

# Commercial Risk Summary – Wholesalers & Distributors

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## 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.

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**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. 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	
<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	_____	_____	_____	

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	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><i>Alternatives to Coinsurance</i></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>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

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## 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

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

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**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	_____	_____	_____

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	Recommend	Accept	Reject
Liquor	_____	_____	_____
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	_____	_____	_____

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	Recommend	Accept	Reject
<b>Other Workers Compensation Endorsements</b>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<b>EXCESS LIABILITY COVERAGES</b>			
Umbrella Policy	_____	_____	_____
Excess Liability Policy	_____	_____	_____
<b>AVIATION COVERAGES</b>			
Aircraft Policy	_____	_____	_____
Passenger Liability	_____	_____	_____
<b>SPECIALTY COVERAGES</b>			
Environmental Impairment Liability Policy	_____	_____	_____
Fiduciary Liability Insurance	_____	_____	_____
International/Foreign Operations Insurance	_____	_____	_____
Terrorism Insurance	_____	_____	_____
Underground Storage Tank Liability – UST	_____	_____	_____
Other _____	_____	_____	_____
<b>BONDS</b>			
License Bond	_____	_____	_____
Other _____	_____	_____	_____
<b>Other Options</b>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____



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## Comments

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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