

Whole/Retail Vendor Relationships - Pick your Partners Carefully

By Jay Johnston

Your business is insured, but what about the vendors who retail, resell or distribute your products?

Recent liability settlements within the propane industry have held wholesalers accountable for communicating basic information related to duty to warn, out of gas procedures and adherence to commonly understood safety standards.

Wholesalers are most often targeted when inadequate insurance limits carried by the retailer or vendor trigger an investigation as to the effort made by the wholesaler to educate and inquire as to the safety practices of their "distributor".

Here's a Risk Management Tip: Set up a file for vendors, retailers, resellers or distributors of your products. Make sure you list priority information including:

- Request and Maintain a record of certificates of insurance noting limits of liability, specific reference to the products being distributed and financial rating of the insurance carrier.
- Consider requesting limits that reflect the liability exposure or the value of their business in addition to DOT and other mandated limits.
- The file should document training information and contain some sort of contractual expectation regarding procedures, standards, services and handling of the products involved. Appropriate signatures of authority always "prove" the understanding.

In addition to buffering your company from liabilities associated with an underinsured or unsafe vendor/distributor - these steps could save lives and prevent injuries by holding your "partners" to a higher standard of safety and financial accountability.

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