



Insurance for Microbreweries and Brewpubs – Buyer’s Guide

Welcome to the Brewery Insurance Buyer’s Guide, designed to help owners and managers of microbreweries and brewpubs know what types of business insurance coverage they need.

PROPERTY INSURANCE

Property insurance covers damage to or loss of your property including buildings and their contents. It also covers subsequent exposures, such as food spoilage and loss of income. For example, property insurance covers:

- Your building(s), including tenant improvements.
- The contents of your building(s), including inventory, furniture, equipment, fixtures, etc.
- Loss of income, including ongoing expenses and profits.
- Electronic data processing (computer hardware/software, fax machines, point of sale systems, copiers and phones).
- Boiler and machinery.
- Monies and securities.
- Losses incurred due to employee dishonesty.
- Exterior signs.
- Glass.
- Property of others.

Every brewery and brewpub is unique, and many other types of insurance riders can be purchased to ensure that all your property is covered. One example is coverage to protect fine articles such as artwork.

Comments:

It is important to make sure that your coverage limit accurately reflects the true replacement cost of all of your property. When you were building your brewery, you may have been able to take advantage of economies that would be unavailable if you had to rebuild it (such as equipment from a failed brewery or custom built equipment).

It is also important to make sure your property insurance includes “Loss of Income” coverage, so that you can continue to cover your expenses even if you don’t have any incoming revenue as a result of the event that caused the claim.

When applying for coverage, you should let the insurance company know about the safety programs you have in place, including details about safeguards against fire, such as the number of extinguishers, if you have a sprinkler system, and proximity to fire



hydrants and stations. Demonstrating that your operation is safe will have a favorable impact on your insurance premium.

LIABILITY INSURANCE

Liability insurance covers you for what you are legally obligated to pay because of bodily injury or other people's property damage caused by you. In a brewery or brewpub, this could include trips and falls on your premises as well as product liability (including food and beer).

At Whalen Insurance, we recommend that all microbreweries and brewpubs purchase a minimum coverage in the amount of \$1,000,000 per occurrence/\$2,000,000 general aggregate for bodily injury and property damage. Larger operations should purchase more.

Comments:

Again, it's important to tell the insurance company about all pertinent safety features, such as having non-skid surfaces, hand railings, employee safety training, or if your operation doesn't have any stairs. In order to underwrite your application, the insurance company will also require financial information such as annual receipts (broken down by food, liquor and retail merchandise), and payroll, and other details such as square footage.

LIQUOR LIABILITY INSURANCE

Liquor liability insurance covers you for claims concerning the serving, sale or manufacturing of alcohol.

The main concern here is that patrons of a brewpub or microbrewery taproom will consume too much alcohol and cause damage to themselves, other people and/or their property. The damage can occur on the premises, but more often occurs after the patron has left the establishment.

Beer manufacturers that do not serve beer should know that they are not necessarily insulated from liquor liability claims. They can be named in lawsuits if someone becomes intoxicated by consuming their product obtained at a bar or liquor store. This is especially the case for beers with higher alcohol content. Participation in beer festivals and charitable events can also expose microbreweries.

We recommend a minimum coverage amount of \$1,000,000 per occurrence/\$2,000,000 general aggregate for bodily injury and property damage.



Comments:

It is important to make sure “Off Premises Assault and Battery” coverage is included, since it common for alcohol related events to occur after the intoxicated party has left your premises.

WORKERS’ COMPENSATION INSURANCE

Workers’ compensation insurance pays for employee medical bills, lost wages and third party lawsuits (against you) in the event a worker becomes injured on the job. It is required by law.

Comments:

When designing a workers’ compensation plan, you will need to know if your state requires owners or officers to be included in the plan or if their inclusion is optional.

As with the other types of coverage, you’ll want to tell the insurance company about all pertinent safety features, such as non-skid flooring (particularly in the brewery), use of back braces, safety glasses and whether you have conducted employee safety training. You should mention procedures for handling claims, such as reporting them to supervisors and the procedures for notifying the insurance company.

AUTOMOBILE INSURANCE

This type of insurance provides coverage for losses relating to accidents involving company vehicles.

It is important to purchase adequate coverage for bodily injury to others and to cover you if the guilty party has insufficient liability coverage. It is also critical to have the amount of coverage required by your umbrella insurance policy (further discussed below).

The insurance company will ask for a schedule of vehicles as well as a list of drivers (with date of birth and Social Security number.)

UMBRELLA LIABILITY INSURANCE

This is incredibly important “extra” liability insurance, because even the best business people cannot control everything and do not always know what might happen.

Umbrella liability policies provide coverage for claims over and above the coverage limits in each of the underlying coverages described above, including general liability, liquor liability, workers’ compensation and automobile liability.



We recommend a minimum layer of umbrella liability coverage of \$1,000,000 for smaller microbreweries and brewpubs. Larger organizations should purchase higher limits.

BONDING

State and federal government entities require microbreweries and brewpubs to purchase certain types of bonds. For example, most states require microbreweries and brewpubs to carry tax bonds in the event you don't pay your taxes. Required bond limits differ by state. Additionally, the Federal Bureau of Alcohol, Tobacco and Firearms (ATF) requires breweries and brewpubs to carry bonds for licensing purposes.

GETTING THE COVERAGE YOU NEED

If you choose to work with **Whalen Insurance** to insure your microbrewery or brewpub, we will work closely with you to develop a comprehensive description of your operation so that we can meet your needs – and protect you against every risk you face - for the lowest possible cost.

Please call **800-235-0355** if you have any questions about any of this information or if you would like to discuss your insurance needs. Alternatively, if you are ready for the next step in the process, you may complete our "request a quote" forms by going to www.breweryinsurance.com, clicking on "Brewery Insurance" and then clicking on "Request a Quote."