

# Loss Control Tips

## Food Distributors

Owning and operating a food distribution company can be a rewarding endeavor. These businesses play a major role in the overall food distribution process, serving as the link that connects a wide range of customers (e.g., hotels, restaurants, cafes, corporate cafeterias, hospitals, schools and universities) with high-quality food products. However, operating a food distribution business also carries significant risks. After all, food distributors have to manage various property, product and liability exposures. That's why it's vital to have effective loss control measures in place. This resource outlines common risks food distributors must address and offers helpful strategies to avoid possible claims.



## Premise and Operations Liability

Food distribution operations pose various liability concerns. For example, third-party property damage and injuries can lead to costly liability claims. There is also potential for significant fire issues due to merchandise being stored in one large area. Therefore, it's important for food distributors to take the following measures to limit their premises and operations liability:

- Implement a housekeeping program to ensure floor surfaces are kept clean and dry to prevent slips, trips and falls from happening. Spills should be cleaned up promptly, and the area should be kept free of debris.
- Ensure there is an emergency response plan in place and that it's communicated to each employee.
- Make sure indoor (e.g., hallways, stairs) and outdoor areas (e.g., sidewalks, parking lots) are free of hazards, such as snow, ice, potholes and uneven surfaces. Walkways should be well-lit, especially entrances, exits and stairways.
- Make sure there are proper ammonia detection systems in place if ammonia refrigeration equipment is used to alert personnel of a leak. Employers must have an emergency response plan for refrigeration units and how to respond.
- Establish a quality control program to monitor products. In addition, inspection controls should be used to prevent the distribution of contaminated products or the acceptance of damaged goods.
- Ensure there is a food safety program established and employees are trained in the requirements of food safety.



## Automobile Liability

Because food distributors often have their own fleet of vehicles and employees frequently travel between different job sites, commercial auto exposures are substantial. In particular, accidents on the road could result in serious ramifications, including employee injuries, costly property damage and potential liability issues involving pedestrians or other motorists. To minimize commercial auto exposures, food distributors should follow these protocols:

- Make sure all drivers possess acceptable driving records. Specifically, it's important to secure motor vehicle records (MVRs) for all drivers. MVRs should be updated annually.
- Provide employees will proper training on safe driving measures. Be sure to prioritize loading procedures so employees load vehicles appropriately.
- Prohibit employees from using their cellphones while driving.
- Consider utilizing telematics technology within commercial vehicles to identify employees' risky driving behaviors (e.g., speeding and hard braking).
- Implement an effective vehicle inspection and maintenance program. Such a program can help ensure all commercial vehicles remain in good condition and are safe to operate.
- Review all commercial vehicle and trailer characteristics (e.g., size and weight) to determine applicable Federal Motor Carrier Safety Administration (FMCSA) regulations. Routinely monitor compliance with FMCSA standards and make operational adjustments as needed.



## Cyber

Cyber hazards, especially those related to consumer privacy, are a major concern for food distributors. Expensive claims can arise from security breakdowns and errors and omissions issues. Food distributors must back up cyber information, including company, guest and client data. To minimize cyber risks, food distributors can implement the following procedures:

- Ensure there is a cyber emergency response plan in case of a cyberattack. This plan should be discussed with the underwriter to determine risk avoidance and mitigation strategies regarding potential cyberattacks.
- Create and implement a technology program and policies for employees. Train employees on the risks of cyberattacks and other cyber issues. Make sure there is a password security policy included in the technology program. In addition, employees and visitors should be forbidden to plug unauthorized devices into their workstations or company laptops.
- Ensure the company has encryption or other security measures to help prevent confidential user information from falling into the hands of those who might try to use it for personal gain.
- Confirm there are companywide warnings disseminated to notify employees of any known viruses that might pose a threat to the insured's system.
- Conduct audits internally and externally to ensure all employees are following company policies, procedures and protocols.



## Employee Safety

As an employer, food distributors must protect their employees from illnesses and injuries on the job. Occupational risks related to food distribution include injuries due to food preparation equipment and chemical use in the facility; trips, slips and falls; frostbite; and hypothermia. Food distributors should implement these employee safety precautions:

- Implement a ladder safety program and ensure employees have been appropriately trained in ladder safety.
- Create a slip, trip and fall program. Perform slip, trip and fall assessments to determine the likelihood of such an accident occurring on the job site.
- Develop an effective workplace safety training program that requires all employees to participate in routine training. Doing so will allow new employees to prepare for their roles while refreshing experienced employees on important safety protocols.
- Create an incident investigation response program that allows for swift and thorough incident investigations to take place.
- Establish a personal protective equipment (PPE) program and perform a PPE survey to determine what is needed for each task. Provide all necessary PPE to employees and educate them on the proper use of this equipment.
- Ensure there is a hazard communication plan in place and employees are trained on it. Safety Data Sheets (SDSs) must be accessible to all employees working with chemicals.
- Implement a forklift safety and training program. Employees must be trained on each type of forklift that the facility uses and that they will be using. Forklift patterns in the facility should be marked clearly.
- If ammonia refrigeration equipment is used, make sure employees are aware of the policies and procedures for working around such equipment and are provided with the proper PPE for working with ammonia.

## Learn More

It's essential for food distributors to implement proper risk management precautions to limit costly insurance claims and lawsuits. It can also offer various benefits, such as greater customer satisfaction, bolstered employee safety, fewer liability concerns and reduced potential for property damage.

Although this resource provides a range of loss control strategies, food distributors don't have to establish their risk management programs alone. Working with a qualified and experienced insurance professional can make all the difference. Contact us today to discuss insurance solutions and additional loss control techniques for food distributors.