



## **Guidance on Inventory Management and Insurance Coverage when Offering a Temporary Storage Program and/or Distributing Devices**

### **Inventory Issues to Consider**

- Storage space for firearms in your Temporary Storage Program as well as space for devices to be distributed is something to consider before launching this program. Depending on your location's available storage space, you may need to consider implementing a wait list for larger items while supplies are replenished.
- The impact of this program on COGS and inventory velocity is minimal and therefore not necessarily tracked as it relates to the rest of the retailer/range's inventory.
- Other retailers have chosen to select separate UPCs that are unique to the program to distribute, so as not to confuse program inventory with store inventory to be sold.
- From a reporting standpoint, it may be helpful to create an inventory department that is specific to Pause to Protect, so you can easily pull reports and manage inventory specific to the program.
- It is also recommended that unique codes are used in association with any gunsmith work performed for the program to simplify reporting.
- If you are distributing storage devices, you may want to consider setting a recommended donation amount in order for customers to receive the larger devices. As an example, a retailer in Lakewood requested a 20-30% retail donation for larger devices and received a very positive result. These donations would need to be made to the Pause to Protect program at your specific location and accounted for accordingly. They can help to sustain your funding beyond the \$9500.
- You will need to reach out to your insurance carrier to determine what impact temporarily storing firearms for customers will have on your insurance. Rates differ depending on state, carrier, and claims history and for different insurance coverage (e.g., building coverage, business income and extra expense (BIEE) coverage, Personal Property of Others (PPO) coverage).



## Insurance Coverage Issues

- If you are considering offering a temporary storage program at your location, it is recommended you talk with your broker and potentially increase your personal property of others coverage.
- As an example, a retailer in Lakewood, CO had a \$385 increase in their insurance premium for a \$150,000 increase in PPO coverage in 2023.
- Each carrier and geographic location will vary in terms of rate changes.
- This increase was not considered substantial enough to create concern over offering temporary storage options.