Agenda

• Introduction
• Pre-loss discussion
• Post-loss discussion
• Q&A
Introductions
Today’s Speakers

Greg Benefield
Practice Leader
Marsh

- Marsh’s US Food & Beverage Practice Leader.
- Over 30 years of industry experience, providing and coordinating risk management consulting services for large national foodservice clients.
- Held various executive and leadership roles in the food, beverage, and retail sectors.
- Unique strategic and analytical approach to implementation of risk management programs.

Lynn MacGill
Senior Vice President
Marsh Risk Consulting

- Marsh Risk Consulting’s Northeast consultant for the Dimensions 2.0 workers’ compensation benchmarking service.
- Provides expertise and consulting in the risk information and technology arena.
- Guides clients in the best and most efficient management of their risk information through extensive expertise in risk information consulting.

Annette Sanchez
Senior Vice President
Marsh Risk Consulting

- Southern Zone Leader for Marsh Risk Consulting’s Claim Consulting Practice.
- Develops and delivers claims process improvement and cost reduction strategies based upon significant claim, managed care, and senior executive experience.

Cindy Smail
Vice President
Marsh Risk Consulting

- Food & Beverage/Restaurant practice leader for MRC’s Workforce Strategies Practice.
- Helps improve employee safety through the provision of strategic risk identification practices and practical mitigation solutions, workplace efficiency services, and safety culture development.

February 24, 2016
Restaurant Industry Practice 2015 Loss Benchmark Report

Key Facts

• Detailed level workers’ compensation and general liability loss data from participating US restaurants, representing over 44 brands and 12,300 plus locations.

• Robust metrics drilled down by quick-service and fast casual sub-sectors.

• Includes loss program survey data.

• Provides insights to create a foundation for strategic risk management and safety decisions.
Some Key Stats to Whet Your Appetite

Workers’ Compensation Loss Profile

• Frequency rate has decreased 9% over the last five years, in line with other national trends.

• Severity rate has slightly increased since its low point in 2012, but the overall five-year trend indicates a 12% decrease.

General Liability Loss Profile

• Frequency rate over five years remains relatively flat.

• Severity rate experienced an overall five-year decrease of 30%, though 2014 indicated a slight reverse trend.

Program Survey

• 60% of respondents utilize incentive-based safety programs.
POLL
Slips and Falls
Benchmarking Data

Slips and falls are well known hazards in the restaurant industry, however a deeper analysis into the root cause of these incidents may be warranted.
Slips and Falls
Key Insights

• Conduct a deeper analysis into the impact slip resistant shoe programs have had on falls.
  – Height of falls: 17% of falls happen on level ground.
  – Compliance: How well does your company monitor if slip resistant shoes are worn?
  – Quality of shoes: 85% of those surveyed said their shoe program is not company funded, which leaves room for employees to purchase low quality slip resistant shoes.

• Investigate other possible causes of falls such as:
  – Floor surface issues.
  – Cleaning program.
  – Mat program.
  – Housekeeping.
Slips and Falls
Improvement Solutions

• Conduct a safety gap assessment.

• Evaluate floor materials to determine dry and wet slip resistive qualities to inform material selection.

• Evaluate current floor sanitation and maintenance and develop a program to accurately and reliably measure the walking surface condition and the impact of the chemistry used to clean the floor.

• Build comprehensive slip-and-fall programs specific to your organization.

Case Study

<table>
<thead>
<tr>
<th>Issue</th>
<th>Solution</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escalating employee and customer accident costs.</td>
<td>Comprehensive slip/trip/fall assessment.</td>
<td>General liability claims costs over the past six years decreased over 85%.</td>
</tr>
</tbody>
</table>
Cuts are a high-frequency, low-cost claim.
Cuts
Key Insights

Evaluate the root causes of cuts:
• Implement equipment changes.
• Knife and slicer protocols.
• Dishwashing process.
• Broken dish protocols.
• Protective equipment.

Potential risks:
• There are likely many cuts that required only first aid and are not captured in claim data. However, frequency can drive severity.
• The number of disruptions to business functions caused by these injuries.
• The potential for employee exposure to blood.
• The potential food safety impact (i.e., blood, bandages in food, image, etc.)
Cuts
Improvement Solutions

• Conduct a safety gap assessment.
• Evaluate current programs and processes.
• Develop or modify an existing training program to reduce frequency of cuts.
• Review equipment in place and determine if alternatives are needed.

Case Study

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<td>High workers’ compensation costs, with incidents and injuries involving significant downtime of processes and/or packaging operations, complicated with additional time lost if need to sanitize equipment after contact with or release of bodily fluids.</td>
<td>A thorough analysis of workplace/workforce issues, current state/desired state, and data needs generated a pertinent set of strategic solutions. Where certification was an issue, conducted a gap assessment/audit based upon their safety management system in comparison to 18001 and site practices.</td>
<td>Success ranged from a reduction in workplace incidents and lower workers’ compensation costs, to 18001 certification, to the development of a site safety audit system and standards that provides a data-based, accurate picture of performance that can be used as the client’s own certification system.</td>
</tr>
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Motor Vehicle Collisions
Benchmarking Data

Motor vehicle collisions are a significant exposure from an employee claim cost and an auto liability perspective.

<table>
<thead>
<tr>
<th>MINOR CAUSE DESCRIPTION</th>
<th>% CLAIMS</th>
<th>% INCURRED</th>
<th>AVG. INCURRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicle Accident - Unknown</td>
<td>51%</td>
<td>48%</td>
<td>$11,366</td>
</tr>
<tr>
<td>– Crash/Collision</td>
<td>48%</td>
<td>50%</td>
<td>$12,726</td>
</tr>
<tr>
<td>– Roadway</td>
<td>1%</td>
<td>2%</td>
<td>$36,841</td>
</tr>
</tbody>
</table>
Motor Vehicle Collisions

Key Insights

• An average incurred for a roadway claim is over $36,000.

• Significant controls and programming must be instated to mitigate these risks.

• Keep the cost of motor vehicle collisions in mind when considering incorporating catering or delivery services into business operations.
Motor Vehicle Collisions Improvement Solutions

• Fleet safety injury avoidance measurement gap.
• Fleet regulatory gap.
• Behavioral driving training.
• Other fleet risk control services.

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<tr>
<td>Escalating costs associated with employee, customer, and vehicle accidents.</td>
<td>Cohesive processes impacting upstream, midstream, and downstream activities such as design and equipment assessments, safety program development, hazard identification, training, and restaurant visits with an aggressive continuous improvement approach.</td>
<td>Short term reductions in worker’s compensation costs of 15% and 37% in general liability costs for year one equating to over $800K savings. Over an eight-year partnership and through aggressive risk control activities, exponential year-over-year savings totaling $14M.</td>
</tr>
<tr>
<td>Escalating costs associated with employee and vehicle accidents.</td>
<td>PACE behavioral driver training and onsite visits with an aggressive continuous improvement approach.</td>
<td>Over a nine-year partnership, this program yielded a 70% reduction in workers’ compensation cost per $1,000 of payroll.</td>
</tr>
</tbody>
</table>
Lag time has improved over the years, but there may still be opportunity to improve reporting systems.
Lag Time
Key Insights

• OSHA’s new reporting rule took effect in 2015 and requires reporting of serious incidents within 24 hours.

• As a result, revised reporting procedures from the restaurant upward may be necessary to meet OSHA’s expedient timing.

• Injury information may be reported by the employee faster than before.

• Any gains in lag time will likely have a positive impact on claims processing and costs.
Lag Time
Improvements Solutions

• Look at systems to maximize the reporting of employee injury information to claims.
POLL
24/7 Nurse Triage
Benchmarking Data

24/7 Nurse Triage can help to improve the speed and quality of reporting new injuries.

Do you use Nurse Triage?

- Yes, on all cases: 35%
- Yes, on selected cases/shifts only: 17%
- No/unknown: 43%
- Varies by location: 4%

How are the majority of Nurse Triage calls reported to Claim Intake?

- Nurse triage reports to claim intake: 50%
- Claim intake (telephonic/electronic) sends referral to nurse: 25%
- Nurse triage contacts claims adjuster for treatment approval, triggering claim intake: 0%
- Varies by location and by claim: 8%
- Other: 33%
- Unknown: 0%
24/7 Nurse Triage
Key Insights

• Industry-wide, injuries sustained by workers within the restaurant sector are being reported to the claims administrator more quickly.

• However, 20% of lost time claims are still reported more than a week after the injury was sustained.

• Reporting lags contribute to increased medical, indemnity, and expense claim costs.
24/7 Nurse Triage
Improvement Solutions

24/7 Nurse Triage offers notable advantages:

• These claims are easy to report via telephone at any time of the day or night, mitigate litigation by focusing the claims process on advocacy, and improve incident insight through granular reports.

• Employees speak directly with a nurse in an non-adversarial conversation rather than with on-site supervisors.

• Emergency situations are quickly recognized and appropriate responders are identified and contacted.

• Reduces unnecessary emergency room visits, claim frequency, and disability days.

• National guidelines and treatment decision protocol are used by nurses to ascertain the appropriate level of treatment for the specific injury.

• Improves OSHA compliance, provider network penetration, and usage of pharmacy first-fill benefits.
Return to Work and Disability Durations
Benchmarking Data

A strong and consistent return-to-work program can be one of the best ways to mitigate incurred lost time claims.

Do you have a “formal” company-wide Return-to-Work (RTW) Program in place?

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<tbody>
<tr>
<td>Yes</td>
<td>78%</td>
</tr>
<tr>
<td>No</td>
<td>17%</td>
</tr>
<tr>
<td>No corporate policy, varies by location</td>
<td>4%</td>
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Do you benchmark the duration of disabilities by type of injury?

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<tr>
<td>Yes, we conduct internal company only trends</td>
<td>22%</td>
</tr>
<tr>
<td>Yes, my TPA provides me with a comparison to their book of business</td>
<td>44%</td>
</tr>
<tr>
<td>Yes, I compare my results with other external sources of data</td>
<td>28%</td>
</tr>
<tr>
<td>No, I do not receive any benchmark comparisons on disability duration</td>
<td>33%</td>
</tr>
</tbody>
</table>
Return to Work and Disability Durations

Key Insights

• While 78% of the respondents reported having formal return to work program in place, far fewer are able to quantify the impact of reduced disability durations through objective benchmarks.

• Claims don’t improve with age. The average incurred lost time claim at five years is nearly $32,000.
Return to Work and Disability Durations
Improvement Solutions

Key elements of a strong return to work program include:

• Senior management’s commitment to champion the program and drive accountability.

• Accountability driven through an allocation system.

• Written policy clearly defining the roles of key constituents that are easily understood by:
  – Employees.
  – Supervisors.
  – Claim adjusters.
  – Clinicians.
  – Corporate stakeholders.

• Defined procedures and escalation process.

• Identified tasks.

• Actionable metrics.
General Liability: Guest Incidents
Benchmarking Data

There is a very important balance that must be managed when a guest has a negative experience that involves either property damage or an injury.
General Liability: Guest Incidents

Key Insights

The frequency and severity litigation in the restaurant sector dropped dramatically over the five-year period of this benchmark report.

Guest relations has taken a larger role both at the restaurant and at the corporate level in contributing to this decrease through:

- The use of gift cards.
- Utilizing scripted first contacts on all incidents that highlights the value placed on the guest.
- Achieving first-call minimal settlements without admitting liability.

$4,726 in Claims
Vs.
$47,388 in Litigated Claims
(5 years combined)
General Liability: Guest Incidents
Improvement Solutions

When defending a claim is the right action, advance planning is highly advantageous:

- Selective defense counsel panel.
- Stringent escalation protocols for foodborne illnesses.
- Clear litigation management protocols with clearly defined roles and responsibilities:
  - Preservation of evidence (chain of custody).
  - Initial collection of documentation.
  - Roles of the adjuster and the attorney.
- Conduct an operational assessment with a focus on litigation management.

**Case Study**

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<td>Cohesive processes impacting upstream, midstream, and downstream activities such as design and equipment assessments, safety program development, hazard identification, training, and restaurant visits with a focused continuous improvement approach.</td>
<td>An ROI of 173% over a two-year period, equating to over $550K savings and 157% decrease in severity per million dollars in payroll.</td>
</tr>
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</table>
QUESTIONS
For More Information

If interested in learning more about the report and benchmarking your own data against your peer group, contact Pam Hobbs, RiskIQ practice leader, at pamela.e.hobbs@marsh.com.

Upcoming Marsh webcasts & events:

- **March 8th 2pm EST** – “Anatomy of a Product Contamination Event” – [Register today](#).
- **April 10th 3:30-5 pm**: RIMS Food & Beverage Reception, San Diego, CA.
- **April 11th 3:30 pm-5 pm**: RIMS Retail/Wholesale & Restaurants Roundtable, San Diego, CA.
- **August 23-24, 2:00 pm**: 2016 Restaurant Risk Management Summit. Arby’s Conference Center, Atlanta, GA.
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