

In Focus: Food Borne Illness Outbreaks

By Professional Liability Insurance Services, Inc.
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Many of you have clients with restaurants. You think they are adequately covered—but are they?

Take off your insurance agent shoes and step inside the world of a restaurant owner experiencing a food borne illness outbreak. Some customers are extremely ill with vomiting, diarrhea, etc. They think something they ate at the restaurant is the reason. Medical tests show they have contracted Norovirus—and the common link is eating at the restaurant.

Now the Health Department is knocking on the door. An investigation—including talking to employees—is imminent and they're talking about shutting the restaurant down.

The phone rings off the hook. Customers are scared, sick and they want to know how this happened and what the restaurant is going to do. These people want to talk to a human being and not to a voicemail that says "leave a message."

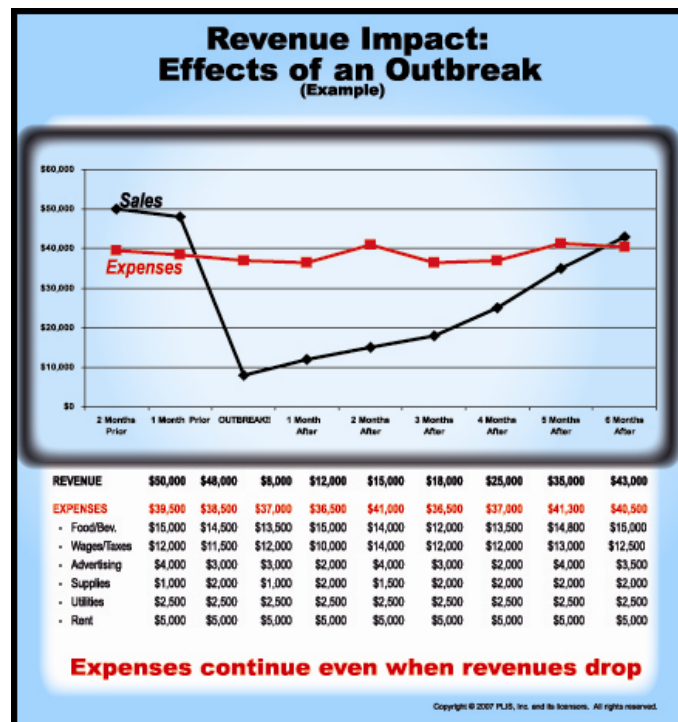
Some are threatening legal action.

During the preliminary health department inspection 20 more people report the same symptoms. The restaurant is immediately shut down until the inspection is complete and until a top to bottom cleaning using a special protocol is complete. The department is looking seriously at rumors that some employees may have contracted this and continued to work anyway.

And—as if there aren't enough problems—the media is calling. The crisis is deepening:

- Employees want to be tested to make sure that they're not sick.
- Expenses are climbing: rent, utilities, payroll, etc. continue to build.
- Revenue has stopped.
- What else can go wrong? Plenty.
- What about when the doors re-open?
- How does your client get customers to come back?
- How do they rebuild community trust?

This type of event is unique to restaurants. And we're probably preaching to the choir telling you that restaurants need the right kind of coverage. A business interruption policy for food borne illness outbreaks that addresses continuing expenses (i.e. payroll, supplies, utilities, etc.) during and following an outbreak is **critical**. The doors must be able to stay open until revenues pick up to pre-event levels.



Resource #1: A Business Interruption Policy: Typically Commercial Property and Casualty Policies do not offer business interruption coverage for food borne illness outbreaks. They are designed to respond to events involving physical damage and claims for medical injury and/or the lawsuits associated with physical and emotional injuries. At best, they may offer some coverage in the event a customer is hospitalized. But again, it is not designed to cover expenses that are going to continue regardless of whether the restaurant is opened or closed.

Other companies may have something similar but one option we offer is the Trade Name Restoration[®] policy offered through PLIS[®], Inc. Underwriting Facilities (www.plisinc.com). It offers two coverage formats: Standard and Enhanced plus options to purchase various other additional coverages for issues such as Workplace Violence, Extortion and Supplier related issues (these additional endorsements may be subject to sub-limits). Both policies offer coverage for malicious or accidental contamination and cover small family-owned operations up to the large corporate or franchise operations.

This combined with point number two is critical to your restaurant clients.

Resource #2: A Crisis Management Team: The second crucial resource is a crisis management team—one devoted to helping your client work through the outbreak from dealing with the media and health department to working with the employees and customers and to assist with keeping the positive image of the restaurant positive. As you can see by the introduction, there are enormous technical issues involved.

Information gathered by the health department from ill customers **cannot** be released to the restaurant due to medical privacy laws. Your client may know some of the people who are sick—but not all of them. Those your client knows about will want help. Some will skip contact and send an attorney. Others will not make contact at all.

For our Trade Name Restoration policies we use Specialty Risk Management, Inc. [®]. They talk with customers, help solve individual problems, work with the health department and the media. And this type of team is in it for the long haul. Some of these problems take months to resolve.

A perfect conclusion: Between a specifically designed business interruption policy and an experienced, cohesive crisis management team, you clients can face the possibility of a food borne illness outbreak with a little less anxiety and they can focus on what restaurateurs do best: running the restaurant.