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New Business Brewing: How Agents Can Tap into the Beer Market in New England

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Diversification is key to building out an independent agent's book of business, and one specialty worth considering in the New England market is the brewery space.

These days, the region is home to a number of fantastic breweries and interest in the segment continues to grow. For agents and brokers with a passion for beer who are seeking a new niche to develop their business, breweries could be a strong area to target.

Traditionally, New England breweries have been difficult to insure as liquor liability laws placed heavy liability on breweries and taprooms. Prior to 2023, in regional liquor liability and overserving cases, the onus often fell on the breweries and taprooms serving the alcohol.

Recently, we've started to see things changing. For example, Vermont is looking to open doors to agents and brokers in the brewery space with revised dram shop laws that eased the liability on breweries and taprooms. Dram shops refer to businesses that sell alcoholic beverages. This could be a sign of changes to come as other states outside the region, such as Alabama and Montana, also moved to soften dram shop laws in 2023.

While a brewery specialty may pique the interest of an agent for a variety of reasons, including personal passion or maybe recent legislative changes, before entering any new market agents should have a full understanding of the various risks and challenges that breweries present.

In addition to dram shop laws and liquor liability, agents should understand equipment breakdown risks, weather risks and more.

What Are the Risks?

With Vermont enacting new legislation, liquor liability rises to the top of our list as it is timely. While the new statute in Vermont does reduce some of the onus on breweries and taprooms, following dram shop best practices is still critical. Keep in mind that they vary from state to state.

Dram shop law violations can leave taprooms and breweries legally liable for damages or injuries caused by intoxicated customers, which can lead to significant losses and reputational harm to the brewery.

Staff members should be trained to identify and navigate overserved patrons. Further, bar managers should keep detailed incident logs in case any patron causes an issue, and the taproom should be equipped with video surveillance to document potential incidents.

Additionally, equipment breakdown is a leading risk exposure for brewery owners as they often navigate kettle leaks, exploding tanks, faulty hoses and more.

We often see incidents where brew kettles develop leaks and as a result, the kettle is out of commission until inspection, halting brewing operations.

Upon inspection, a repair professional may identify cracks or other damage in the kettle, requiring complete shutdown of production for repairs.

In the event the brewery needs to replace the tank, the brewery could suffer several weeks without beer production.

Agents who understand the industry and the risk exposures unique to it, can work with their clients well ahead of an equipment breakdown issue to ensure they have a thorough risk mitigation plan in place.

Regular maintenance and inspection can go a long way in preventing and minimizing equipment breakdowns.

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Agents should encourage insureds to talk to their staff, reminding them to check for any equipment issues. That way, they can be prepared in case of any malfunctions or breakdowns.

Finally, New England is known for extreme weather from blizzards and ice storms to tropical storms to wind and convective storm damage. For breweries, weather events like these can shutdown outdoor business, damage property and create hazardous conditions for workers and guests, as well as cause significant infrastructure damage and more.

A well-prepared agent will share comprehensive weather-related risk mitigation guidance specific to the region with their brewery clients, including a disaster response plan tailored to their facility. This could detail emergency contacts, staff responsibilities in the event of a storm, items to secure and instructions to direct customers and other team members to safety.

Insurance to Value

Of course, these days in almost any industry, inadequate insurance to value ratios continue to lead to unexpected costly repair costs for insureds and possibly a reputation issue for agents. Supply chain shortages and inflation continue to make replacement costs for needed supplies rise, rapidly increasing equipment and property values.

Just last year, we learned of a brewery that was damaged in a severe fire. The blaze led to significant property damage, including damage to outdoor tanks and outbuildings. To make matters worse, the insured, who had not had the property evaluated in some time, discovered the cost to rebuild was far greater than expected and that their coverage limits were insufficient.

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Brewery owners can find themselves subject to particularly costly insurance-to-value issues as many tasting and taprooms have unique finishings, such as custom-designed wood countertops or bar tops that can be expensive to replace. Often, an agent will share functional replacement costs with their clients, offering an estimate of a general cost to repair just to get the business running again. This general estimate would not account for those high-end or rare finishings and can lead to confusion and inadequate coverage.

Staying a Step Ahead in a New Market

Independent agents have a great opportunity to diversify their books of business with new brewery and taproom clients in New England. Good agents will rise above the competition by getting ahead of their brewery clients' risk exposures. To do this, they should consider the following best practices:

- Prioritize frequent communication with clients.
- Visit their clients' locations to see their properties and exposures first-hand.
- Obtain appraisals of the property with the correct square footage and look for any updates that brewery owners may have missed.

Finally, the most important step agents can take to protect their clients in the brewery market is by taking a boots-on-the-ground approach. An insurance specialist who knows the niche can be a tremendous asset here, helping you and the client identify risks and understand coverage needs. You can learn so much simply from visiting a property, in addition to building a strong relationship with insureds. The information an agent can gather onsite will allow them to provide more accurate values and better support their clients as they manage high-pressure exposures.

Take the time now to study the market and understand the risks. Your agency could be the next major insurance partner for the New England brewery market. ■

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