

Loss Control Services - Winery Claims Scenarios

Common Winery Operation Losses & How to Avoid Them



Winery risks are as unique as the grapes they harvest. Taking preventative measures to discover and mitigate potential issues which may result in damage & losses can go a long way in keeping your business operating smoothly.

Here are some common claim scenarios we've seen recently and lessons learned on how to avoid them:

Incident	Claim Paid	Takeaway
Wine In-Transit - Insured was transporting grapes contained in bins. As the driver went around a corner the trailer tipped causing nearly \$12,000 in grapes to spill out onto the road. The grapes were covered in full by the policy under the In Transit coverage.	\$12,000	Always secure the load.
Pallet of wine dropped - Insured hired a transportation company to move a skid of wine bottles to another location. An employee of the transportation company was moving the product onto a trailer and the skid broke causing over 90 bottles of wine to crash to the floor. This loss was afforded coverage under the In Transit coverage in the policy.	\$6,000	Any loss is not palatable when you work so hard to craft quality wines. Inspect pallets routinely for damage prior to use.
Wine In-Transit - A warehouse employee was moving the insured's pallet consisting of 56 cases of 2018 Cabernet totaling \$5,500 from the 3rd level rack system. One of the boards on the pallet broke causing the pallet of 56 cases of wine to hit the floor and shatter. This was a described location on the policy and coverage was afforded under the Select Business Policy Building and Personal Property Coverage Form. Additionally, the policy has a Endorsement which valued the wine product at selling price as bottled case goods.	\$5,500	Inspect and vet pallets before committing them to bearing heavy loads. Check for cracks, excessive splintering or missing hardware. Quality control of pallets is essential to keeping product secure while in storage or transit.
Wine Leakage / Tank Collapse - The wingnut on the insured's stainless-steel tank failed causing over 11,000 gallons of wine to leak out. As a result of the sudden wine leakage, the tank imploded on itself. The Wineries, Distilleries, and Breweries and Cideries Plus Endorsement covered the wine leakage of \$31,000 and the replacement of the tank in the amount of \$70,000.	\$101,000	Inspect tanks and equipment on man way doors on a schedule that is tracked and followed by all cellar employees.
Wine Leakage - Insured had just completed fermentation and were in the process of transferring finished wine from one tank into 2 tanks prior to putting it into barrels for aging. Unknown to the insured one of the tanks was closed and the pumping event caused wine to overflow. They lost nearly 200 gallons of Pinot Noir wine.	\$73,000	A formal checklist of protocols employees can follow during the fermentation or production processes can help reduce user error and loss of product. Accidents happen but keeping things structured with emphasis on checking and double checking steps will ensure a smoother production process from start to finish.
Wine Leakage - Insured paid a host winery to custom crush wine. An employee of the hired winery was driving forklift and accidentally bumped into the end stack of 1/2 ton macro bins that were lined up near a stainless steel tank containing the insured's wine. The macro bin hit the door handle of the tank causing the tank door to open resulting in over 8,500 gallons of leakage.	\$65,000	Insure you have adequate leakage coverage for your volume of wine in vessel.

Incident	Claim Paid	Takeaway
Auto Damage - Catalytic converter stolen from insured's vehicle. It cost \$4,500 to replace the catalytic converter and to repair the exhaust. The loss was covered under the Auto policy less the deductible.	\$4,500	When possible, store vehicles in areas that are hardened (interior of buildings or in fence / gates).
Wine Contamination - Insured had 87 cases of red wine contaminated with acetobacter. This volatile acidity gave the wine a vinegar taste and made it unsellable. Lab results confirmed the wine was contaminated with bacterial growth. The microbial wine contamination was covered under the Endorsement with a Contamination Limit: \$5,000 for cellar funk and wild yeast. The insured was issued the full \$5,000 limit of coverage for the contaminated finished wine product.	\$5,000	Be sure to institute a stringent CIP (clean in place) protocol from tank to bottle to prevent contamination issues.
Equipment Breakdown - Insured was in the beginning stages of brewing three varieties of beer, which were in four different fermentation tanks. The compressor for three of the four tanks containing product failed due to a burnt wire located in the control box. The equipment failure resulted in all three tanks beer to spoil in the amount of \$22,000. The spoilage and equipment repair costs for \$6,000 were afforded coverage under the Equipment Breakdown Coverage Form less the deductible.	\$28,000	Partner with a mechanical/electrical team to conduct routine equipment inspections on a bi-annual basis. Consider having needed backup repair parts to minimize downtime.
Premises Liability - Dog bite while on premises for a wine tasting. Have a written protocol for dog ownership responsibilities and train employees on aggressive identification of problem breeds and oversight. The dog was not owned by insured and was not known by the insured or staff. The dog was owned by a customer.	Less than \$5,000	Have a written dog and animal protocol and make sure all employees are routinely trained to identify problematic situations before they occur.
Employee Dishonesty - Winery owns a fleet of trucks that are driven by employees. The trucks are used to pick up wine from different wineries for transport. After thorough review of gas purchase transactions it was discovered employees had been using the company fuel card meant only for diesel to purchase regular gas. Financial records showed that the employees had spent over \$80,000 on regular gas within a 1-year time period. Coverage for this loss was found under the Commercial Crime Coverage Form - Employee Theft and the policy limit for Employee Theft was issued.	\$80,000	Be sure to carry adequate crime coverage and limits while instituting a checks and balance system on transactions involving your business.
Auto Damage - Insured stacked boxes of wine in the bed of a truck. Three boxes flew out of the vehicle, one hitting another vehicle's windshield causing damage. Fortunately, there were no injuries. Coverage for the claimants damaged vehicle was covered under the insured's Business Auto Coverage Form and a payment was made to replace the windshield.	\$1,500	Secure all loads in every vehicle with a consistent written transport protocol.

Inadequate Insurance Coverage Could Harm Your Business. Working with a specialty insurance partner is critical to keeping your business operating and ensuring you are properly protected from even the most complex claim scenarios.



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