

Commercial Risk Summary – Retail Food & Beverages



CONVENIENCE STORES

Category: Retail Food and Beverage

SIC CODE: 5411 Grocery Stores

NAICS CODE: 447110 Gasoline Stations with Convenience Stores
445120 Convenience Food Stores

Suggested ISO General Liability Code: 13673

Suggested Workers Compensation Code: 8006

Description of operations: Convenience stores sell perishable staples such as milk and bread and immediate need products such as aspirin or tobacco to customers who are in a hurry and want to avoid the inconvenience of larger retail stores. Convenience stores generally also stock newspapers, snacks, nonprescription drugs, novelty items, and some canned, frozen or packaged foods. Many offer deli-type foods, such as sandwiches, pizza, and beverages to go. Most have extended hours, with many open on a 24-7 basis.

Other services may include gasoline, diesel fuel, kerosene, car washes, fuel oils, and, where legally permitted, beer and wine. In states where allowed, lottery tickets are high sales items.

Property exposure is from electrical wiring, equipment and refrigeration units. The wiring must be current and up to code. If there is cooking on premises, the cooking and heating equipment may overload. Refrigeration equipment may overheat, or ammonia may explode. All equipment, especially refrigeration units, should be well maintained and in good condition. Smoking can be a serious problem and should be prohibited on premises. If there are gasoline sales, there is the additional exposure to the fumes and potential for explosion. Spoilage exposure is very high. A small fire or power outage of even moderate duration can render all fresh and frozen goods to be condemned as unfit for consumption or sale. Alarms and warning devices should be in place to alert the operation when there is a loss of power. Backup power, such as a generator, should be available. Theft is a concern. Appropriate security measures should be in place, such as keeping more expensive items behind the counter and inaccessible to customers, and having security mirrors prominently displayed throughout the store. Premises alarms should report to a central stations or police department after hours.

Equipment breakdown exposures are high as operations are dependent on refrigeration equipment, cooking equipment, and fuel pumps if fuel is sold.

Crime exposure is extreme for both employee dishonesty and theft of money and securities. The 24-hour or even late night/early morning hours, extensive number of cash transactions, plus attractive locations close to major thoroughfares and interstates, make convenience stores a target for holdup. A bulletproof cashier's cage may be necessary in high-crime areas. Employee dishonesty is controlled through background screening of employees, inventory monitoring, control of the cash register, and disciplined controls. All ordering, billing and disbursements must be handled as separate duties. To prevent theft of money and securities, money should be regularly stripped from the cash drawers and places in a safe away from the front door. Irregular drops should be made to the bank during the day if there is substantial accumulation of cash on the premises.

Inland marine exposures include accounts receivables from customers who are allowed to buy on credit, computers for cash registers and tracking inventory, signs, and valuable papers and records for employee and suppliers information.

Commercial Risk Summary – Retail Food & Beverages

Premises liability exposure is very high due to public access to the premises and the type of operation. Trips, slips, and falls are major concerns, especially during inclement weather when customers track snow, mud, and water into the facility. Housekeeping should be excellent and spills must be cleaned up promptly. Floor coverings must be in good condition, with no frayed or worn spots on carpet and no cracks or holes in flooring. Steps and uneven floor surfaces should be prominently marked.

There should be well marked sufficient exits 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 slip and falls. Customers can be injured or killed during a robbery. Security of visitors in parking areas is rapidly becoming the responsibility of the owner or operator of the premises. Outdoor security and lighting must be consistent with the area.

Products liability exposure results from food poisoning, contamination and allergic reactions. Monitoring the quality of food received, posting lists of ingredients, and maintaining proper storage temperature can reduce this exposure. Accurate records must be kept of products and batches to monitor for recalls. There should be controls in place to prevent all types of contamination from chemicals such as insecticides and pesticides used for pest control. Stock should be regularly rotated so older stock is sold first. Out of date stock must be removed on a regular basis and discarded.

Liquor liability exposures are mostly from selling liquor to underage individuals and those already intoxicated. Any failure to comply with state and federal regulations can result in the loss of a liquor permit. There must be a set procedure to check ages of anyone attempting to purchase alcohol. Employees must be trained to recognize signs of intoxication. Consumption of alcoholic beverages on premises should be prohibited.

Automobile exposure generally is limited to hired or nonownership liability exposures from employees running errands.

Workers compensation exposures are high due to lifting that can cause back injury, hernias, sprain, and strains. Floors may become slick, resulting in slips and falls. Employees should be provided with safety equipment, trained on proper handling techniques, and have conveying devices available to assist with heavy lifting. Injury or death during holdup is a major cause of loss. Employees should be trained to respond in a prescribed manner. Other workers compensation concerns may result from unskilled labor, high turnover, and language problems. Workers must also be able to deal with unruly customers who are refused the purchase they desire.

Refrigerant leaks can be a potential cause of injury. The injury potential is determined by the type of refrigerant used and the reason for the leak.

Minimum recommended coverage:

Business Personal Property, Spoilage, Business Income and Extra Expense, Equipment Breakdown, Employee Dishonesty, Money and Securities, Computers, Signs, Valuable Papers and Records, General Liability, Employee Benefits, Umbrella, Hired and Nonownership Auto, Workers Compensation

Other coverages to consider:

Building, Leasehold Interest, Real Property Legal Liability, Computer Fraud, Forgery, Accounts Receivable, Cyber Liability, Employment-related Practices, Environmental Impairment, Liquor Liability, Business Auto Liability and Physical Damage, Stop Gap Liability

Commercial Risk Checklist – Retail Food & Beverages

Agent: The coverages listed below are suggested for consideration for retail food stores. 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 – Retail Food & Beverages

	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 – Retail Food & Beverages

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	_____	_____	_____
Goods in Transit	_____	_____	_____
Signs (Neon and Electric)	_____	_____	_____
Valuable Papers and Records	_____	_____	_____

Other Inland Marine Coverages

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

CRIME COVERAGES

Money, Securities and Other Property

Employee Dishonesty Coverage	_____	_____	_____
Including Customer's Goods	_____	_____	_____
Computer Fraud Coverage	_____	_____	_____

Commercial Risk Checklist – Retail Food & Beverages

	Recommend	Accept	Reject
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	_____	_____	_____
Liquor	_____	_____	_____
Owners and Contractors Protective	_____	_____	_____
Professional/E&O Liability	_____	_____	_____
Railroad Protective	_____	_____	_____
Special Events	_____	_____	_____

Commercial Risk Checklist – Retail Food & Beverages

	Recommend	Accept	Reject
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	_____	_____	_____
Other Workers Compensation Endorsements			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

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EXCESS LIABILITY COVERAGES

	Recommend	Accept	Reject
Umbrella Policy	_____	_____	_____
Excess Liability Policy	_____	_____	_____

AVIATION COVERAGES

Aircraft Policy	_____	_____	_____
Passenger Liability	_____	_____	_____

SPECIALTY COVERAGES

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

BONDS

Bid Bond	_____	_____	_____
Contract Bond	_____	_____	_____
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