

2020 Restaurant Industry Loss Cost Trends Webinar: How Do You Compare?

March 10, 2021

Today's speakers



David Olson, Vice President
Marsh Advisory
Managing Consultant, Risk IQ
David.Olson@marsh.com



Cindy Smail, Senior Vice President
Marsh Advisory
Food & Beverage Leader
Workforce Strategies
Cindy.Smail@marsh.com



Joseph Griswold, Senior Vice President
Marsh Advisory
Director, Claims Consulting Practice
Joseph.Griswold@marsh.com



Michelle Okolo, Vice President
Marsh Retail/Wholesale, Food & Beverage
Marketing Business Partner
Michelle.Okolo@marsh.com

AGENDA

Welcome & Overview

Michelle Okolo, Marsh US Industry Marketing

Key Findings of 2020 Restaurant Loss Cost Trends Report

David Olson, Marsh Advisory Risk IQ

Workers' Comp & GL Insights, Implications & Best Practices:

Cindy Smail, Marsh Advisory Workforce Strategies

Panel Discussion – Shifts in Restaurant Risk Management Strategies:

Joe Griswold, Marsh Advisory Claims Consulting

Cindy Smail Marsh Advisory Workforce Strategies


David Olson, Marsh Advisory Risk IQ

Q & A and Close

Michelle Okolo, Marsh US Industry Marketing

Opening Remarks

- Background & History - 2020 Report is 3rd edition
- Participation remains strong
- A report “tailor made for you”– Designed in collaboration with your Restaurant Peers
 - Paul Beattie, Director of Risk Management, Portillo’s, LLC.
 - Rob Benhke, Director of Risk Management, Cracker Barrel/Old Country Store, Inc.
 - Cindy Drury, Director, Risk Management, Panera, LLC.



RESTAURANT INDUSTRY SEGMENT | DECEMBER 2020

2020 Restaurant Loss Cost Trends Report

CONTENTS

01	Foreword	24	Loss Data Trends: General Liability
02	Executive Summary	25	Frequency/Severity Rates
03	Loss Data Trends: Workers' Compensation	26	Average Paid/Incurred
04	Frequency/Severity Rates	28	Duration of Closed Claims
05	Average Paid/Incurred	30	Jurisdiction Analysis
07	Lag Time	32	Major Cause of Injury
08	Duration/Open Claims	34	Major Nature of Injury
10	Major Cause of Injury	36	Major Part of Body Injured
12	Major Nature of Injury	38	Age of Injured Claimant
14	Major Part of Body	40	Methodology
16	Occupation of Injured Employee		
18	By Jurisdiction		
20	Age of Injured Employee		
22	Length of Injured Employee's Service		

Overview & Key Findings of 2020 Restaurant Loss Cost Trends Report

David Olson, Vice President
Marsh Advisory, Risk IQ

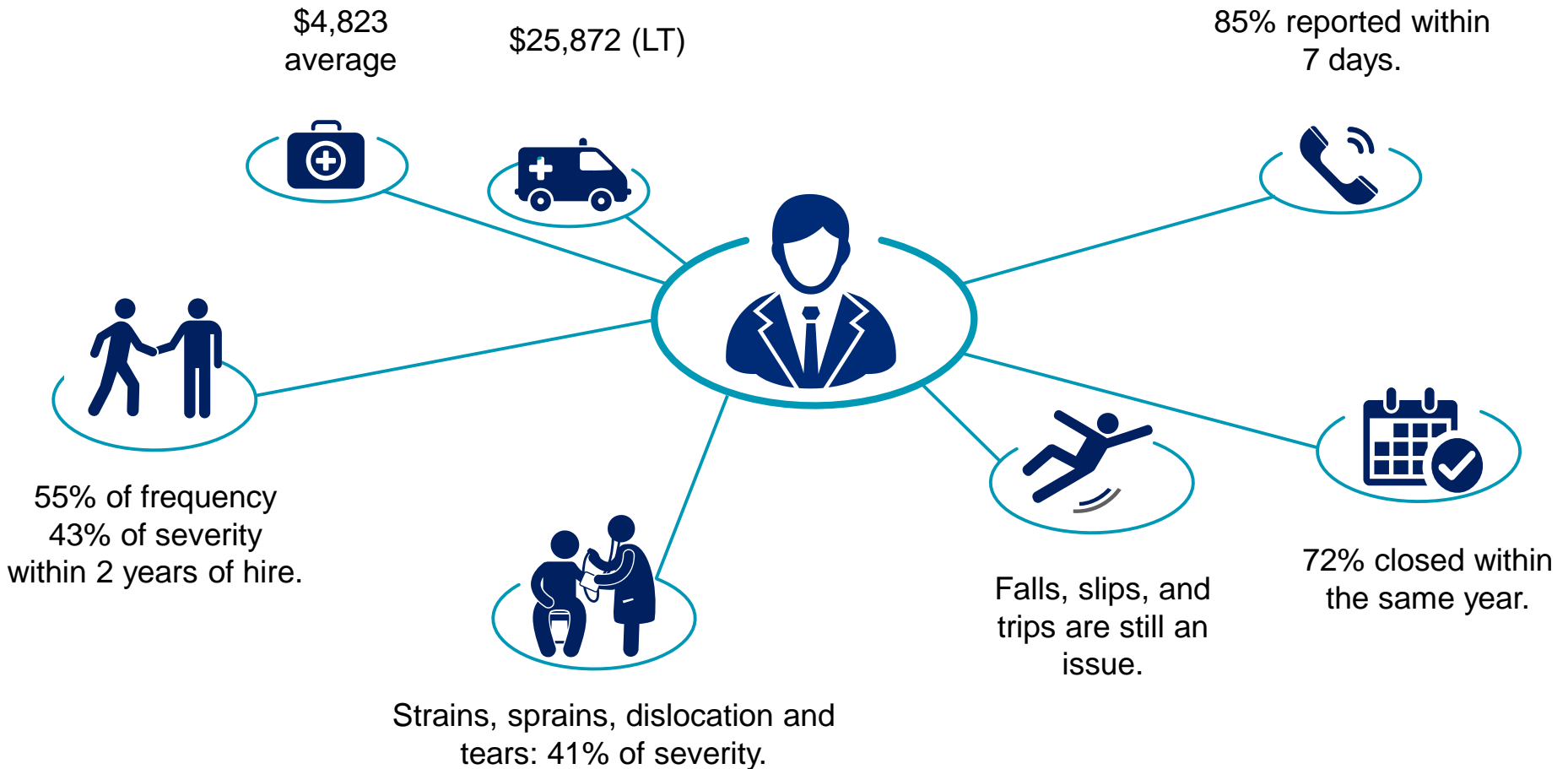
Restaurant Industry Practice 2020 Reports

Key Facts

- Detailed workers' compensation and general liability loss data and survey responses from participating US restaurants, representing over 80 brands and 30,000 plus locations.
- Robust metrics drilled down by quick-service and fast casual sub-sectors for 2015 – 2019 claims.
- Includes risk management best practices survey data.
- Provides insights to create a foundation for strategic risk management and safety decisions.



What does a Workers' Compensation Claim Look Like?



What does a General Liability Claim Look Like?

\$6,893
average

\$46,432
(litigated)

Expense was 25% of cost
for litigated claims.



Claimant age: 35-54 34% of
frequency
36% of severity.

Falls, slips, and
trips are still an
issue.

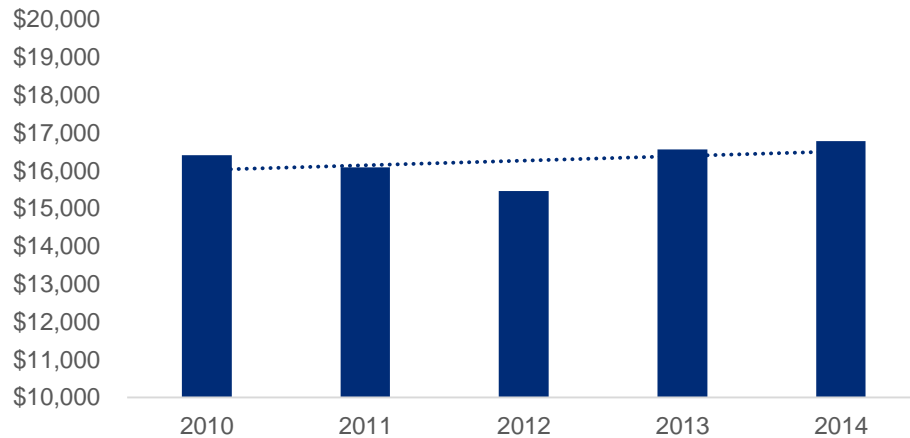
85% closed within
12 months.

Claimant age: 70+
average \$15K.

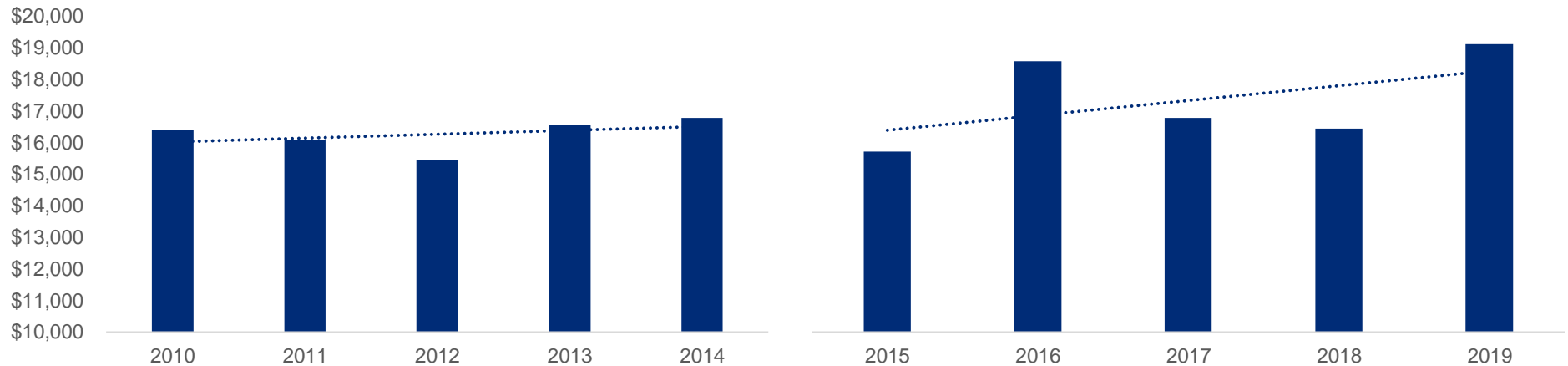
Trends to Watch

Workers' Compensation Lost Time

Average Incurred Of a Lost Time Claim
2010 - 2014 (at 12 months)

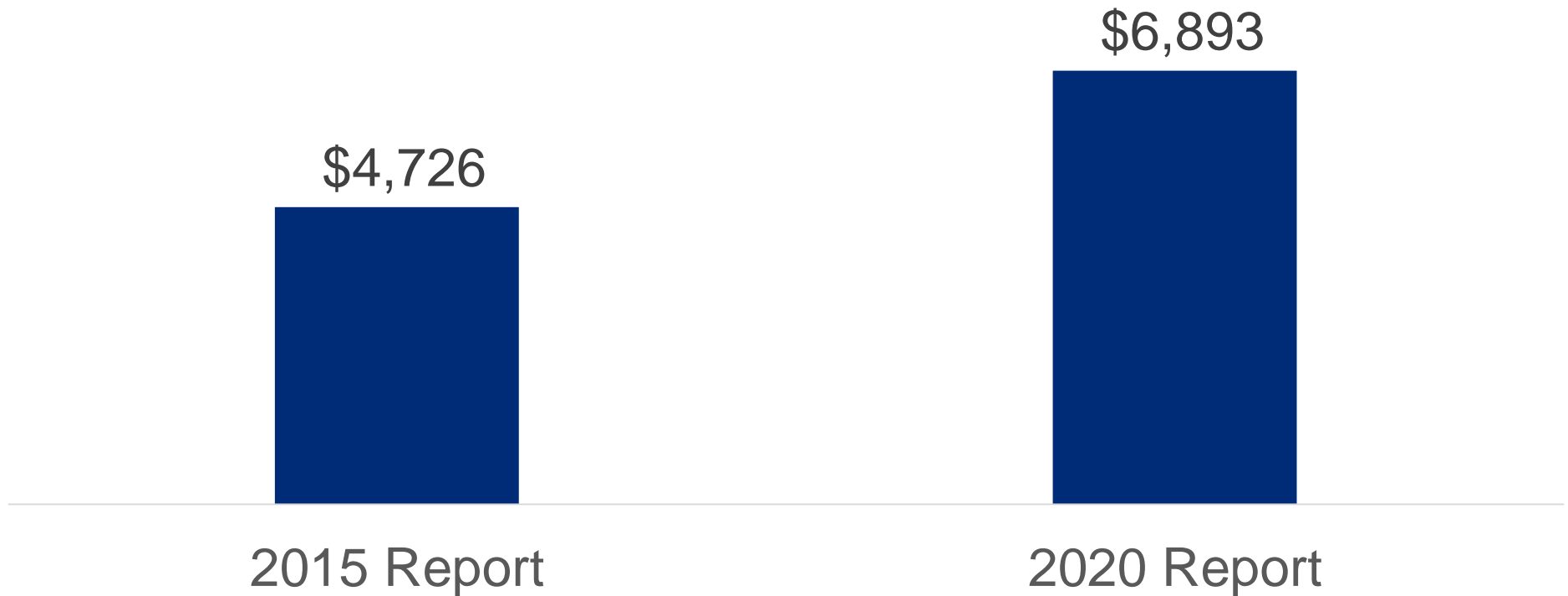


Average Incurred Of a Lost Time Claim
2015 - 2019 (at 12 months)



Trends to Watch

Average Incurred of a General Liability Claim



Workers' Comp & Guaranteed Liability Loss Control Insights, Implications & Best Practices

Cindy Smail, Senior Vice President
Marsh Advisory, Workforce Strategies

Workers Compensation Causes

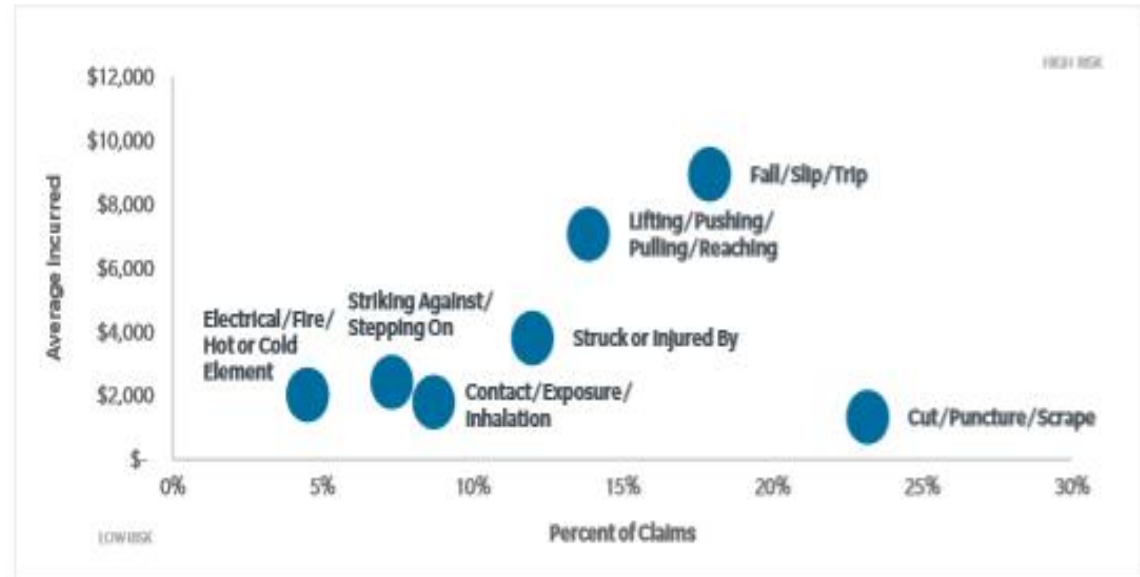
Falls are still a top cost

- Evaluate the impact your slip resistant shoe program has had on falls.
- Review your floor cleaning program.
- Consider if chemicals used are effective.

Cuts are still most frequent

- Evaluate knife handling procedures.
- Consider cut glove use.
- Ensure broken glass and dishware protocols are effective and being followed.

Top Major Causes of Injury — 2015 to 2019, Valued at December 31, 2019



Motor Vehicle Accidents Lead Costs per Claim

Percent of Total Major Cause of Injury — 2015 to 2019,
Valued at December 31, 2019

Major Cause of Injury	All Claims				Lost-Time Claims Only		
	Incidents and Claims	Claims	Percent of Incurred	Average Incurred	Lost-Time Claims	Percent of Incurred	Average Incurred
Cut/Puncture/Scrape	21%	23%	7%	\$1,329	11%	4%	\$9,164
Fall/Slip/Trip	20%	18%	37%	\$8,941	29%	40%	\$33,082
Lifting/Pushing/Pulling/Reaching	12%	14%	22%	\$7,058	21%	24%	\$28,547
Struck or Injured By	13%	12%	11%	\$3,805	12%	10%	\$20,391
Contact/Exposure/Inhalation	9%	9%	4%	\$1,793	6%	3%	\$10,693
Striking Against/Stepping On	7%	7%	4%	\$2,426	5%	4%	\$16,945
Electrical/Fire/Hot or Cold Element	5%	5%	2%	\$2,025	5%	2%	\$9,807
All Other	4%	4%	2%	\$1,835	3%	2%	\$14,660
Caught In/Under/Between	3%	3%	2%	\$3,214	2%	2%	\$20,011
Repetitive Motion/Cumulative Trauma	1%	1%	4%	\$11,611	4%	4%	\$27,363
Foreign Body in Eye	1%	1%	0%	\$692	0%	0%	\$5,841
Motor Vehicle Accident	1%	1%	4%	\$14,909	1%	4%	\$70,498
Occupational Disease	1%	1%	0%	\$1,133	0%	0%	\$0
Violent Act/Aggressive Behavior	1%	1%	2%	\$9,668	1%	2%	\$45,193
Bite/Sting	0%	0%	0%	\$908	0%	0%	\$8,722
Psychological/Stress	0%	0%	0%	\$4,914	0%	0%	\$22,046
Hearing Loss	0%	0%	0%	\$1,924	0%	0%	\$5,929

This was before the pandemic and wider delivery implementation.

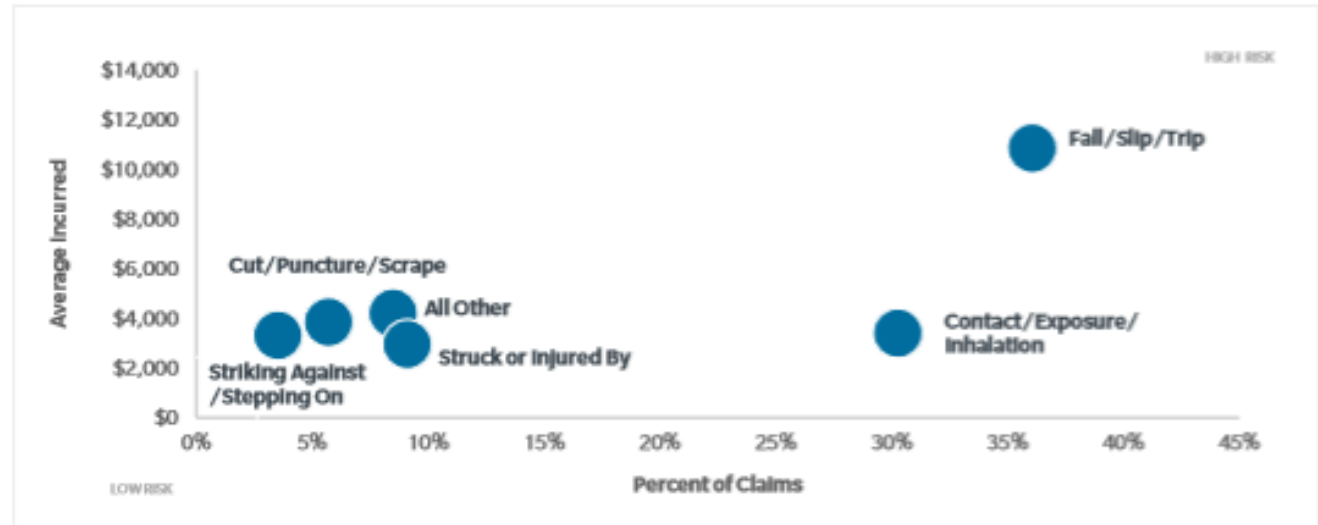
In-house Delivery Risk Mitigation



General Liability Causes

- Falls continue to be the most frequent cause of general liability cases.
- Consider conducting a hazard analysis to review safety program impact, floor and exterior surface hazards and floor cleaning program effectiveness.

Top Major Causes of Injury — 2015 to 2019, Valued at December 31, 2019



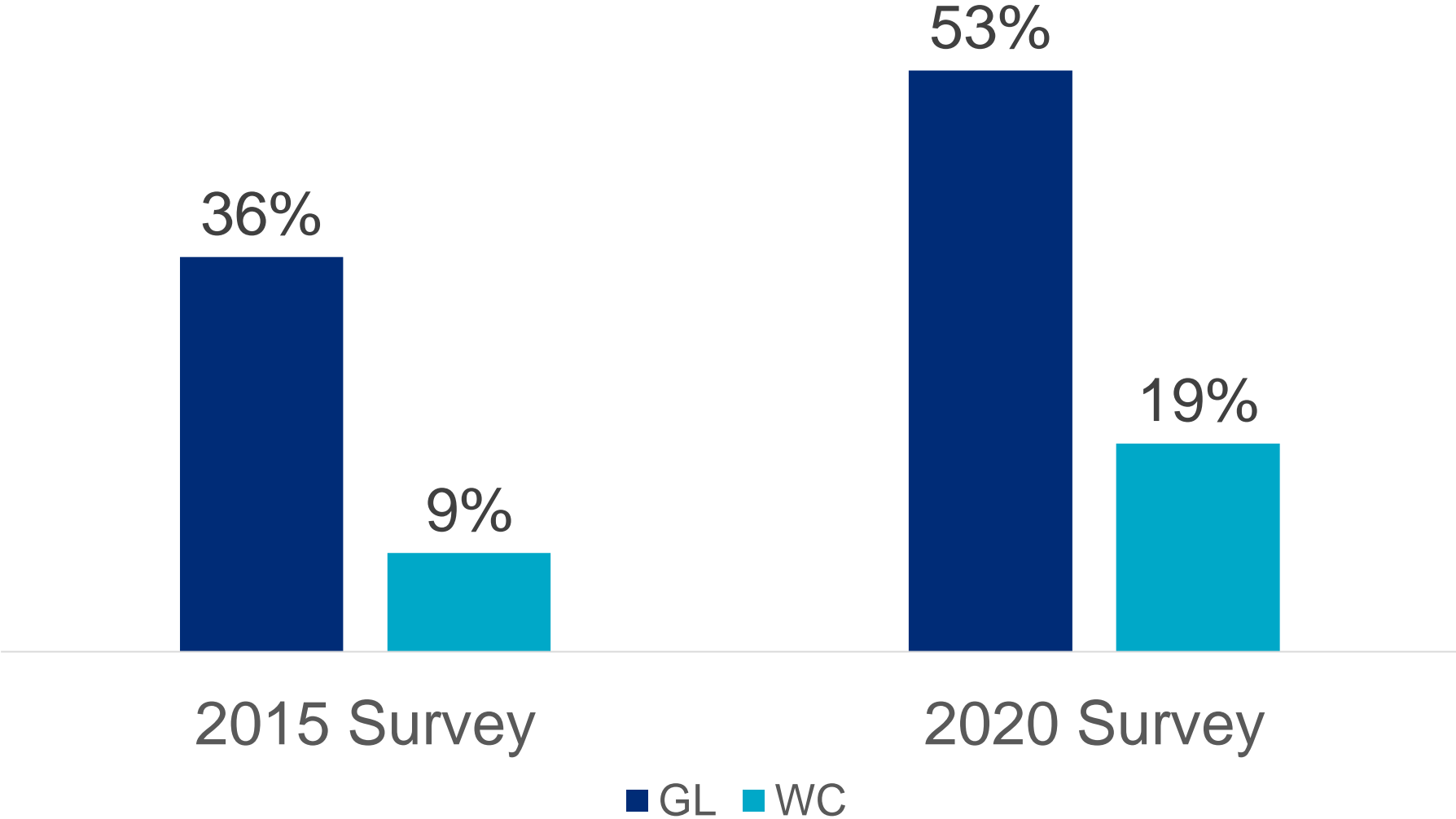
Best Practices and Recommended Strategies

- Conduct a safety gap assessment.
- Evaluate current programs and processes.
- Develop or modify existing training.
- Review equipment in place as well as equipment approval processes.

Panel Discussion: Shifts in Restaurant Risk Management Strategies

Joe Griswold – Marsh Advisory Claims Consulting
David Olson – Marsh Advisory Risk IQ
Cindy Smail – Marsh Advisory Workforce Strategies

Restaurants Taking On More Responsibility for Claim Administration



Complexities of Self-Administration

Benefits of Self-Administration

Alignment

- Better ability to align with corporate mission and goals.
- Claim programs reflect core business/philosophy.
- Increases collaboration within the organization to mitigate and resolve claims.
- Fosters integration with other benefits and leave programs for injured employees.
- Stronger alignment between claims and safety.

Customers

- Better protection of the brand through nimble decision making.
- Improved control through direct relationships with customers and employees.
- Enhanced customer and employee satisfaction – translates to improved litigation outcomes.
- Increased customer loyalty and retention.

Customization

- Deployment of consistently aligned claim management philosophy and infrastructure.
- Better able to invest in innovations and industry disrupters.
- Increased control over quality and outcomes.
- No need to compete for TPA resources and priorities.
- Elimination of risk of TPA M&A, staff turnover, etc..

Complexities of Self-Administration

The Challenges to Self-Administration



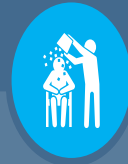
Technology

Build or lease operating system(s), resources to manage, data management and warehousing, interface management and ongoing costs, sustained investment in technology and innovations.



Unbundled Services

Vendor management and oversight to procure and customize services, assure quality and measure outcomes.



E&O and Penalties

Direct risk in managing program – penalties, bad faith, E&O, internal fraud concern, and loss of insulation from denials.



Logistics

Facilities, additional administration, hardware and software, office equipment, check issuance, etc..



Flexibility

Ability to scale, create career paths, adjust to market disruptions, business continuity capabilities (handle CAT events) and compete with core business priorities.



Continual Improvement

Maintenance of quality assurance program, best practices, appropriate reserving and closing practices.



Compliance

Keeping pace with legislative changes, revisions and reforms, significant case law, 1099s, licensing requirements.



Human Capital

Sustained investment in recruitment, replacement effort, benefits, training, retention, turnover, and workload models.



Carrier Requirements

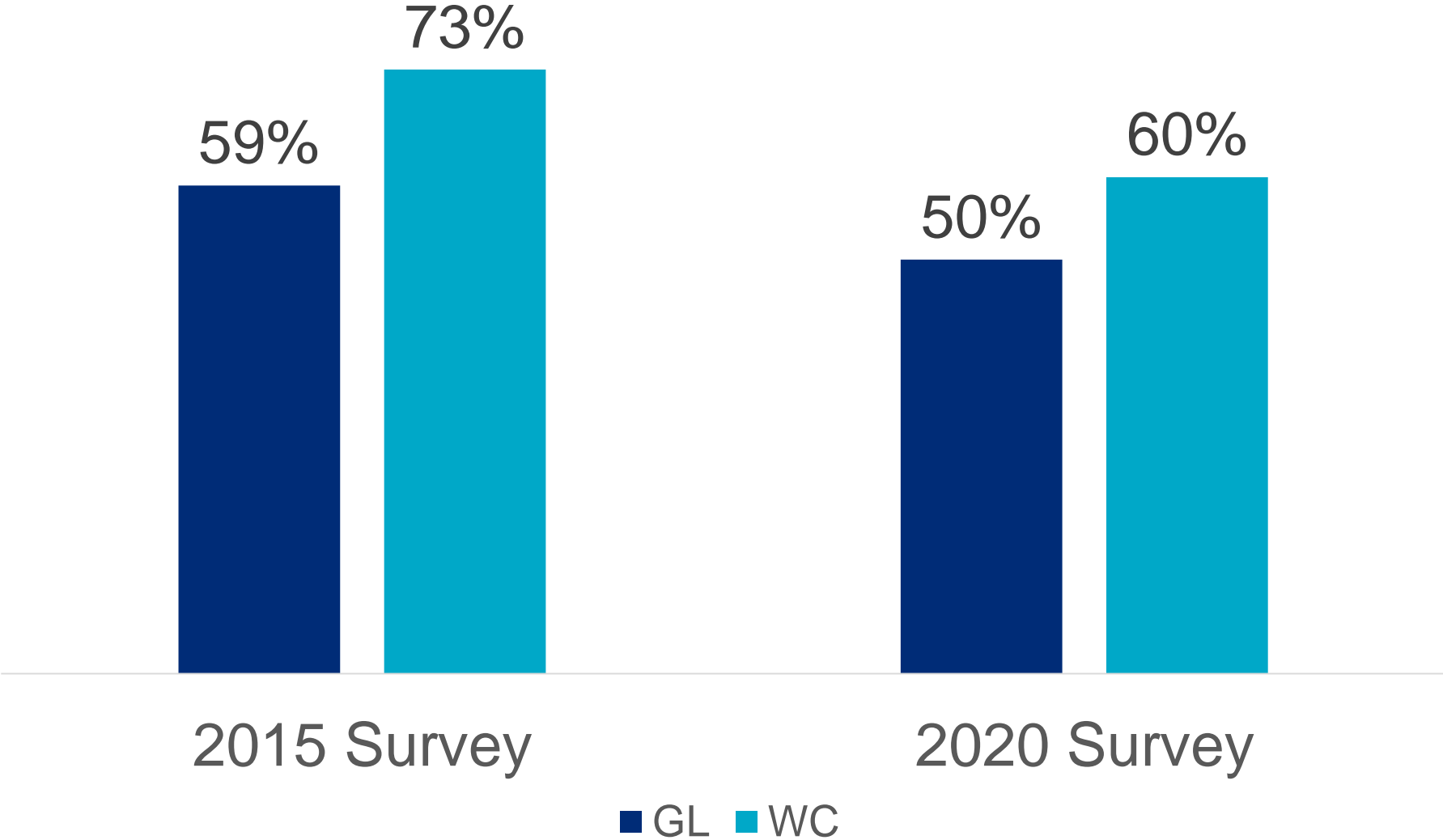
Maintenance of self-administration designation from carriers and regulatory bodies, portability potentially restricted.



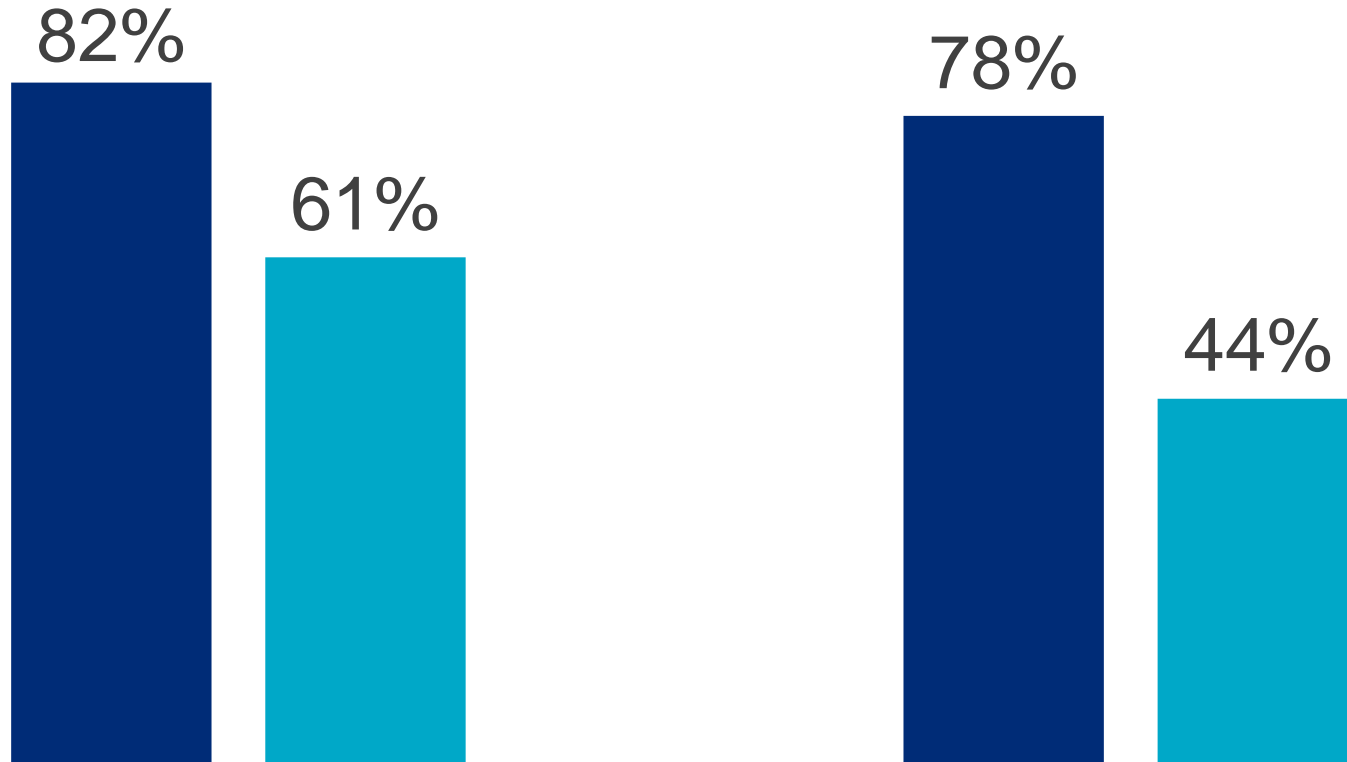
Managed Rollout

Big bang v. measured rollout (e.g., legacy vs. new claims, lines of coverage, and jurisdictions).

Decreased Use of Cost Allocation Models



Opportunities to Build Out RTW Programs

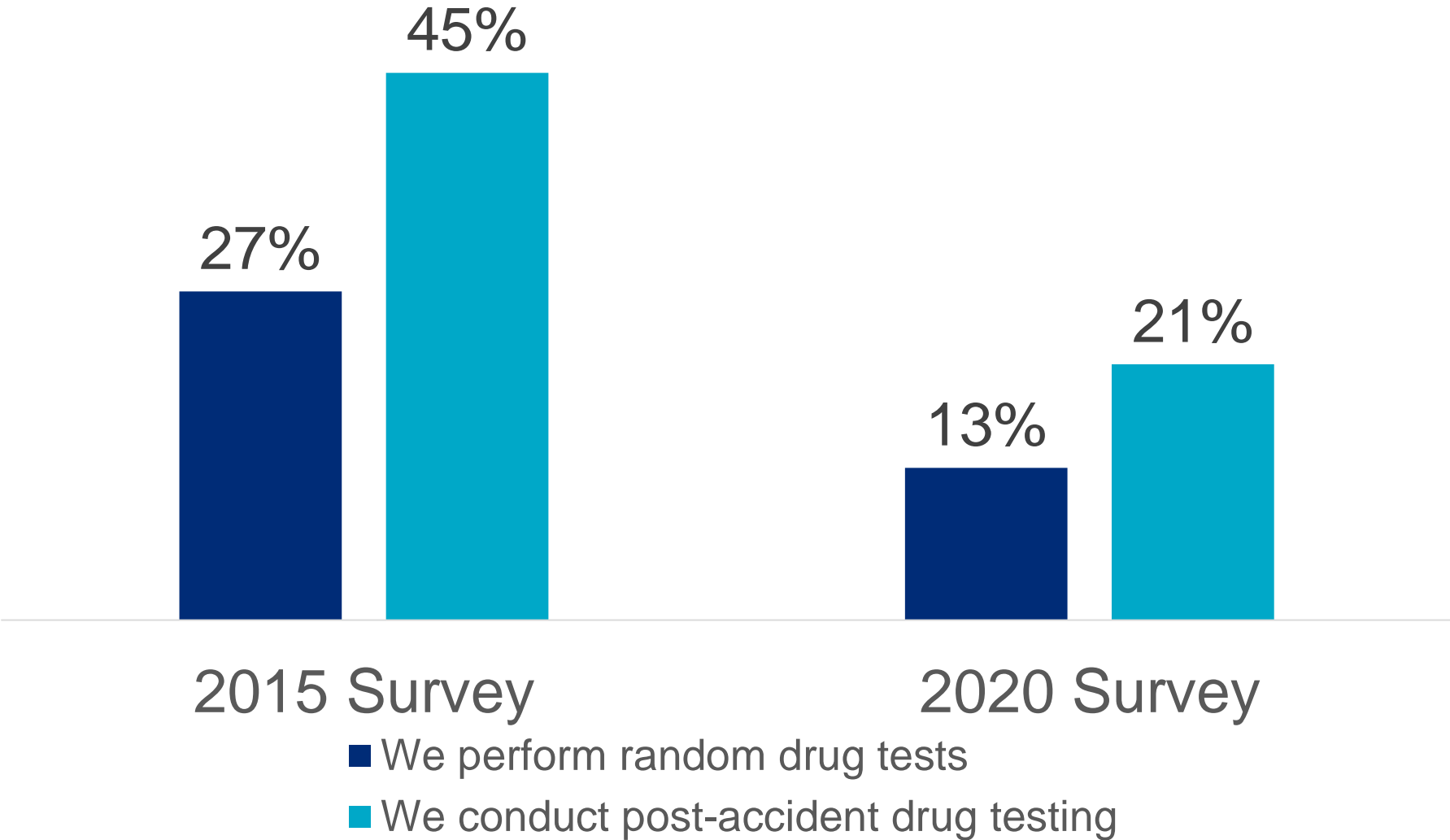


2015 Survey

2020 Survey

- Has a formal RTW program
- Written job bank is standard for all locations

Drug Testing Landscape is Changing





Q&A

Thank You for Attending!



This document and any recommendations, analysis, or advice provided by Marsh (collectively, the “Marsh Analysis”) are not intended to be taken as advice regarding any individual situation and should not be relied upon as such. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Marsh shall have no obligation to update the Marsh Analysis and shall have no liability to you or any other party arising out of this publication or any matter contained herein. Any statements concerning actuarial, tax, accounting, or legal matters are based solely on our experience as insurance brokers and risk consultants and are not to be relied upon as actuarial, tax, accounting, or legal advice, for which you should consult your own professional advisors. Any modeling, analytics, or projections are subject to inherent uncertainty, and the Marsh Analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. Marsh makes no representation or warranty concerning the application of policy wording or the financial condition or solvency of insurers or reinsurers. Marsh makes no assurances regarding the availability, cost, or terms of insurance coverage. Although Marsh may provide advice and recommendations, all decisions regarding the amount, type, or terms of coverage are the ultimate responsibility of the insurance purchaser, who must decide on the specific coverage that is appropriate to its particular circumstances and financial position.

Copyright © 2021 Marsh LLC. All rights reserved.

MA16-13880