

# Commercial Risk Summary – Warehouse & Storage

---

## COLD STORAGE PLANTS

SIC CODE: 4222 Refrigerated Warehousing and Storage

NAICS CODE: 493120 Refrigerated Warehousing and Storage

Suggested ISO General Liability Code: 99917

Suggested Workers Compensation Code: 8291, 8031, 7380

**Description of operations:** Cold storage plants offer long- and short-term storage of goods of others in climate-controlled freezers, coolers, or refrigerators. Goods stored can include such items as fruit, flowers, furs, poultry, meat, seafood, dairy products, and other fresh or frozen foods. Goods may be brought to the facility by customers, or the warehouse may offer packaging and transportation services. Outgoing transportation from the warehouse may be by trucks, railcars, or barges. Those specializing in food products are regulated by the federal Food and Drug Administration (FDA), which can make inspections at any time.

**Property exposures** come from the combination of ignition sources such as faulty or inadequate electrical wiring and equipment malfunctions, open construction and large quantities of combustible materials. All wiring must be up to code and adequate for the operations performed. Equipment must be inspected and maintained on a continuing basis. Ammonia leaks could cause explosion. Detection systems should be in place. Ammonia pipes should run outside the building to prevent accidental collision with forklifts inside the building, and have impact barriers around them to prevent contact with vehicles. Emergency shut-off valves must be in place, and exhaust systems available to allow venting in the case of a leak. Good housekeeping and fire controls are critical. Smoking should be prohibited. If there is a sprinkler system, heads must be located high enough to avoid accidental contact with forklifts, but with enough clear space from storage facilities to allow unobstructed operation in the event of a fire. Forklifts should be refueled in a separate, ventilated area away from combustibles. Stored products may be a target for thieves. Appropriate security controls must be taken including physical barriers to prevent entrance to the premises after hours and an alarm system that reports directly to a central station or the police department.

**Business income and extra expense exposures** are high as recovering from a loss could require a lengthy time to rebuild the facility and purchase replacement refrigeration equipment.

**Equipment breakdown exposures** are significant as temperatures must remain constant for refrigeration equipment. All equipment must be inspected and maintained on a regular basis. Back-up generators should be available.

**Crime exposure** is from employee dishonesty. Background checks, including criminal history, should be performed on all employees handling money. Cold storage operations involve a number of transactions and accounts that can be manipulated if duties are not separated. Regular audits, both internal and external, are important in order to prevent employee theft of accounts. Receipts must be provided for all payments and compared to money received.

**Inland marine exposures** include accounts receivable, computers, contractors' equipment, goods in transit, valuable papers and records, and warehouse operators' legal liability. Contractors' equipment includes forklifts, cherry pickers, and hand trucks used for moving stored items. Goods in transit coverage is needed if the operation includes pickup and delivery of customers' goods. Warehouse operators' legal liability will depend on the contract between the facility and its customers, which should spell out who is responsible for damage to stored goods. Additional coverage for spoilage and ammonia contamination should be considered as even a small power interruption could result in all frozen goods being condemned as unfit for consumption or sale. Duplicates must be kept of all data to permit easy replication in the event of a loss.

## Commercial Risk Summary – Warehouse & Storage

---

**Premises liability exposure** is generally limited due to lack of public access to the storage facilities. Customer access should be limited to waiting areas, which should be kept clean, dry and free of obstacles. Proper attention to housekeeping is needed to prevent trips, slips, and falls. Contracts with transportation and storage providers may expose the operation to additional liability. The plant may have a railroad sidetrack or dock. An employee should verify that no one is in the path of an incoming or outgoing train. Railroad tracks and conveyors can be attractive nuisances. The premises should be enclosed by fencing with "No Trespassing" signs posted.

**Environmental impairment exposure** due to ammonia and other refrigerants can be high. All underground tanks and pipes should be routinely tested for leakage. Spill procedures must be in place to prevent the accidental discharge of contaminants. Record keeping is critical. Contracts should be in place to dispose of all environmentally dangerous chemicals.

**Automobile exposure** can be high if pickup or delivery services are provided. All drivers must be well trained and have valid licenses for the type of vehicle being driven. MVRs must be run on a regular basis. Random drug and alcohol testing should be required. Vehicles must be well maintained, including refrigeration systems, with records kept at a central location.

**Workers compensation exposure** is very high. Back injuries such as hernias, sprains, and strains can result from lifting. Workers should be trained in proper lifting techniques and have conveyances available. Forklift operators must be properly trained. Shelving must be stable to prevent stored goods from falling onto workers. Leaking ammonia is a serious health hazard that can lead to lung damage or even death. Protective breathing equipment must be available for cleaning up leaks. Floor coverings or coatings may be slick and accumulate condensation, posing slip and fall hazards. Housekeeping is critical. To avoid frostbite and hypothermia resulting from exposure to sub-zero temperatures, the length of time spent in refrigerated areas must be limited, and protective clothing required. If the warehouse has a dock for loading onto barges, it may need U.S. Longshore and Harbor Workers coverage in addition to workers compensation.

### **Minimum recommended coverage:**

Building, Business Personal Property, Business Income and Extra Expense, Equipment Breakdown, Employee Dishonesty, Accounts Receivables, Computers, Contractors' Equipment, Goods in Transit, Valuable Papers and Records, Warehouse Operators' Legal Liability, General Liability, Employee Benefits, Environmental Impairment, Umbrella, Hired and Nonownership Auto, Workers Compensation

### **Other coverages to consider:**

Earthquake, Flood, Spoilage, Cyberliability, Employment-related Practices, Business Auto Liability and Physical Damage, Stop Gap Liability, U.S. Longshore and Harbor Worker Coverage

# Commercial Risk Checklist – Warehouse & Storage

---

**Agent:** The coverages listed below are suggested for consideration for warehousing operations. After evaluating each of the listed coverages, check the recommended blank by those that apply specifically to this client. Make sure both the exposure and the coverage are explained to the client. Each coverage and option is explained in the Insurance Coverage Definitions document.

**Client:** For each of the coverages that the agent has recommended, initial whether you have chosen to accept or reject that coverage in the blanks provided.

## PROPERTY COVERAGES

	Recommend	Accept	Reject	
<b>Building and Personal Property Coverage Form</b>				
Building	_____	_____	_____	
Business Personal Property	_____	_____	_____	
Personal Property of Others	_____	_____	_____	
Improvements and Betterments	_____	_____	_____	
<b>Condominium Coverage Form</b>				
Condo-Unit Owners Coverage	_____	_____	_____	
<b>Commercial Output Policy</b>				
_____				
<b>Building and Personal Property Coinsurance</b>				
_____				
Percentages	None	80%	90%	100%
Bldg	_____	_____	_____	_____
BPP	_____	_____	_____	_____
PPO	_____	_____	_____	_____
I & B	_____	_____	_____	_____
<b>Alternatives to Coinsurance</b>				
Agreed Value	_____	_____	_____	
Functional Replacement Cost	_____	_____	_____	
Peak Season	_____	_____	_____	
Reporting Form	_____	_____	_____	
Other _____	_____	_____	_____	
<b>Optional Property Coverages</b>				
Boiler and Machinery	_____	_____	_____	
Legal Liability	_____	_____	_____	

# Commercial Risk Checklist – Warehouse & Storage

	Recommend	Accept	Reject
<b>Optional Property Endorsements</b>			
Additional Debris Removal	_____	_____	_____
Ordinance or Law	_____	_____	_____
Outdoor Trees, Shrubs and Plants Enhancement	_____	_____	_____
Replacement Cost Valuation	_____	_____	_____
Spoilage	_____	_____	_____
Utility Services-Direct Damage	_____	_____	_____
<b>Other Property Options</b>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<b>TIME ELEMENT COVERAGES</b>			
Business Income With Extra Expense Coinsurance Percentage ____	_____	_____	_____
Business Income Without Extra Expense Coinsurance Percentage ____	_____	_____	_____
Extra Expense	_____	_____	_____
Leasehold Interest	_____	_____	_____
<b>Alternatives to Coinsurance</b>			
Agreed Value	_____	_____	_____
Maximum Period of Indemnity	_____	_____	_____
Monthly Limit of Indemnity	_____	_____	_____
Premium Adjustment	_____	_____	_____
<b>Optional Time Element Endorsements</b>			
Business Income from Dependent Properties	_____	_____	_____
Ordinance or Law Increased Period of Restoration	_____	_____	_____
Utility Services	_____	_____	_____
<b>Other Time Element Coverages</b>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

# Commercial Risk Checklist – Warehouse & Storage

---

## PROPERTY AND TIME ELEMENT CAUSES OF LOSS

		Recommend	Accept	Reject
	Bldg BPP PPO BI EE			
Basic	_____	_____	_____	_____
Broad	_____	_____	_____	_____
Special	_____	_____	_____	_____
Earthquake	_____	_____	_____	_____
Flood	_____	_____	_____	_____

### Other Cause of Loss Endorsements

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

## INLAND MARINE COVERAGES

Accounts Receivable	_____	_____	_____
Difference In Conditions – DIC	_____	_____	_____
Electronic Data Processing	_____	_____	_____
Fine Arts	_____	_____	_____
Fine Arts Dealer	_____	_____	_____
Furriers Block	_____	_____	_____
Goods in Transit	_____	_____	_____
Jewelers Block	_____	_____	_____
Signs (Neon and Electric)	_____	_____	_____
Valuable Papers and Records	_____	_____	_____
Warehouse Operators Legal Liability	_____	_____	_____

### Other Inland Marine Coverages

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

# Commercial Risk Checklist – Warehouse & Storage

---

**CRIME COVERAGES**

	Recommend	Accept	Reject
<b>Money, Securities and Other Property</b>			
Employee Dishonesty Coverage	_____	_____	_____
Including Customer's Goods	_____	_____	_____
Computer Fraud Coverage	_____	_____	_____
Extortion Coverage	_____	_____	_____
Forgery or Alterations Coverage	_____	_____	_____
Lessees of Safe Deposit Boxes Coverage (Securities and Other Property only)	_____	_____	_____
<b>Money and/or Securities Only</b>			
Theft, Disappearance and Destruction	_____	_____	_____
Robbery and Safe Burglary	_____	_____	_____
Securities Deposited With Others Coverage	_____	_____	_____
<b>Property other than Money and Securities</b>			
Premises Burglary	_____	_____	_____
Premises Theft	_____	_____	_____
Robbery and Safe Burglary	_____	_____	_____
<b>Other Crime Coverages</b>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

**LIABILITY COVERAGES**

<b>Commercial General Liability</b>			
Occurrence Basis	_____	_____	_____
Claims- Made Basis	_____	_____	_____
<b>Optional Liability Coverages</b>			
Directors and Officers	_____	_____	_____
Employee Benefits	_____	_____	_____
Employment- Related Practices	_____	_____	_____

# Commercial Risk Checklist – Warehouse & Storage

---

	Recommend	Accept	Reject
Owners and Contractors Protective	_____	_____	_____
Railroad Protective	_____	_____	_____
Special Events	_____	_____	_____
<b>Other Liability Coverages</b>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<b>COMMERCIAL AUTO COVERAGES</b>			
Liability	_____	_____	_____
Physical Damage	_____	_____	_____
Uninsured Motorists	_____	_____	_____
Underinsured Motorist	_____	_____	_____
Hired Cars	_____	_____	_____
Non-Ownership Auto	_____	_____	_____
P.I.P./No-Fault	_____	_____	_____
Garagekeepers	_____	_____	_____
<b>Other Auto Coverages</b>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<b>WORKERS COMPENSATION COVERAGES</b>			
Workers Compensation and Employers Liability	_____	_____	_____
Stop Gap or Employers Liability Coverage	_____	_____	_____
Federal Employers Liability Act	_____	_____	_____
Longshore and Harbor Workers Coverage	_____	_____	_____
Voluntary Compensation	_____	_____	_____
<b>Other Workers Compensation Endorsements</b>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

# Commercial Risk Checklist – Warehouse & Storage

---

**EXCESS LIABILITY COVERAGES**

	<b>Recommend</b>	<b>Accept</b>	<b>Reject</b>
Umbrella Policy	_____	_____	_____
Excess Liability Policy	_____	_____	_____

**AVIATION COVERAGES**

Aircraft Policy	_____	_____	_____
Passenger Liability	_____	_____	_____

**SPECIALTY COVERAGES**

Environmental Impairment Liability Policy	_____	_____	_____
Fiduciary Liability Insurance	_____	_____	_____
International/Foreign Operations Insurance	_____	_____	_____
Terrorism Insurance	_____	_____	_____
Underground Storage Tank Liability – UST	_____	_____	_____
Other _____	_____	_____	_____

**BONDS**

License Bond	_____	_____	_____
Other _____	_____	_____	_____

**Other Options**

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____



# Commercial Risk Checklist – Warehouse & Storage

---

## Comments

---

---

---

---

---

---

---

I certify that I have reviewed my coverage needs in accordance with this checklist with my agent and I have accepted or rejected the recommended coverages as indicated by my initials in the spaces above.

\_\_\_\_\_ Signature of Client \_\_\_\_\_ Date

\_\_\_\_\_ Title

I certify that I have reviewed the coverages outlined in this checklist with my client and that the initials of the client indicate the acceptance or rejection of the coverages recommended.

\_\_\_\_\_ Signature of Agent \_\_\_\_\_ Date