

# Distributor Playbook



# Distributor Playbook



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## I. Buyer Persona: “Distributor Dave”

### Background:

Dave, 48 years old, is the CEO of a successful distribution company which has partnerships with national and international manufacturers. He has built a network of warehouses in strategic locations.

### Demographics:

Dave falls into the high-income bracket, is married with three kids, and lives in an urban area.

### Identifiers:

He is strategic, detail-oriented, and tech-savvy. Dave is always looking for efficient ways to streamline operations and cut costs without sacrificing quality.<sup>2</sup>



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## Goals:

Dave's goal is to increase efficiency, expand into new markets, and foster strong relationships with both suppliers and retailers.

## Challenges:

He juggles challenges related to supply chain management, transportation risks, warehouse security, employee safety, and regulatory compliance.

## What Can We Do:

We can offer Dave an integrated insurance solution focusing on the nuances of the distribution industry, ensuring his operations are comprehensively covered.



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## Objections:

Dave might be concerned about policy premiums, potential coverage overlaps, or finding gaps in the existing coverage.

## Marketing Message:

"Navigate the complexities of the distribution landscape confidently. Our specialized insurance solutions for distributors guard against industry-specific risks, letting you focus on expanding your reach and optimizing operations."

## Elevator Pitch:

"We specialize in crafting insurance policies tailored to the intricate challenges of the distribution sector. From transportation risks to warehousing, regulatory compliance to employee safety, we've got you covered. Partner with us for peace of mind as you take your distribution network to new heights."



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## II. Initial Meeting Questions:

1. Walk me through your current insurance coverage. Are there any gaps you're aware of?

2. What led to your current choice of insurance provider?

3. Share a positive experience with your current agent. What made it stand out?

4. Are there areas where you feel your current agent falls short or could improve?

5. Describe your distribution network – how many warehouses, types of goods, main transportation modes?



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6. What is your risk management strategy, especially concerning transportation and warehousing?

7. How do you currently address challenges like inventory damage, theft, or supply chain disruptions?

8. How often do you reassess your insurance needs given the dynamic nature of distribution?

9. Share any past experiences with significant losses or claims related to your distribution activities.

10. How do you ensure compliance with regulatory standards, both national and international?



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11. Detail your business growth plans. Are you looking at new markets or diversifying your product range?

12. What's your stance on technology and automation in the distribution process?

13. From an insurance perspective, what are your key expectations in terms of support, responsiveness, and customization?

### III. Setting Up your Pre-Close:

"Dave, understanding your commitment to efficiency and growth, if we could tailor an insurance package aligning with your business goals and covering the intricate aspects of the distribution process, would you be open to our proposal?"



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## Identifying Decision-Maker and Budget:

1. Who are the key stakeholders involved in the insurance decisions for your distribution company?

2. Can you provide a ballpark figure on your annual budget allocation for insurance?

## IV. Delivering the Rules of Engagement:

"Dave, to craft the most suitable insurance policy, a deep understanding of your distribution operations is essential. This will require detailed discussions, document reviews, and risk assessments. Who would be the primary point of contact for such interactions?"



## V. Risk Assessment:

### Company Profile:

1. Company Name:	
2. Main Distribution Centers:	
3. FEIN:	
4. Website:	
5. Key Decision-Maker's Contact Info:	
6. Insurance Budget:	
7. Total Annual Revenue:	
8. Number of Warehouses and their individual values:	
9. Key Partners (Manufacturers/Retailers):	
10. Types of Goods Distributed:	
11. Volume of Online Transactions (if applicable):	

## VI. Coverage Risk Assessment:

### 1. General Liability:

- What type of public footfall does your distribution center or warehouse see, if any?
- How often do third-party contractors or visitors access your facilities?
- Are there previous incidents or claims regarding bodily injury or property damage at your distribution sites?
- How do you ensure that the products you distribute don't cause harm or damage to end-users, leading to product liability claims?



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## 2. Umbrella Liability:

- Given the scale and scope of your operations, have you assessed the adequacy of your primary liability limits?
- Are there any high-risk contracts or operations that might warrant higher-than-usual liability coverage?
- How do you address potential large-scale incidents that might exceed standard policy limits, e.g., catastrophic events at one of your main distribution centers or a major transportation accident?
- Have there been past instances where claims have come close to or exceeded your primary liability policy limits?

## 3. Transportation:

- How do you manage risks associated with transporting goods, especially over long distances or across borders?
- What measures are in place against damage during transportation?
- Are your carriers insured adequately?

## 4. Warehouse and Property:

- What safety measures are adopted to prevent warehouse accidents or mishaps?
- How frequently are warehouse safety audits conducted?
- Are there backup plans in place for unforeseen warehouse damages?



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## 5. Employee Safety:

- What training is given to employees handling goods, especially hazardous or fragile items?
- Are there past instances of employee injuries during operations?
- How do you ensure compliance with safety regulations?

## 6. Cyber Liability:

- What's your digital infrastructure, and how is sensitive data (partner information, transaction details) safeguarded?
- Are there past instances of data breaches or cyber-attacks?
- What proactive measures are in place against cyber threats?

## 7. Supply Chain Disruption:

- How do you assess vulnerabilities in your supply chain?
- What backup plans are in place for potential supply chain disruptions?
- Are you insured against losses arising from such disruptions?

## 8. Regulatory and Compliance:

- How do you ensure that all operations comply with local, national, and international regulations?



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- Are there past instances of non-compliance, and what were the implications?
- Do you have coverage for legal challenges arising from compliance issues?

### VII. Distributor FYI: Common Distributor Exposures

*The distribution sector is riddled with challenges, each posing significant risks. Whether it's transporting goods over vast distances, ensuring warehouse safety, handling fragile items, or navigating the regulatory maze, a distributor's work is never easy.*

- **Transportation Risks:** Goods can get damaged, lost, or delayed, impacting business relationships and the bottom line.

- **Warehouse Risks:** Warehouses can face theft, damage, or even natural disasters, leading to significant losses.

- **Employee Safety:** Handling goods, especially heavy or hazardous items, poses a risk of injury.



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- **Cyber Threats:** The increasing digitization in the distribution process exposes companies to cyber threats, potentially compromising sensitive data.

- **Regulatory Challenges:** Operating in multiple jurisdictions means navigating different regulations, leading to potential compliance issues.

- **Supply Chain Disruptions:** A minor hiccup in the supply chain can cause significant disruptions, leading to delayed deliveries and potential revenue loss.

- **Contractual Risks:** With numerous partners involved, there's always the risk of contractual disputes, which can be time-consuming and costly.

*By understanding these exposures, distributors can better prepare, ensuring smooth operations and fostering stronger business relationships. Proper insurance coverage is not just an option; it's a necessity. By addressing the various forms of exposure, retail owners can secure their investment and guarantee their store remains operational for years to come.*



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## VIII. Common Distributors

### Air Conditioning and Heating Wholesalers

**Category:** Wholesalers and Distributors

**SIC CODE:** 5075 Warm Air Heating and Air Conditioning Equipment and Supplies

**NAICS CODE:** 423730 Warm Air Heating and Air Conditioning Equipment and Supplies  
Merchant Wholesalers

**Suggested ISO General Liability Code:** 10010, 13930

**Suggested Workers Compensation Code:** 8010

**Description of operations:** Air-conditioning and/or heating wholesalers receive their products from foreign or domestic manufacturers, usually by truck, for distribution to retailers, commercial builders, and other commercial establishments. The wholesaler may sell stock from a warehouse or may simply arrange for items to be shipped directly from the manufacturer to the purchaser. The wholesaler does not modify, install, or service the equipment. The distribution center may be open 24 hours a day. Generally, the products are delivered to the customer on the distributor's vehicles. Imported products must meet all federal and state guidelines. Electronic imports are regulated by the U.S. Federal Drug Administration (FDA) and the U.S. Customs and Border Protection (CBP). Products emitting radiation are subject to more stringent requirements. Evaluation and certification of electronic goods by Underwriters Laboratory (UL) are voluntary but recommended.

**Property exposures** are moderate due to multiple ignition sources, open construction, and the combustibility of packaging materials. Ignition sources include electrical wiring and equipment, heating and air conditioning systems. All wiring must be well maintained and up to code for the occupancy. While the stock will be primarily metal with some electrical parts, the electrical components are susceptible to damage from sprinkler leakage or from water used to put out a fire. 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. Copper components can be targeted by thieves. Appropriate security measures should be in place, 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 interruption exposure** is moderate. While backup facilities are readily available, sales may peak at particular times during the year.

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**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' information. Duplicates must be kept of all data to permit easy replication in the event of a loss. Contractors' equipment includes forklifts and hand trucks used for moving stock. 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. Outdoor signs can be struck by lightning or vehicles, blown over in heavy wind, or collapse due to the weight of ice and snow.

**Crime exposure** is from employee dishonesty. Background checks, including criminal history, should be performed on all employees handling money. Warehouse operations involve a number of transactions and accounts that can be manipulated if duties are not separated. There must be a separation of duties between persons handling deposits and disbursements and reconciling bank statements. Regular audits, both internal and external, are important in order to prevent employee theft. Air conditioning and heating components are attractive to thieves because of their high street value. Good security systems should be in place to discourage employee theft. Two employees should be required to confirm the accuracy of deliveries from vendors. Physical inventories should be conducted at least annually.

**Premises liability exposure** is generally limited due to lack of public access. Customers should be confined to specific areas that are kept clean, dry, and free of obstacles. Steps and uneven floor surfaces should be prominently marked. Sufficient exits must be provided and be well marked, with backup lighting systems in case of power failure. Parking lots and sidewalks need to be in good repair with snow and ice removed and generally level and free of exposure to slips and falls. If the business is open after dark, there should be adequate lighting and appropriate security for the area. If customers pick up goods, loading docks must be clearly marked and user-friendly. There should be a disaster plan in place for unexpected emergencies. Contracts with transportation and storage providers may expose the operation to additional liability. 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.

**Personal and advertising injury exposures** can arise from allegations of assault and battery, discrimination, false advertising, false arrest or detention, invasion of privacy, trademark infringement, unauthorized or intrusive searches, or wrongful ejection from the premises.



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**Products liability exposures** are low if all products are produced by domestic manufacturers. Direct importing of stock can increase the exposure to that of a manufacturer. Products should be marked for easy access in case of recall.

**Automobile exposure** is moderate for delivery vehicles and the salespersons' fleet. All drivers must be well trained and have valid licenses for the type of vehicle being driven. MVRs must be run regularly. Random drug and alcohol testing should be conducted. Cargo must be secured to prevent shifting of the load during transport. Vehicles must be well maintained, with records kept in a central location. There should be written policies on personal and permissive use of any vehicles provided to employees.

**Workers compensation exposure** is very high. Lifting injuries such as back pain, hernias, sprains and strains are common. Workers should be trained in proper lifting techniques and use conveyances. Shelving must be stable to prevent stored goods from falling onto workers. Forklift operators must be properly trained. Continual standing can result in musculoskeletal disorders of the back, legs, or feet. Workers can be injured from cuts, punctures, foreign objects in the eye, or hearing impairment from noise. Floor coverings or coatings in the warehouse can pose slip and fall hazards. Housekeeping is critical. When work is done on computers, employees are exposed to eyestrain, neck strain, and repetitive motion injuries, including carpal tunnel syndrome. Cleaning workers can develop respiratory ailments or contact dermatitis from working with chemicals. Salespersons and delivery drivers may be confronted by robbers, injured in automobile accidents, or injured at customers' premises. Training must be provided to deal with such situations.

### **Minimum recommended coverage:**

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

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

Building, Earthquake, Equipment Breakdown, Flood, Leasehold Interest, Real Property Legal Liability, Signs, Computer Fraud, Forgery, Money and Securities, Active Shooter, Cyberliability, Employment-Related Practices, Stop Gap Liability



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## Beer & Ale Distributors

**Category:** Wholesalers and Distributors

**SIC CODE:** 5181 Beer and Ale

**NAICS CODE:** 424810 Beer and Ale Merchant Wholesalers

**Suggested ISO General Liability Code:** 10141

**Suggested Workers Compensation Code:** 7390, 8018

**Description of operations:** Beer and ale wholesalers receive packaged goods from foreign or domestic distilleries, usually by truck, for distribution to package liquor stores, grocery stores, restaurants, concession stands, convenience stores, and other retail establishments. The distribution center may be open 24 hours a day. Generally, the product is delivered to the customer on the distributor's vehicles.

**Property exposure** is high due to multiple ignition sources, open construction, and the combustibility and damageability of beer, ale, and their packing materials. Ignition sources include electrical wiring and equipment, refrigeration units, and heating and air conditioning systems. All wiring must be well maintained and up to code for the occupancy. Beer and ale are particularly vulnerable to damage by smoke, heat, fire, or water and have very little salvage value. Even a small loss can cause all stock to be condemned by the FDA due to possible contamination. All goods should be palletized or shelved. Aisle space must be adequate for firefighting. The age, condition, and maintenance of coolers and refrigeration equipment are important to review. Ammonia leaks could cause an explosion. There should be detection systems, emergency shut-off valves, and exhaust systems to allow venting in the case of a leak. 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. Alarms should be in place to warn of a power outage or shutdown. Backup generators should be available in case of equipment failure. 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. Recharging of forklifts and maintenance of vehicles should be done in a separate, ventilated area away from combustibles. Beer and ale 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. Recovering from a loss could require a lengthy time to rebuild the facility and purchase replacement refrigeration equipment. Business income from dependent properties is a concern because most beer distributors work with only one manufacturer.



**Equipment breakdown exposures** are high as temperatures must remain constant. A lengthy breakdown could result in a severe loss. All refrigeration equipment must be inspected and maintained regularly. Backup generators should be available. Additional coverage for spoilage and ammonia contamination should be considered, as even a small power interruption could result in a large loss.

**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' information. Duplicates must be kept of all data to permit easy replication in the event of a loss. Contractors' equipment includes forklifts and hand trucks used for moving stock. While goods may come to the warehouse via common carriers or trains, goods are generally delivered to retailers on trucks owned by the distributor. Goods in transit are subject to breakage losses from collision or overturn. Due to the potential for theft, vehicles should be unmarked, have alarms and be attended at all times. Sales representatives may carry sample stock to retailers. Outdoor signs can be struck by lightning or vehicles, blown over in heavy wind, or collapse due to the weight of ice and snow.

**Crime exposure** is from employee dishonesty. Background checks, including criminal history, should be performed on all employees handling money. Warehouse operations involve a number of transactions and accounts that can be manipulated if duties are not separated. There must be a separation of duties between persons handling deposits and disbursements and reconciling bank statements. Regular audits, both internal and external, are important to prevent employee theft of accounts. Good security systems should be in place to discourage employee theft. Two employees should be required to confirm the accuracy of deliveries from vendors. Physical inventories should be conducted at least annually.

**Premises liability exposure** is generally limited due to lack of public access. If tours are given, the exposure increases. Customers should be confined to specific areas that are kept clean, dry and free of obstacles. Steps and uneven floor surfaces should be prominently marked. Sufficient exits must be provided and be well marked, with backup lighting systems in case of power failure. If customers pick up goods, loading docks must be clearly marked and user-friendly. Parking lots and sidewalks need to be in good repair with snow and ice removed and generally level and free of exposure to slips and falls. If the business is open after dark, there should be adequate lighting and appropriate security for the area. There should be a disaster plan in place for unexpected emergencies. Contracts with transportation and storage providers may expose the operation to additional liability. 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.



**Personal and advertising injury exposures** can arise from allegations of assault and battery, discrimination, false advertising, false arrest or detention, invasion of privacy, trademark infringement, unauthorized or intrusive searches, or wrongful ejection from the premises.

**Products liability exposure** is low if all stock is produced by domestic manufacturers. Direct importing of stock can increase the exposure to that of a manufacturer. All products should be dated and stored as required by the manufacturer to allow easy access in case of a recall. There should be controls in place to prevent contamination from chemicals used inside the facility, such as insecticides and pesticides. The stock should be regularly rotated so older, but not out of date, stock is sold first, and out of date stock is removed and discarded.

**Environmental impairment exposure** can be high due to the potential for air, land, or water pollution from the leakage of ammonia and other refrigerants used to keep stock fresh and fuel tanks used to service vehicles. Spillage and leaking of pollutants can result in high cleanup costs and fines. All tanks and pipes should be routinely tested for leakage. Spill procedures must be in place to prevent the accidental discharge of contaminants. Contracts should be in place to dispose of all environmentally dangerous chemicals. Record keeping is critical. If there are underground storage tanks, a UST policy will be required.

**Liquor liability exposure** is low if tours are not permitted and samples are not given out. All serving of alcohol must comply with state and federal regulations. Employees must be trained to recognize signs of intoxication. A procedure should be in place to deny service to underage or intoxicated patrons.

**Automobile exposure** is moderate for delivery vehicles and the salespersons' fleet. All drivers must be well trained and have valid licenses for the type of vehicle being driven. MVRs must be run regularly. Random drug and alcohol testing should be conducted. Vehicles must be well maintained, including refrigeration systems, with records kept in central locations. There should be written policies on personal and permissive use of any vehicles provided to employees.

**Workers compensation exposure** is very high. Lifting injuries such as back pain, hernias, sprains and strains are common. Workers should be trained in proper lifting techniques and to use conveyances. Shelving must be stable to prevent stored goods from falling onto workers. Continual standing can result in musculoskeletal disorders of the back, legs, or feet. Workers can be injured from cuts and punctures from broken glass, foreign objects in the eye, or hearing impairment from noise. Floor coverings or coatings may be slick and pose slip and fall hazards. Spills should be cleaned up promptly. Forklift operators must be properly trained. Leaking ammonia is a serious health hazard that can lead to lung damage or even death. Protective breathing equipment must be available to all workers in the event of any ammonia leak.



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Housekeeping is critical. The length of time spent in refrigerated areas must be limited, and protective clothing required to avoid frostbite and hypothermia resulting from exposure to sub-zero temperatures. When work is done on computers, employees are exposed to eyestrain, neck strain, and repetitive motion injuries, including carpal tunnel syndrome. Cleaning workers can develop respiratory ailments or contact dermatitis from working with chemicals. Drivers of delivery vehicles may be confronted by robbers, injured in automobile accidents, or injured at customers' premises. Training must be provided on dealing with such situations, and any necessary security should be provided.

### **Minimum recommended coverage:**

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

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## General Merchandise – Wholesale

**Category:** Wholesalers and Distributors

**SIC CODE:** 5099 Durable Goods, NEC

5199 Nondurable Goods, NEC

**NAICS CODE:** 423990 Other Miscellaneous Durable Goods Merchant Wholesalers

424990 Other Miscellaneous Nondurable Goods Merchant Wholesalers

**Suggested ISO General Liability Code:** 12361, 12362

**Suggested Workers Compensation Code:** 8018

**Description of operations:** General merchandise wholesalers receive a wide range of items for consumer or business use from foreign or domestic manufacturers, usually by truck, for distribution to retailers. Stock may include clothing, electronics, gifts, glassware, hardware, home furnishings, novelties, paper goods, plastic items, or toys. The distribution center may be open 24 hours a day. Generally, the products are delivered to the customer on the distributor's vehicles. All imports must meet federal product safety requirements.

**Property exposures** are high due to multiple ignition sources, open construction, and the combustibility of stock and packaging materials. Ignition sources include electrical wiring and equipment, heating, and air conditioning systems. All wiring must be well maintained and up to code for the occupancy. If the stock is susceptible to fire, smoke, or water damage, salvage may be limited. If stock includes flammables, those should be kept well away from combustibles, preferably in a UL-approved cabinet. Good housekeeping and fire controls are critical. All stock should be racked and stored with adequate aisle space and limited stockpiling to prevent the spread of a fire. 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. Theft can be a concern if stock has a high street value. Appropriate security measures should be in place, 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 interruption exposure** is moderate. While backup facilities are generally available, replacement stock may be difficult to obtain quickly for distribution to retailers.

**Inland marine exposures 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' information. Duplicates must be kept of all data to permit easy replication in the event of a loss. Contractors' equipment includes forklifts and hand trucks used for moving



stock 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 can be damaged during transit by collision or overturn. Heavy or bulky stock must be secured to prevent shifting of the load during transit. Depending on the stock, there may be high breakage potential. Sales representatives may carry sample stock to retailers. Outdoor signs can be struck by lightning or vehicles, blown over in heavy wind, or collapse due to the weight of ice and snow.

**Crime exposure** is from employee dishonesty. Background checks, including criminal history, should be performed on all employees handling money. Warehouse operations involve many transactions and accounts that can be manipulated if duties are not separated. There must be a separation of duties between persons handling deposits and disbursements and reconciling bank statements. Regular audits, both internal and external, are important to prevent employee theft. Good security systems should be in place to discourage employee theft. Two employees should be required to confirm the accuracy of deliveries from vendors. Physical inventories should be conducted at least annually.

**Premises liability exposure** is generally limited due to lack of public access. Customers should be confined to specific areas kept clean, dry and free of obstacles. Steps and uneven floor surfaces should be prominently marked. Sufficient exits must be provided and well-marked, with backup lighting systems in case of power failure. Parking lots and sidewalks need to be in good repair with snow and ice removed and generally level and free of exposure to slips and falls. If the business is open after dark, there should be adequate lighting and appropriate security for the area. If customers pick up goods, loading docks must be clearly marked and user-friendly. There should be a disaster plan in place for unexpected emergencies. Contracts with transportation and storage providers may expose the operation to additional liability. 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.

**Personal and advertising injury exposures** can arise from allegations of assault and battery, discrimination, false advertising, false arrest or detention, invasion of privacy, trademark infringement, unauthorized or intrusive searches, or wrongful ejection from the premises.

**Products liability exposure** is low if all products are produced by domestic manufacturers. Direct importing of stock can increase the exposure to that of a manufacturer. Products should be marked for easy access in case of recall.

**Automobile exposure** is moderate for delivery vehicles and the salespersons' fleet. All drivers must be well trained and have valid licenses for the type of vehicle being driven. MVRs must be checked regularly. Random drug and alcohol testing should be



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conducted. Vehicles must be well maintained, with records kept in a central location. There should be a written policy on personal and permissive use of any vehicles provided to employees.

**Workers compensation exposure** is very high. Back injuries, 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. Continual standing can result in musculoskeletal disorders of the back, legs, or feet. Workers can be injured from cuts, punctures, foreign objects in the eye, or hearing impairment from noise. Floor coverings or coatings in the warehouse can pose slip and fall hazards. Housekeeping is critical. When work is done on computers, employees are exposed to eyestrain, neck strain, and repetitive motion injuries, including carpal tunnel syndrome. Cleaning workers can develop respiratory ailments or contact dermatitis from working with chemicals. Drivers of delivery vehicles may be confronted by robbers, injured in automobile accidents, or injured at customers' premises.

### **Minimum recommended coverage:**

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

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

Building, Earthquake, Equipment Breakdown, Flood, Leasehold Interest, Real Property Legal Liability, Salespersons' Samples, Signs, Computer Fraud, Forgery, Money and Securities, Active Shooter, Cyberliability, Employment-related Practices, Stop Gap Liability

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## Restaurant Equipment

**Category:** Wholesalers and Distributors

**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, usually by truck, for distribution to restaurants, concession stands, commercial builders, and other business establishments. Stock includes dishwashers, grills, ovens, refrigeration systems, stoves, and warmers. The wholesaler does not modify, install, or service the appliances. The distribution center may be open 24 hours a day. Generally, the products are delivered to the customer on the distributor's vehicles. Imports must meet all federal and state guidelines. Electronic imports are regulated by the U.S. Federal Drug Administration (FDA) as well as the U.S. Customs and Border Protection (CBP). Evaluation and certification of electronic goods by Underwriters Laboratory (UL) are voluntary but recommended.

**Property exposures** are moderate due to multiple ignition sources, open construction, the damageability of electrical appliances, and the combustibility of packaging materials. Ignition sources include electrical wiring and equipment, heating, and air conditioning systems. 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. Appropriate security measures should be in place, 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 interruption exposure** is moderate. While backup facilities are readily available, sales may peak at particular times during the year.

**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' information. Duplicates must be kept of all data to permit easy replication in the event of a loss.



Contractors' equipment includes forklifts and hand trucks used for moving stock. 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. Outdoor signs can be struck by lightning or vehicles, blown over in heavy wind, or collapse due to the weight of ice and snow.

**Crime exposure** is from employee dishonesty. Background checks, including criminal history, should be performed on all employees handling money. Warehouse operations involve a number of transactions and accounts that can be manipulated if duties are not separated. There must be a separation of duties between persons handling deposits and disbursements and reconciling bank statements. Regular audits, both internal and external, are important to prevent employee theft. Good security systems should be in place to discourage employee theft. Two employees should be required to confirm the accuracy of deliveries from vendors. Physical inventories should be conducted at least annually.

**Premises liability exposure** is limited due to lack of public access. Customers should be confined to specific areas that are kept clean, dry and free of obstacles. Steps and uneven floor surfaces should be prominently marked. Sufficient exits must be provided and be well marked, with backup lighting systems in case of power failure. Parking lots and sidewalks need to be in good repair with snow and ice removed and generally level and free of exposure to slips and falls. If the business is open after dark, there should be adequate lighting and appropriate security for the area. If customers pick up goods, loading docks must be clearly marked and user-friendly. There should be a disaster plan in place for unexpected emergencies. Contracts with transportation and storage providers may expose the operation to additional liability. 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.

**Personal and advertising injury exposures** can arise from allegations of assault and battery, discrimination, false advertising, false arrest or detention, invasion of privacy, trademark infringement, unauthorized or intrusive searches, or wrongful ejection from the premises.

**Products liability exposures** are low if all products are produced by domestic manufacturers. Direct importing of stock can increase the exposure to that of a manufacturer. Products should be marked for easy access in case of recall.

**Automobile exposure** is moderate for delivery vehicles and the salespersons' fleet. All drivers must be well trained and have valid licenses for the type of vehicle being driven. MVRs must be run regularly. Random drug and alcohol testing should be conducted.



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Cargo must be secured to prevent shifting of the load during transport. Vehicles must be well maintained, with records kept in a central location. There should be written policies on personal and permissive use of any vehicles provided to employees.

**Workers compensation exposure** is very high. Lifting injuries such as back pain, hernias, sprains and strains are common. Workers should be trained in proper lifting techniques and to use conveyances. Forklift operators must be properly trained. Shelving must be stable to prevent stored goods from falling onto workers. Continual standing can result in musculoskeletal disorders of the back, legs, or feet. Workers can be injured from cuts, punctures, foreign objects in the eye, or hearing impairment from noise. Floor coverings or coatings in the warehouse may pose slip and fall hazards. Housekeeping is critical. When work is done on computers, employees are exposed to eyestrain, neck strain, and repetitive motion injuries, including carpal tunnel syndrome. Cleaning workers can develop respiratory ailments or contact dermatitis from working with chemicals. Salespersons and delivery drivers may be confronted by robbers, injured in automobile accidents, or injured at customers' premises. Training must be provided to deal with such situations.

### **Minimum recommended coverage:**

Business Personal Property, Business Income and Extra Expense, Accounts Receivable, Computers, Contractors' Equipment, Goods in Transit, Valuable Papers and Records, Employee Dishonesty, 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, Signs, Computer Fraud, Forgery, Money and Securities, Active Shooter, Cyberliability, Employment-related Practices, Stop Gap Liability

# Distributor Playbook



## Lumbing Supplies Wholesalers

**Category:** Wholesalers and Distributors

**SIC CODE:** 5074 Plumbing and Heating Equipment and Supplies (Hydronics)

**NAICS CODE:** 423720 Plumbing and Heating Equipment and Supplies (Hydronics)  
Merchant Wholesalers

**Suggested ISO General Liability Code:** 16527

**Suggested Workers Compensation Code:** 8111

**Description of operations:** Plumbing supplies wholesalers receive a wide range of items from foreign or domestic manufacturers, usually by truck, for distribution to commercial builders, retailers, and other commercial establishments. Stock may include drains, fans, faucets, hoses, pipes, pumps, rider assemblies, showers, sinks, sprinkler equipment, toilets, tubs, valves and fittings, water heaters, and related items. The wholesaler does not do any installation. The distribution center may be open 24 hours a day. Generally, the products are delivered to the customer's location or job site on the distributor's vehicles.

**Property exposures** are moderate due to multiple ignition sources, open construction, and the combustibility of packaging materials. Ignition sources include electrical wiring and equipment, heating, and air conditioning systems. All wiring must be well maintained and up to code for the occupancy. Metal items have low ignition potential and low damageability and combustibility. If a fire occurs, plastic items can produce dense black smoke that can be difficult to extinguish. All stock should be racked and stored with adequate aisle space and limited stockpiling to prevent a fire from spreading. 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. Recharging of forklifts and maintenance of vehicles should be done in a separate, ventilated area away from combustibles. The high street value of copper piping may attract thieves. Appropriate security measures should be in place, 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 interruption exposure** is moderate. While backup facilities are generally available, replacement stock may be difficult to obtain quickly for distribution to retailers.

**Inland marine exposures** come 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' information. Duplicates must be kept of all data to permit easy replication in the event of a loss. Contractors' equipment includes forklifts and hand trucks used for moving stock. While goods may come to the warehouse via contract or common carriers or



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trains, items are generally delivered to contractors and retailers on trucks owned by the distributor. Most goods can be salvaged if damaged during transit due to their low breakage potential. The potential for theft of certain items, such as copper piping, is high. Vehicles should be unmarked, have alarms, and be attended at all times. Sales representatives may carry sample stock to retailers. Outdoor signs can be struck by lightning or vehicles, blown over in heavy wind, or collapse due to the weight of ice and snow.

**Crime exposure** is from employee dishonesty. Background checks, including criminal history, should be performed on all employees handling money. Warehouse operations involve many transactions and accounts that can be manipulated if duties are not separated. There must be a separation of duties between persons handling deposits and disbursements and reconciling bank statements. Regular audits, both internal and external, are important to prevent employee theft. Plumbing equipment, especially copper wiring, is attractive to thieves because of its high street value. Good security systems should be in place to discourage employee theft. Two employees should be required to confirm the accuracy of deliveries from vendors. Physical inventories should be conducted at least annually.

**Premises liability exposure** is generally limited due to lack of public access. Customers should be confined to specific areas kept clean, dry and free of obstacles. Steps and uneven floor surfaces should be prominently marked. Sufficient exits must be provided and well-marked, with backup lighting systems in case of power failure. Parking lots and sidewalks need to be in good repair with snow and ice removed and generally level and free of exposure to slips and falls. If the business is open after dark, there should be adequate lighting and appropriate security for the area. If customers pick up goods, loading docks must be clearly marked and user-friendly. There should be a disaster plan in place for unexpected emergencies. Open storage in the yard presents a substantial attractive hazard that must be controlled with fences and other barriers to prevent unauthorized access. Contracts with transportation and storage providers may expose the operation to additional liability. 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.

**Personal and advertising injury exposures** can arise from allegations of assault and battery, discrimination, false advertising, false arrest or detention, invasion of privacy, trademark infringement, unauthorized or intrusive searches, or wrongful ejection from the premises.

**Products liability exposure** is low if all products are produced by domestic manufacturers. Direct importing of products can increase the exposure to that of a manufacturer. Products should be marked for easy access in case of recall.



## Distributor Playbook

**Automobile exposure** is moderate for delivery vehicles and the salespersons' fleet. All drivers must be well trained and have valid licenses for the type of vehicle being driven. MVRs must be obtained regularly. Random drug and alcohol testing should be conducted. Vehicles must be well maintained, with records kept in a central location. There should be a written policy on personal and permissive use of any vehicles provided to employees.

**Workers compensation exposure** is very high. Back injuries, 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. Continual standing can result in musculoskeletal disorders of the back, legs, or feet. Workers can be injured from cuts, punctures, foreign objects in the eye, or hearing impairment from noise. Floor coverings or coatings in the warehouse can pose slip and fall hazards. Housekeeping is critical. When work is done on computers, employees are exposed to eyestrain, neck strain, and repetitive motion injuries, including carpal tunnel syndrome. Cleaning workers can develop respiratory ailments or contact dermatitis from working with chemicals. Salespersons and delivery drivers may be confronted by robbers, injured in automobile accidents, or injured at customers' premises. Training must be provided to deal with such situations.

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Building, Earthquake, Equipment Breakdown, Flood, Leasehold Interest, Real Property Legal Liability, Salespersons' Samples, Signs, Computer Fraud, Forgery, Money and Securities, Active Shooter, Cyberliability, Employment-related Practices, Stop Gap Liability