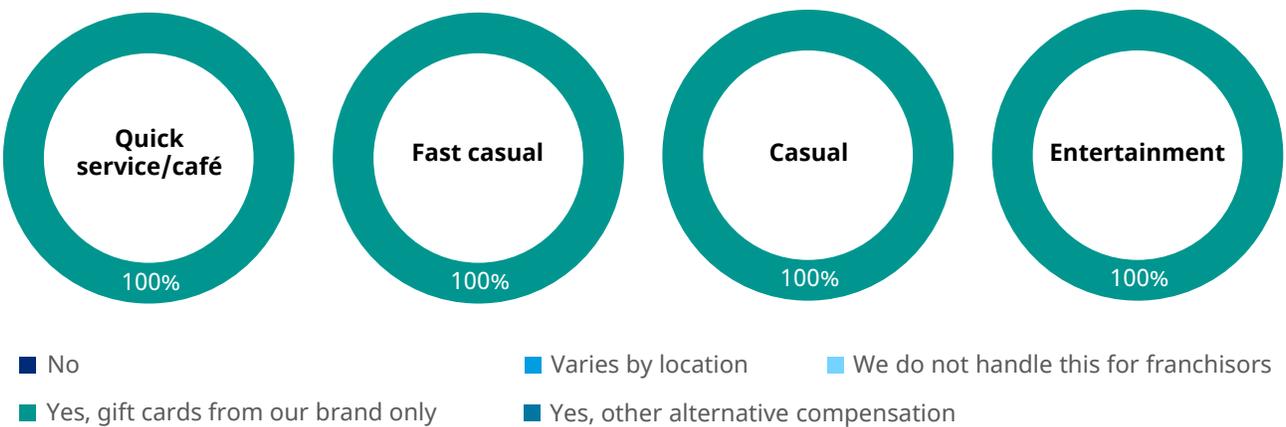
65. Regarding stores you own under your own brand: Do you use gift cards or other alternative forms of compensation to resolve claims for stores you operate? (Please select all that apply.)



66. Regarding stores for which you are the franchisor (you allow others to own stores under your brand): Do you use gift cards or other alternative forms of compensation to resolve claims? (Please select all that apply.)



67. Regarding stores for which you are the franchisee (you own stores under someone else's brand): Do you use gift cards or other alternative forms of compensation to resolve claims?



Survey findings

Risk financing

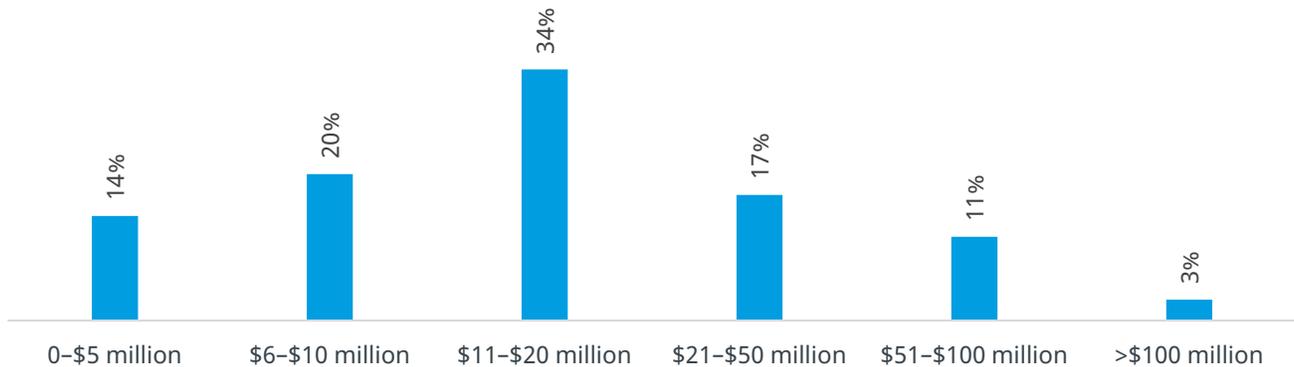


Risk financing

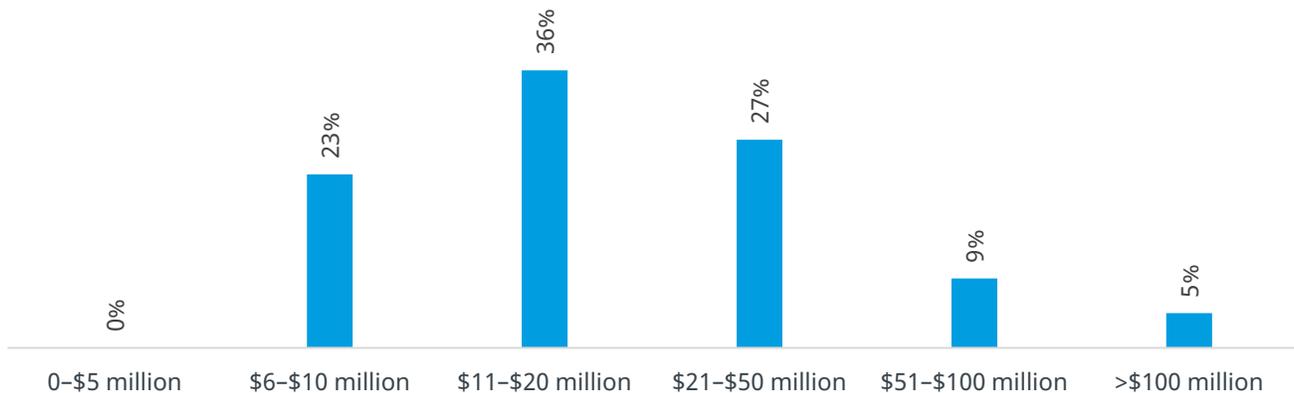
68. Do you purchase any of the following specialty insurance coverage? (Please select all that apply.)



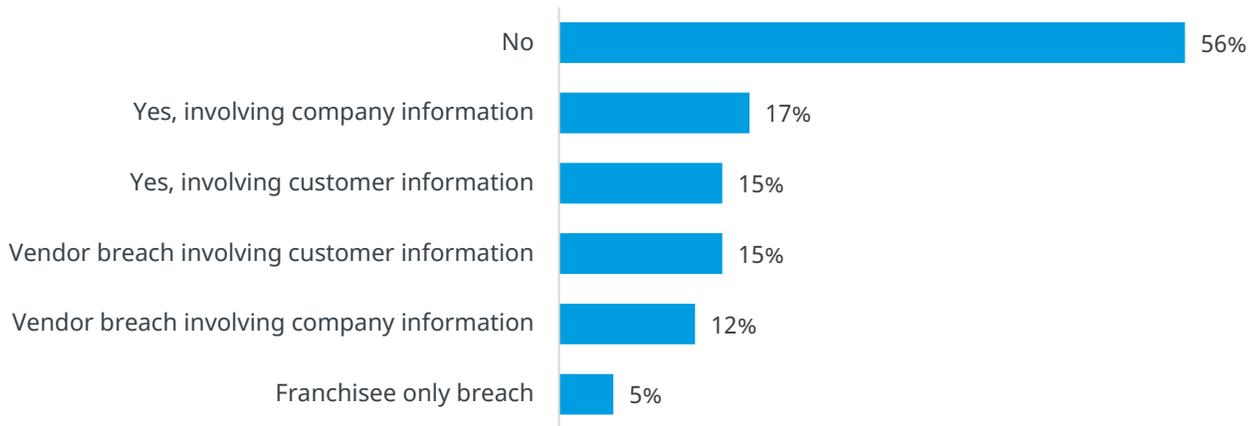
69. What cyber insurance limits do you purchase?



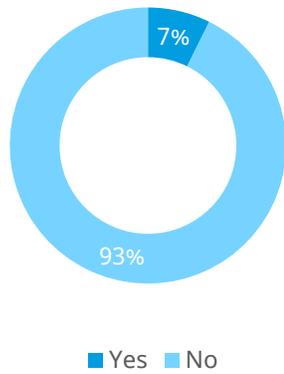
70. What product contamination (trade name restoration) insurance limits do you purchase?



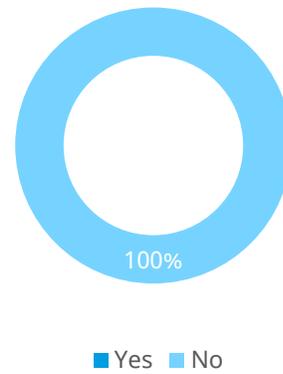
71. Have you ever experienced a cyber breach? (Please select all that apply.)



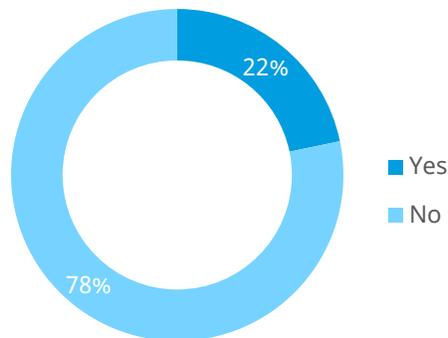
72. Do you have a wholly owned captive insurance company?



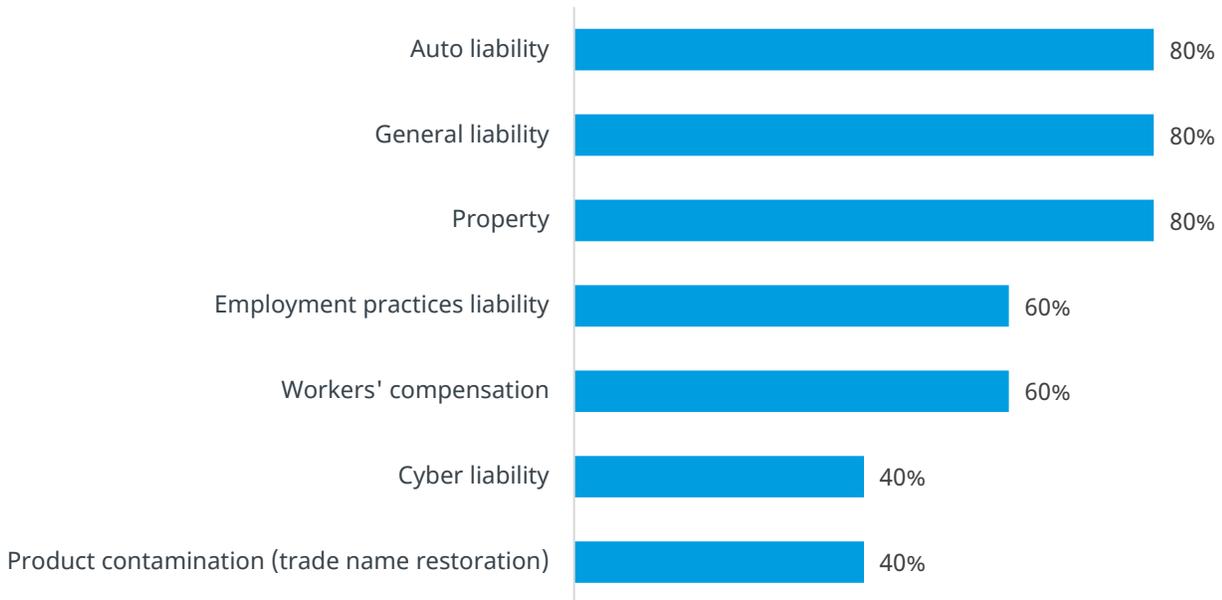
73. Are you part of a group captive?



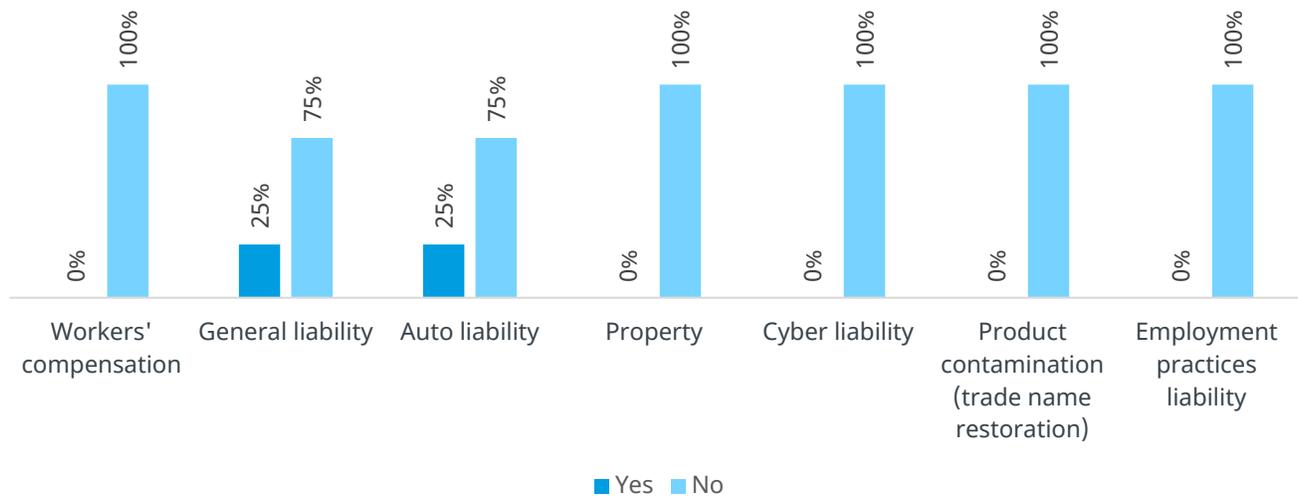
74. As a franchisor, do you have an affinity program whereby the franchisee can access risk financing through a corporate program?



75. What risks can the franchisee purchase through the affinity program? (Please select all that apply.)



76. Are the franchisees required to purchase any of the lines of coverage in the affinity program?





About Marsh

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