

Commercial Risk Summary – Wholesalers & Distributors

RESTAURANT EQUIPMENT

SIC CODE: 5046 Commercial Equipment, NEC

NAICS CODE: 423440 Other Commercial Equipment Merchant Wholesalers
423210 Furniture Merchant Wholesalers

Suggested ISO General Liability Code: 12467, 16705

Suggested Workers Compensation Code: 8018

Description of operations: Restaurant equipment wholesalers receive electrical or electronic appliances, equipment, and supplies for commercial eating establishments from foreign or domestic manufacturers for distribution to restaurants, commercial builders and other business establishments. Items include dishwashers, grills, ovens, refrigeration systems, stoves, and warmers. The distribution center may be open 24 hours a day. Generally, the products are delivered to the customer on the distributor's vehicles.

Property exposure comes from multiple ignition sources, open construction, and the damageability of electrical appliances and combustibility of packaging materials. Ignition sources include electrical wiring and equipment. All wiring must be well maintained and up to code for the occupancy. Good housekeeping and fire controls are critical. All stock should be racked and stored with adequate aisle space and limited stockpiling to prevent a fire from spreading. Smoking should be prohibited. If there is a sprinkler system, heads must be located high enough to avoid accidental contact with forklifts. Recharging of forklifts and maintenance of vehicles should be done in a separate, ventilated area away from combustibles. Restaurant equipment can be target items for thieves. Alarms, guards, fencing and other security precautions must be in place as appropriate to the location.

Crime exposure is from employee dishonesty. This operation involves a number of transactions and accounts that can be manipulated if duties are not separated. Background checks, including criminal history, should be performed on all employees handling money. Regular audits, both internal and external, are important in order to prevent employee theft of accounts. Physical inventories should be conducted at least annually.

Inland marine exposure is from accounts receivable if the distributor offers credit to customers, computers for tracking inventory, contractors' equipment, goods in transit, and valuable papers and records for manufacturers' and customers' records. Duplicates must be kept of all data to permit easy replication in the event of a loss. Contractors' equipment includes forklifts, cherry pickers, and hand trucks used for moving items. While goods may come to the warehouse via contract or common carriers or trains, items are generally delivered to customers on trucks owned by the distributor. Goods in transit are subject to loss from collision or overturn. Due to the potential for theft, vehicles should be unmarked, have alarms, and be attended at all times.

Premises liability exposure is limited due to lack of public access to the storage facilities. If customers pick up goods, loading docks must be clearly marked and user-friendly. Customers should be confined to specific areas that are kept clean, dry and free of obstacles. Contracts with transportation and storage providers may expose the operation to additional liability. Railroad sidetrack agreements pose additional concerns. If there is a railroad sidetrack or dock, an employee must 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.

Products liability exposures are low if products are all from domestic manufacturers. Products should be marked for easy access in case of recall.

Automobile exposure comes from the salespersons' fleet and delivery vehicles. There should be written policies on personal and permissive use of any vehicles provided to employees. 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.

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Random drug and alcohol testing should be conducted. Vehicles must be well maintained with records kept in a central location.

Workers compensation exposure is very high. Lifting injuries such as back pain, hernias, sprains and strains are common so workers should be trained in proper lifting techniques and to use conveyances. Forklift and cherry picker operators must be properly trained. Shelving must be stable to prevent stored goods from falling onto workers. Floor coverings or coatings in the warehouse may pose slip and fall hazards. Housekeeping is critical. Salespersons and delivery drivers may be subject to holdup. Training must be provided to deal with such situations.

Minimum recommended coverage:

Business Personal Property, Business Income, Employee Dishonesty, Accounts Receivable, Computers, Contractors' Equipment, Goods in Transit, Valuable Papers and Records, General Liability, Employee Benefits, Umbrella, Business Automobile Liability and Physical Damage, Hired and Nonownership Auto, Workers Compensation

Other coverages to consider:

Building, Earthquake, Flood, Leasehold Interest, Real Property Legal Liability, Computer Fraud, Forgery, Money and Securities, Signs, Cyberliability, Employment-related Practices, Stop Gap Liability

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Agent: The coverages listed below are suggested for consideration for wholesale 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 |
|---|-----------|--------|--------|
| Building and Personal Property Coverage Form | | | |
| Building | _____ | _____ | _____ |
| Business Personal Property | _____ | _____ | _____ |
| Personal Property of Others | _____ | _____ | _____ |
| Improvements and Betterments | _____ | _____ | _____ |
| Condominium Coverage Form | | | |
| Condo-Unit Owners Coverage | _____ | _____ | _____ |
| Commercial Output Policy | | | |
| _____ | | | |
| Building and Personal Property Coinsurance | | | |
| _____ | | | |
| Percentages | None | 80% | 90% |
| | 100% | | |
| Bldg | _____ | _____ | _____ |
| BPP | _____ | _____ | _____ |
| PPO | _____ | _____ | _____ |
| I & B | _____ | _____ | _____ |
| Alternatives to Coinsurance | | | |
| Agreed Value | _____ | _____ | _____ |
| Functional Replacement Cost | _____ | _____ | _____ |
| Peak Season | _____ | _____ | _____ |
| Reporting Form | _____ | _____ | _____ |
| Other _____ | _____ | _____ | _____ |
| Optional Property Coverages | | | |
| Boiler and Machinery | _____ | _____ | _____ |
| Legal Liability | _____ | _____ | _____ |

Commercial Risk Checklist – Wholesalers & Distributors

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

Commercial Risk Checklist – Wholesalers & Distributors

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 | _____ | _____ | _____ |
| Camera and Musical Instrument Dealers | _____ | _____ | _____ |
| 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 | _____ | _____ | _____ |

Other Inland Marine Coverages

| | | | |
|-------|-------|-------|-------|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

Commercial Risk Checklist – Wholesalers & Distributors

CRIME COVERAGES

| | Recommend | Accept | Reject |
|--|-----------|--------|--------|
| Money, Securities and Other Property | | | |
| 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) | _____ | _____ | _____ |
| Money and/or Securities Only | | | |
| Theft, Disappearance and Destruction | _____ | _____ | _____ |
| Robbery and Safe Burglary | _____ | _____ | _____ |
| Securities Deposited With Others Coverage | _____ | _____ | _____ |
| Property other than Money and Securities | | | |
| Premises Burglary | _____ | _____ | _____ |
| Premises Theft | _____ | _____ | _____ |
| Robbery and Safe Burglary | _____ | _____ | _____ |
| Other Crime Coverages | | | |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

LIABILITY COVERAGES

| | | | |
|-------------------------------------|-------|-------|-------|
| Commercial General Liability | | | |
| Occurrence Basis | _____ | _____ | _____ |
| Claims- Made Basis | _____ | _____ | _____ |
| Optional Liability Coverages | | | |
| Directors and Officers | _____ | _____ | _____ |
| Employee Benefits | _____ | _____ | _____ |
| Employment- Related Practices | _____ | _____ | _____ |

Commercial Risk Checklist – Wholesalers & Distributors

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

Commercial Risk Checklist – Wholesalers & Distributors

| | Recommend | Accept | Reject |
|--|-----------|--------|--------|
| Other Workers Compensation Endorsements | | | |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| EXCESS LIABILITY COVERAGES | | | |
| 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 | | | |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

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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