

# Loss Control Services - Craft Brewery Claims Scenarios

## Common Brewery Operation Losses & How to Avoid Them.

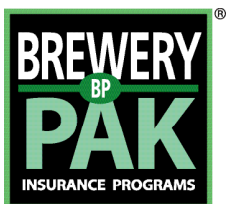


Craft brewery risks are as unique as the beers the establishments brew. Taking preventative measures to discover and mitigate potential issues which may result in damage & losses can go a long way in keeping your business operating smoothly.

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

Incident	Claim Paid	Takeaway
Manway door gasket seal on tank causing insured's stainless steel fermentation tank to vacuum imploded on itself due to a failed wingnut. This resulted in over 14,000 gallons of finished product to spill out on to the ground. It cost \$73,672 to replace the tank and an additional \$31,092.06 to replace the product.	\$94,764.06	Inspect wear gaskets/parts valves at pre-determined intervals and create an environment in brewery where all double and triple check vital valves/gaskets all the time.
An oak chip was found in the centrifuge filtration machine. An employee disassembled the machine in order to access and pull out the oak chip and clean the machine. After reassembly they began a cleaning cycle on the machine and after about 10-15 minutes, they heard unusual loud noises from the machine. After hitting the emergency shutoff button, they found multiple internal parts that had been severely damaged. The cost to repair the centrifuge to a pre-loss condition was \$125,100.25. The cost to repair the centrifuge was covered under the Equipment Breakdown within the policy.	\$122,600.25	Clean/organize and make sure connecting lines on equipment are free of debris. Pre-screen if possible.
An insured was in the beginning process of brewing a batch of beer when their boiler began throwing codes. A technician found that the Pilot Assembly and Flame Safeguard mechanically failed and had to be replaced. The total cost including labor to repair the boiler amounted to \$20,912.74. As result of not being able to produce beer while the boiler was under repair, the insured incurred a loss of business income in the amount of \$138,063. Both the boiler repairs and loss of business income was covered under the Equipment Breakdown within the policy.	\$156,475.74	Have a maintenance and inspection partner inspection on your vital beer brewing equipment. Have backup parts if you can. It will help limit exposure.
A vehicle drove into the insured's outside taproom resulting in damage to a fence and retail signage that surrounds the beer garden. This fundamentally worsened the aesthetics, which resulted in not only a property damage loss totaling \$23,404.45 for the fence and signage but a loss of business income totaling \$34,010. Both the property damage and business income loss were covered.	\$56,414.45	Fortunately-no one was hurt but be sure that your outdoor improvements and coverage are up to date and provide you coverage. Protect customers and property with BOLLARDS when possible.
The insured's 3-year-old mash kettle tank developed leaks and had to be shut down for inspection. A technician inspected the tank and found spider cracks all throughout the stainless steel jacket. Due to the defective kettle, the insured had to shut down any further beer making. The integrity of the stainless-steel jacket was so bad, that they were unable weld the spider cracks. It was determined that the tank was beyond repair and had to be replaced. Due to the size of the tank, the building roof had to be removed and a crane brought in to remove and replace the tank. This process would take several weeks, which resulted in the insured sustaining a business income loss. Both the kettle tank replacement and loss of business income was covered under the Equipment Breakdown within the policy.	\$776,030.23	Have a good solid plan in place to limit exposure. Understand that a operation has hurdles to fix and install large tanks-Always have a plan. In this case there was no real way to get around it...

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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