



Underwriting guidelines

WHOLESALEERS

Local exceptions to these underwriting guidelines may apply.

Please consult with your underwriter or sales executive for details and to discuss risks which exceed the following guidelines.

Wholesalers Pac PlusSM risks will typically have:

- Up to \$15 million total insured values (building and business personal property) at each location
- Up to \$25 million total insured values per policy

Underwriting guidelines for **Wholesalers Pac Plus**

Business Personal Property and General Liability coverage is required. If applicable and eligible, coverage is required for all owned buildings. One hundred percent insurance-to-value is required.

Eligible operations are businesses specifically listed in the classification section.

Operations other than those expected or typical for this segment must be separately classified, if eligible.

Years in business

Three years in business is preferred.

Loss experience

The business must have favorable loss experience for Property and General Liability.

- Favorable loss experience is defined as:
No more than three losses in the last four years.

Prior carrier

The business should have had continuous insurance coverage for the last three years, with no cancellations by the insurer(s) or non-renewals (for other than market withdrawals or transfers within an insurer company group).

Internet

Transactional websites that support the transfer of private consumer/business information in exchange for goods, services, or information should have terms of use statements, privacy policies and website security features such as; fire wall technology, anti-virus software and third party certification programs (TRUSTe[®], VeriSign[®]).

Property underwriting guidelines

Adequate detection and protection devices for fire and theft must be in place.

- Central station fire alarms are preferred
- Risks with sprinkler systems are preferred
- If protective devices are in place on the premises, the policy will be endorsed with a Protective Safeguards endorsement describing the protective device and requiring that the company be notified of any suspension, impairment or failure to maintain the device

No cited violations of fire, health (if applicable) or life safety codes.

All owned buildings should be fully occupied, with no seasonal occupancies. Seasonal is defined as any occupancies open less than eight months of the year. All tenants must meet underwriting requirements. Please see the appropriate underwriting guidelines based on the tenant occupancies.

For both tenants and building owners, the plumbing, HVAC, wiring and roof must have been updated in the past 30 years.

No aluminum wiring may be present.

Safety cans or fireproof storage cabinets must be used for the storage and handling of flammable or combustible liquids.

The combustible material storage area may not exceed 25% of the total area.

- Combustible storage not only includes the product that is being stored, but also, and more commonly, the packaging material of the product, such as plastic wrap, cardboard boxes, wood crates, plastic or Styrofoam packing material. Goods susceptible to water damage should be palletized. Please consult with your underwriter regarding coverage for premises used solely for storage of inventory.

Liability underwriting guidelines

Businesses should secure evidence of insurance coverage for general liability and workers compensation from all tenants and from vendors that provide services to the business (such as snow removal or trash removal).

Certificates of insurance with limits at least equal to the insured's primary general liability limit of insurance must be obtained for all subcontracted work. There should be favorable contractual risk transfer.

Consult your underwriter for risks with total receipts for the following types of services exceeding 25% of their total sales: assembly of products for customers; installation work; leasing; rentals; repackaging; relabeling; assembly or alteration of products; repair work; and service work.

General liability rating

General liability premiums are based on sales. Sales means the gross amount of money charged by the insured, the concessionaires of the insured or by others trading under the insured's name for:

- Goods or products sold or distributed
- Operations performed including parts and labor
- Commissions and fees for services provided
- Rentals
- Dues and fees

Refer to CLM General Rules – 24. D. for specific inclusions and exclusions. Sales are subject to annual premium audit.

Coverages for Wholesalers

The following applies to all Wholesalers:

- Values should be included for the following types of Business Personal Property:
 - Machinery and equipment (not permanently attached to the building)
 - Stock – raw, in process and finished
 - Furniture and fixtures
 - Personal property of others
 - Electronic data processing equipment
- Business income and extra expense coverage is optional. When selected, the coverage may be written with a policy or location level dollar limit. The dollar limit is based on 50% of annual receipts and may be modified.
- MP T1 80 – Amendatory Provisions **Wholesalers Pac Plus** is mandatory and includes the following:
 - Brands and labels coverage is granted for up to \$25,000
 - Sales representative's samples and property at exhibitions are covered for up to \$25,000
 - Business Personal Property off premises coverage is automatically provided, including while in transit (excluding "stock" in transit)
- CG T3 23 – Exclusion – Aircraft products and grounding is mandatory.
- MP T1 60 – Selling price valuation on finished stock is available.
- CG D1 87 – **Manufacturers/Wholesalers XTEND Endorsement**[®] is available.
- CM T1 14 – Transportation special form is available.

Classifications for Wholesalers

For Business Personal Property and for 100% owner-occupied buildings, select the classification from the durable goods listing or the non-durable goods listing (based on the nature of the products distributed). When multiple products are distributed, select the program code assigned to the product generating the highest revenue. For buildings owned by the insured and not fully occupied by the insured, an additional liability charge for lessor’s risk may be applicable. For buildings owned and leased in whole to others, see **Building PacSM** or **Building Pac PlusSM**.

To be considered a wholesaler, the account must sell merchandise to retailers, to industrial, commercial and institutional firms, to contractors, or to professional business users or to other wholesalers.

This is a sampling of products found within each program code. This is not an exhaustive list.

Durable A goods – low

Description	Pac Plus Program Code	Eligible SIC
Cameras, equipment and supplies	W02	5043
Communication equipment, except household	W02	5065
Computers and computer peripheral equipment and software	W02	5045
Electrical appliances, household	W02	5064
Ophthalmic goods	W02	5048
Resistors, electronic	W02	5065

Durable A goods – medium

Description	Pac Plus Program Code	Eligible SIC
China	W03	5023
Dry-cleaning plant and laundry equipment and supplies	W03	5087
Home furnishings	W03	5023
Luggage	W03	5099
Musical instruments	W03	5099
Shoe repair materials	W03	5087
Signs, except electric	W03	5099

Durable A goods – high

Description	Pac Plus Program Code	Eligible SIC
Analytical instruments (photometers, spectrographs)	W04	5049
Architect, drafting and engineer, equipment and supplies	W04	5049
Laboratory equipment, except medical or dental	W04	5049
Refrigeration equipment and supplies	W04	5078

Durable B goods – low

Description	Pac Plus Program Code	Eligible SIC
Electrical apparatus and equipment, wiring supplies and construction materials	W08	5063
Office equipment	W08	5044

Durable B goods – medium

Description	Pac Plus Program Code	Eligible SIC
Batteries, except automotive	W09	5063
Circuit breakers	W09	5063

Durable B goods – high

Description	Pac Plus Program Code	Eligible SIC
Air-Conditioning equipment and supplies	W10	5075
Automotive supplies	W10	5013
Humidifiers and dehumidifiers, except portable	W10	5075

Durable C goods – low

Description	Pac Plus Program Code	Eligible SIC
Keys	W11	5072

Durable C goods – medium

Description	Pac Plus Program Code	Eligible SIC
Cutlery	W12	5072
Fasteners	W12	5072
Hardware	W12	5072
Staples	W12	5072

Durable C goods – high

Description	Pac Plus Program Code	Eligible SIC
Brick, stone and related construction materials	W13	5032
Plumbing fixtures and supplies	W13	5074
Water softeners	W13	5074

Nondurable A goods – low

Description	Pac Plus Program Code	Eligible SIC
Bags, boxes, paper and disposable plastics	W05	5113
Books, periodicals and newspapers	W05	5192
Pens and pencils	W05	5112

Nondurable A goods – medium

Description	Pac Plus Program Code	Eligible SIC
Artists materials	W06	5199
Candles	W06	5199
Hair accessories	W06	5131
Jewelry boxes	W06	5199
Pet supplies, except pet food	W06	5199
Piece goods, notions and other dry goods	W06	5131

Nondurable A goods – high

Description	Pac Plus Program Code	Eligible SIC
Footwear	W07	5139

Nondurable B goods – low

Description	Pac Plus Program Code	Eligible SIC
Beer and ale	W14	5181
Confectionery	W14	5145
Dairy products, except dried or canned	W14	5143
Fresh fruits and vegetables	W14	5148
Packaged frozen foods	W14	5142

Nondurable B goods – medium

Description	Pac Plus Program Code	Eligible SIC
Groceries and related products	W14	5149
Poultry and poultry products	W15	5144

Nondurable B goods – high

Description	Pac Plus Program Code	Eligible SIC
Men’s and boys’ clothing and furnishings	W16	5136
Women’s, children’s, and infants’ clothing and accessories	W16	5137
Toys and hobby goods and supplies	W16	5092

Manufacturers’ representatives

Description	Pac Plus Program Code
Business must not take possession of or title for goods sold	AA1

Ineligible operations, products or services for Wholesalers

Risks with the following exposures, products or operations should not be written as **Wholesalers Pac Plus**:

Ineligible operations

- Armed security guards
- Assembly, processing or packaging/repackaging products
- Backhauling (transporting goods of others on the return trip)
- Home-based businesses
- Marijuana, Hemp, or Cannabidiol (CBD) processing, handling, sales or distribution (including edible forms)
- Poultry and poultry products processing or packaging
- Primary operations in frame buildings
- Primary operations in joisted masonry and/or light noncombustible with building coverage and/or business personal property coverage greater than \$250,000; located in protection classes 8, 9 or 10
- Quarries or aggregate plants
- Risks with total receipts for the following types of services exceeding 25% of their total sales:
 - Installation work (see **Contractors PacSM**)
 - Leasing
 - Rentals
 - Repackaging, relabeling, assembly or alteration of products
 - Repair work
 - Service and/or repair (see **Contractors Pac**)
- Secondary manufacturing operations in frame, joisted masonry and/or light non-combustible buildings where the total insured value is greater than \$250,000; located in protection classes 8, 9 or 10

Ineligible products

- Aircraft and aircraft parts
- Ammunition
- Amusement park equipment
- Asbestos products
- Awnings
- Banana ripening (over 10% of operations)
- Beverage concentrates, flavoring extracts and syrups
- Biological and allied products (connected with living matter)
- Blood plasma
- Boats
- Building envelope products – these are building materials that are an integral part of sealing a building from the elements
- Carpets and floor coverings (except tile) (over 10% of sales)
- Chamois leather
- Charcoal
- Clothing:
 - Sleepwear (adult, infant or juvenile)
 - Infant (any)
 - Juvenile (any)
- Computer chips (over 10% of sales)
- Cooking oil (over 10% of sales)
- Directly imported products or products manufactured in foreign countries
- Discontinued products
- Drugs and pharmaceuticals
- Drywall
- Explosives
- Firearms, sporting
- Firefighting equipment
- Fireworks (any amount)
- Flavoring extracts
- Flour bulk or re-packaged (over 10% of sales)
- Foam rubber
- Glue
- Gravel
- Guns
- High-performance equipment
- Inaccessible or difficult to access products when installed (such as building products that are buried underground, in foundations, or structural components)
- Karaoke equipment, music or machine design, sales, service or installation
- Kits to build a vehicle
- Linseed oil
- Live poultry or other animals
- Machinery and equipment – used (over 10% of sales)
- Marijuana, Hemp, or Cannabidiol (CBD) processing, handling, sales or distribution (including edible forms)
- Matches
- Mattresses (over 10% of sales)

Ineligible products (continued)

- Medicinals and botanicals
- Metal buildings
- Metal cyanides
- Metal salts
- Mobile homes
- Motorized equipment
- Non-pasteurized products
- Nuclear energy application (any part or product)
- Oils, cooking – vegetable (over 10% of sales)
- Oils, except cooking – animal and vegetable
- Performance enhancing, diet or energy products
- Pet food (over 25% of sales)
- Pool equipment and supplies with over 10% of stock that is chemicals
- Prefabricated buildings
- Products utilizing emerging or new technology – these are new materials, new products or new applications of existing products that have not withstood the test of time
- Roll bars or roll cages
- Safety or protective shoes
- Salts, industrial
- Sand
- Sawdust
- Semen, bovine
- Semiconductors (over 10% of sales)
- Specialty parts and equipment (e.g., armored cars, campers, motor homes, road painting, snow plowing, spreaders, sprayers, street sweeping, trailers, trash hauling)
- Sponges
- Starches – non-liquid bulk or repackaged
- Syrups
- Tanning (suntanning) beds or booths
- Tasers, stun guns or electronic control devices
- Unusual chicken parts (e.g., chicken feet or “paws”)
- Upholstery filling and padding (over 10% of sales)
- Value-Added Resellers (VARs)
- Vitamins
- Watercraft products (over 10% of sales)
- Welding supply dealers/distributors

Ineligible SIC codes

Durable goods – ineligible

5012	Automobiles and other motor vehicles
5014	Tires and tubes
5015	Motor vehicle parts, used
5031	Lumber, plywood, millwork and wood panels
5033	Roofing, siding and insulation materials
5047	Medical, dental and hospital equipment and supplies
5051	Metals service centers and offices
5052	Coal and other minerals and ores
5082	Construction and mining machinery and equipment
5083	Farm and garden machinery and equipment
5084	Industrial machinery and equipment
5085	Industrial supplies
5088	Transportation equipment and supplies, except motor vehicles
5093	Scrap and waste materials
5094	Jewelry, watches, precious stones and precious metals

Ineligible SIC codes

Nondurable goods – ineligible

5122	Drugs, drug proprietaries and druggists' sundries
5153	Grain and field beans
5154	Livestock
5159	Farm-product raw materials, NOC
5162	Plastic materials and basic forms and shapes
5169	Chemicals and allied products, NOC
5171	Petroleum bulk stations and terminals
5172	Petroleum and petroleum products, except bulk stations and terminals
5191	Farm supplies
5193	Flowers, nursery stock and florists supplies
5194	Tobacco and tobacco products
5198	Paints, varnishes and supplies



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The Travelers Indemnity Company and its property casualty affiliates. One Tower Square, Hartford, CT 06183

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