

# Coverages for Wineries



Due to their unique nature, wineries of all sizes are presented with an unusual blend of exposures that need to be managed. As a wine producer, you face different types of risk not normally seen together in the same industry. For example, wineries that grow their own vines have to be concerned about agricultural industry woes like crop health while also managing the same responsibilities faced by any commercial business that makes and sells a product. Even simple things, like the alcohol content in your wine, create additional risks.

Because no two wineries are alike, it is important to carefully study your exposures based on your unique operations to ensure that all risks are properly covered.

### Potential exposures

- *Crop risks* – Grapes are susceptible to a variety of disasters such as hail, drought, floods, pests, infections and bacteria, among other things. These problems have the potential to wreck more than a year's production since vines need time to reestablish themselves before they can return to their regular output after extensive damage.
- *Contamination* – Because the purity of the grape is so deeply connected to the taste of the end product, contamination is a major liability. From the vine to the finished product, contamination can occur at nearly any point in the process. Whatever the case, if a crop's quality is compromised, it could make some or all of the grapes unusable.
- *Intellectual property* – The unique rootstock that grapes come from can be considered intellectual property. Whether you grow your own grapes or purchase them, use of unlicensed rootstock or their produce could constitute patent infringement.  
  
Intellectual property claims can also arise from labeling conflicts where one party copies some or all of another party's label design. Costs can be incurred if you are sued by someone else or if you have to take actions against a company guilty of infringing on your brand.
- *Product recall* – No matter what the industry, every manufacturer faces the possibility that an issue could be found with a product after it has been distributed. The resulting product recall can involve lost time, extra shipping charges and losses associated with not having a sellable product available for consumers. Even if you are not responsible for a product recall, widespread damage to the industry can occur if another wine product erodes consumer confidence.
- *Storage and shipping* – In order to preserve quality, special precautions may need to be taken during storage and shipping. If a product is stored offsite or transported by an outside party you still may be responsible for the product's safety.

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- *Liquor liability* – While liabilities from the manufacture of alcohol are limited, if you are involved in retail sales directly to the consumer or if your winery hosts tastings or other events that serve alcohol, your liability will increase as you could be held responsible for damages that result from over serving guests or serving minors.
- *Workers' compensation* – Even if your winery operates with a small staff there is always a chance for workplace injury. This risk increases with the size of your operation, especially if you grow your own grapes and must employ additional workers for planting and harvesting.
- *Premise liability* – If you are only involved in production, premise risks should be rather limited. However, if you offer tours, host events, run an onsite retail shop or are involved in any other function that opens your business to the public, you increase the chance that a nonemployee will be injured on your property. Based on the cause of injury, you as the property owner could be held liable.

### Winery coverage

The above exposures are commonly covered in vineyard and winery policies. Such policies are a group of coverages packaged together, designed specifically to protect against common industry risks. However, because of variations between operations, it is not uncommon for wineries to need more or less of certain coverages. One size does not fit all, making it important to compare different policies against your unique needs. Performing an in-depth analysis of your exposures will help you maintain the proper level of coverage.

### Count on the experts

Because each individual winery may face a unique set of risks, it is important to team up with an experienced insurance agent who understands your company and can knowledgeably review your situation to design a policy tailored to your exact needs.