



Delivery Companies Using Schools as Distribution Centers **Looking to Transfer Risk While Gaining Resources**

Risk Alert

Online retailers are seeking colleges and universities to help with their labor and transportation shortage. Their idea is to pay these institutions to sort, load and deliver packages (using school vehicles and students) especially as the holiday season is fast approaching. This unusual offer to schools may seem like a good idea on the surface for both parties, however, the details point to a different relationship.

Many schools are looking for creative ways to increase revenues to recoup losses since the pandemic and may entertain such an arrangement, however most if not all underwriters will view this operation as outside the scope of anticipated school activity and more as a separate business venture. Additionally, with the large retailers involved, the contracts significantly favor the retailer over the school when it comes to insurance and liability. The schools are also expected to take on the additional responsibility of training and supervising the student drivers who may also be sacrificing their studies to earn some extra money.

Be wary of these proposed business arrangements. Ask many questions and have your counsel review all contracts so responsibilities and liabilities are clearly defined and understood. Lastly, discuss with the current carrier so they are aware of the proposed arrangement as there may be no or limited coverage should an incident occur.