



Underwriting guidelines

RESTAURANT

Local exceptions to these underwriting guidelines may apply.

Please consult with your underwriter or sales executive for details and to discuss risks which exceed the following guidelines.

Restaurant PacSM risks will typically have:

- Up to \$5 million total insured values (building, business personal property, and restaurant equipment) at each location
- Up to \$5 million annual sales at each location/\$10 million total annual sales
- Less than six locations
- No catering operations over 25% of total receipts, fine dining or banquet and reception facilities

Businesses that exceed any of the above thresholds should be considered for placement in **Restaurant Pac PlusSM**.

Please consult with your underwriter if the total insured values exceed \$10 million or if total annual sales exceed \$10 million.

Underwriting guidelines for **Restaurant Pac** and **Restaurant Pac Plus**

Business personal property and general liability coverage is required. If applicable and eligible, coverage is required for all owned buildings. One hundred percent insurance-to-value is required.

Eligible operations are businesses specifically listed in the classification section.

Years in business

Three years in business is preferred. Exceptions for new ventures will be entertained, provided the risk has three years prior management experience in the same type of business or is a franchise and has no prior losses.

Loss experience

Favorable loss experience is defined as:

- No more than three losses in the last four years
- No more than two losses when the total insured value is less than \$200,000

Prior carrier

The business should have had continuous insurance coverage for the last three years, with no cancellations by the insurer(s) or non-renewals (for other than market withdrawals or transfers within an insurer company group).

Property underwriting guidelines

Adequate detection and protection devices for fire and theft must be in place.

- Central station fire alarms are preferred
- Risks with sprinkler systems are preferred
- If protective devices are in place on the premises, the policy will be endorsed with a Protective Safeguards endorsement describing the protective device and requiring that the company be notified of any suspension, impairment or failure to maintain the device

No cited violations of fire, health (if applicable) or life safety codes.

Hoods, ducts, grease filters, and surface cooking equipment, including deep fat fryers, must be protected by a UL-300 listed automatic fire extinguishing system. In addition, deep fat fryers must be equipped with an automatic high temperature shut-off. Professional inspections and service must be performed at least every six months.

All owned buildings should be fully occupied, with no seasonal occupancies. Seasonal is defined as any occupancies open less than eight months of the year. All tenants must meet underwriting requirements. Please see the appropriate underwriting guidelines based on the tenant occupancies.

For both tenants and building owners, the plumbing, HVAC, wiring and roof must have been updated in the past 30 years.

Liability underwriting guidelines

Certificates of Insurance with limits at least equal to the insured's primary general liability limit of insurance must be obtained for all subcontracted work. There should be favorable contractual risk transfer.

Hired/non-owned liability option not available if delivery exposure.

Emergency lighting must be installed and operational.

Exits must be properly lit and equipped with panic hardware.

Steps and stairs must be properly marked and well lit.

Sidewalks and parking lots must be well-maintained and free of debris.

Playground surface area must have a soft surface such as rubber, grass, mulch or sand.

Alcohol sales must be less than 35% of total sales for liquor liability coverage. Coverage for liquor liability is not available in all states. When liquor liability coverage is purchased in conjunction with **Restaurant Pac**, liquor receipts are subject to premium audit.

Business income for restaurant segment

Business income and extra expense coverage is included for **Restaurant Pac**. Coverage applies on an actual loss sustained basis for up to 12 consecutive months. Coverage may be written on a policy or location level basis for any dollar limit without the 12-month limitation.

For **Restaurant Pac Plus**, business income and extra expense coverage is optional. When selected, the coverage may be written with a policy or location level dollar limit. The dollar limit is based on 50% of annual receipts and may be modified.

Limits of insurance for Restaurant Pac

The combined minimum limit of insurance for business personal property and restaurant equipment is \$50,000 for all classifications for a single building.

The restaurant equipment limit must not exceed 60% of the total property TIV (business personal property + restaurant equipment) for a single building.

General liability rating for Restaurant Pac Plus

General liability premiums are based on sales. Sales means the gross amount of money charged by the insured, the concessionaires of the insured or by others trading under the insured's name for:

- Goods or products sold or distributed
- Operations performed including parts and labor
- Commissions and fees for services provided
- Rentals
- Dues and fees

Refer to CLM General Rules – 24. D. for specific inclusions and exclusions. Sales are subject to annual premium audit.

For businesses with multiple operations, please follow these guidelines:

- If similar business operations within the same industry segment are conducted at the same location, use the program code appropriate for the predominant business operation. (Example: If a food court has some revenues from selling pizza, classify the business as a food court.)
- If different business operations within the same industry segment are conducted at the same location, separately classify and use the program code appropriate for each business operation. (Example: A steak barbecue restaurant will have dissimilar operations from a catering operation.)

Classifications for Restaurant

For business personal property and for 100% owner-occupied buildings, select the classification that best describes the operations of the insured. For buildings owned by the insured and not fully occupied by the insured, an additional liability charge for lessor’s risk may be applicable. For buildings owned and leased in whole to others, see **Building PacSM** or **Building Pac Plus**.

Coverages for Restaurant fast food

- Restaurant equipment (permanently installed dishwashing, ventilating, cooking and laundering equipment) is included in the building limit. For tenant occupancy, it should be separately listed as restaurant equipment and rated using the building rate
- MP T9 73 – Spoilage-coverage automatically provided for \$5,000
- CG M3 01 – Products/Completed Operations Hazard Redefined – Changes is mandatory
- Eating Establishment Endorsement is available as an option (mutually exclusive with **Power PacSM** Endorsement)
- Used restaurant equipment valuation is an option

Fast Food

Description	Pac Program Code	Pac Plus Program Code	Eligible SIC
Asian <ul style="list-style-type: none"> • Maximum seating capacity is 30 • Higher frequency of duct cleaning may be needed due to heavy grease usage. Please consult with your underwriter. • Hired and non-owned liability option not available if delivery exposure 	83E	R16	5812
Drive-In (Service in car)	83H	R13	5812
Fast Food			
Food courts	83J	R14	5812
Mexican take-out <ul style="list-style-type: none"> • Maximum seating capacity is 30 • Higher frequency of duct cleaning may be needed due to heavy grease usage. Please consult with your underwriter. • Hired and non-owned liability option not available if delivery exposure 	83G	R15	5812
Pizza <ul style="list-style-type: none"> • Maximum seating capacity is 30 • Wood-fired ovens may require careful evaluation. Please consult with your underwriter. • Hired and non-owned liability option not available if delivery exposure 	83U	R17	5812
Subs and sandwich take-out <ul style="list-style-type: none"> • Maximum seating capacity is 30 • Hired and non-owned liability option not available if delivery exposure 	83F	R18	5812
All other <ul style="list-style-type: none"> • Maximum seating capacity is 30 • Hired and non-owned liability option not available if delivery exposure 	83K	R12	5812

Coverages for Restaurant family style

- Restaurant equipment (permanently installed dishwashing, ventilating, cooking and laundering equipment) is included in the building limit. For tenant occupancy, it should be separately listed as restaurant equipment and rated using the building rate
- MP T9 73 – Spoilage-coverage automatically provided for \$5,000
- CG M3 01 – Products/Completed Operations Hazard Redefined – Changes is mandatory
- Eating Establishment Endorsement is available as an option (mutually exclusive with **Power Pac** Endorsement)
- Used restaurant equipment valuation is an option

Family style

Description	Pac Program Code	Pac Plus Program Code	Eligible SIC
<p>Asian</p> <ul style="list-style-type: none"> • Please consult with your underwriter for tableside cooking exposure • Please consult with your underwriter if any banquet or catering services • Higher frequency of duct cleaning may be needed due to heavy grease usage. Please consult with your underwriter. • Hired and non-owned liability option not available if delivery exposure 	83M	R07	5812
<p>Buffet</p> <ul style="list-style-type: none"> • No new business • Hired and non-owned liability option not available if delivery exposure 	83X	R19	5812
<p>Cafeteria</p> <ul style="list-style-type: none"> • Please consult with your underwriter if any banquet or catering services • Hired and non-owned liability option not available if delivery exposure 	83S	R05	5812
<p>Italian</p> <ul style="list-style-type: none"> • Please consult with your underwriter if any banquet or catering services • Hired and non-owned liability option not available if delivery exposure 	83N	R06	5812
<p>Other ethnic cuisine</p> <ul style="list-style-type: none"> • Please consult with your underwriter if any banquet or catering services • Hired and non-owned liability option not available if delivery exposure 	83P	R08	5812
<p>Pizza (no delivery)</p> <ul style="list-style-type: none"> • Wood-fired ovens may require careful evaluation. Please consult with your underwriter. • Please consult with your underwriter if any banquet or catering services • Hired and non-owned liability option not available 	83V	R09	5812
<p>Seafood</p> <ul style="list-style-type: none"> • Please consult with your underwriter if any banquet or catering services • Hired and non-owned liability option not available if delivery exposure 	83Q	R10	5812
<p>Steak barbecue</p> <ul style="list-style-type: none"> • Barbecue pits or smokers must be separate from main premises • Please consult with your underwriter if any banquet or catering services • Hired and non-owned liability option not available if delivery exposure 	83R	R11	5812

Description	Pac Program Code	Pac Plus Program Code	Eligible SIC
<p>All other</p> <ul style="list-style-type: none"> • Please consult with your underwriter • Hired and non-owned liability option not available if delivery exposure 	83T	R04	5812
<p>Banquet and reception services</p> <ul style="list-style-type: none"> • Any off-premises catering operations must be separately classified • None of the following: <ul style="list-style-type: none"> – Civic, VFW, social halls, bingo halls, clubs or dinner clubs – Seasonal operations • Please consult with your underwriter for liquor liability coverage availability • Hired and non-owned liability option not available if delivery exposure 	N/A	R01	5812
<p>Catering</p> <ul style="list-style-type: none"> • Business personal property off premises does not include property rented or leased to others. Use CM T1 12 Property Floater to cover this exposure • No airline caterers; Meals on Wheels; institutional or school caterers • Hired and non-owned liability option not available if delivery exposure 	N/A	R02	5812
<p>Fine dining</p> <ul style="list-style-type: none"> • These accounts are generally more service-oriented and have less table turnover than family style or fast food establishments. Higher priced meals and fine cuisine are also common • Any off-premises catering operations must be separately classified • Hired and non-owned liability option not available if delivery exposure 	N/A	R03	5812

Ineligible operations, products or services for Restaurant

Risks with the following operations should not be written as **Restaurant Pac** or **Restaurant Pac Plus** accounts:

- Armed security guards
- Bars (or restaurants with liquor sales in excess of 50% of total annual revenues)
- Businesses with any of the following exposures:
 - Adult entertainment
 - Happy hours
 - Open 24 hours
 - Operations in conjunction with lodging facilities
 - Operations on three or more levels, including basements
- Concert Venues
- Country clubs or service clubs
- Dance floors (not applicable to banquet and reception risks)
- Dinner theaters
- Home based businesses
- Hookah bars, lounges, or cafes (establishments where customers smoke flavored tobacco through a water pipe). Also known as Shisha bars.
- Marijuana, Hemp, or Cannabidiol (CBD) processing, handling, sales or distribution (including edible forms)
- Meals on Wheels
- Night clubs
- Operations in frame and/or joisted masonry construction located in protection class 8, 9 or 10
- Pubs
- Seasonal operations (open less than eight months per year)
- Street vending in excess of 25% of total revenues



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