

# Commercial Risk Summary – Agribusiness

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## WINERIES

Category: Agribusiness

SIC CODE: 0172 Grapes

2084 Wines, Brandy and Brandy Spirits

NAICS CODE: 111332 Grape Vineyards

312130 Wineries

Suggested ISO Farm and Commercial General Liability Code(s): 59963, 59964, 03518, 03519, 03618, 03619, 03718, 03719, 03818, 03819

Suggested Workers Compensation Code(s): 0079, 2143

**Description of operations:** Wineries grow or purchase grapes and process them into wine. Some wineries still use manual labor to harvest grapes while others use mechanical harvesters. The grapes are fed through a destemmer and crushed. Skins may be removed or left on during fermentation, depending on the type of wine being produced. Sugar, yeast, carbon dioxide or flavorings may be added. Fermentation can be done in oak barrels or stainless steel tanks. Once fermentation is completed, the wine is strained, bottled and labeled for sale.

**Property exposures** are from machinery, heating and refrigeration equipment. Grapes, wine in process and stored wine are very sensitive to changes in temperatures. Temperature-monitoring devices should be mandatory and installed in most processing and storage areas. Even a small fire can result in mandatory destruction of all wine in process as well as stored wines due to the possibility of smoke contamination. Processing areas should be separated from storage areas. Product ready for shipping should also be kept in a separate area, especially if a required tax stamp has already been affixed.

**Crime exposures** are from employee dishonesty and money and securities. Some wineries offer tours and operate retail stores, resulting in high amounts of cash and credit card transactions. Wine can be expensive and targeted by both employees and thieves. Pre-employment background checks should be done on all employees having access to the inventory.

**Inland marine exposures** include accounts receivable, computers, goods in transit, mobile equipment, and valuable papers and records. Equipment includes farming equipment such as harvesters. Records include purchases, inventory, quality control and sales information. The goods in transit exposure is significant as there is no salvage in the event of an accident.

**Crop exposures** are high because growing grapes are susceptible to damage by hail, wind, flood, snow, frost, winterkill, lightning, viruses, bacteria, fungi, insects, animals and weeds. Vines are often grafted from much older vines and take years to reestablish if they are killed.

**Premises liability exposures** are minor due to limited public access. If there are retail sales, tours, restaurants, wine-tastings or bed and breakfast inns, the exposure increases. The serving of alcoholic beverages to customers can impair motor abilities and increase the likelihood of trips, slips or falls. Spilled drinks should be cleaned up promptly. Floor coverings must be in good condition with no frayed or worn spots on carpet and no cracks or holes in flooring. Parking lots and sidewalks need to be in good repair, with snow and ice removed, and generally level and free of exposure to slip and falls.

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**Products liability exposures** normally result from contamination, spoilage, foreign objects in containers, or improper labeling of contents. Effective procedures are required to ensure sanitary working and processing conditions. The workplace must meet all Food and Drug Administration (FDA) specifications and be arranged so that foreign substances do not enter processing areas. Controls must be in place to prevent contamination from exposure to chemicals used to contain insect or rodent infestations, such as insecticides and pesticides. An effective recall program that can be activated immediately must be established.

**Liquor liability exposures** are from the manufacturing of alcoholic beverages. The exposure increases if there are retail sales, tours and other events where wine is sold directly to the consumer. All employees who serve wine to customers must be trained in recognizing signs of intoxication. A procedure should be in place to deny serving intoxicated patrons. Online sales present an even greater exposure because of the possibility of products being purchased by underage persons.

**Environmental impairment liability exposures** can be high due to the potential for air, land, or water pollution from the use of agricultural chemicals and pollutants such as fertilizers, herbicides, pesticides, refrigerants, motor vehicle fuels and solvents. Storage, use and disposal of all chemicals must be documented and meet all FDA and EPA standards.

**Automobile exposures** can be extensive. During planting and harvest times equipment must be moved from field to field. The equipment is awkward and slow moving and often must travel over winding rural roads and highways. Vehicle condition, maintenance and storage, driver selection and prior records are the main items to consider. The use of All Terrain Vehicles (ATVs) and similar mobile equipment/auto type vehicles is common.

**Workers' compensation exposures** can be moderate or significant, depending on the degree of mechanization. The more mechanized the manufacturing process, the less likely that employees will slip, fall or sustain hernias or other lifting injuries, but the more likely they are to be injured by the machinery, particularly during destemming and crushing operations. Operations that rely on manual labor may hire workers who may be seasonal, speak another language, and lack adequate training and supervision. Exposure to farm chemicals and organic dust can lead to respiratory issues.

**Minimum recommended coverages:** Buildings, Business Personal Property, Spoilage, Employee Dishonesty, Crop Insurance, Accounts Receivable, Computers, Goods in Transit, Mobile Equipment, Valuable Papers and Records, General Liability, Employee Benefits, Environmental Impairment Liability, Umbrella Liability, Automobile Liability and Physical Damage, Workers' Compensation

**Other coverages to consider:** Business Income and Extra Expense, Earthquake, Equipment Breakdown, Farmowners, Flood, Computer Fraud, Forgery, Cyberliability, Employment-related Practices Liability, Stop Gap Liability

*Source: Rough Notes, Inc.*

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**Agent:** The coverages listed below are suggested for consideration for agribusiness operations. After evaluating each of the listed coverages, check the recommended blank by those that apply specifically to this client. Make sure both the exposure and the coverage are explained to the client.

**Client:** For each of the coverages that the agent has recommended, initial whether you have chosen to accept or reject that coverage in the blanks provided.

## PROPERTY COVERAGES

		Recommend	Accept	Reject	Not Applicable
<b>Building and Personal Property Coverage Form</b>					
Building		_____	_____	_____	_____
Business Personal Property		_____	_____	_____	_____
Personal Property of Others		_____	_____	_____	_____
Improvements and Betterments		_____	_____	_____	_____
<b>Building and Personal Property Coinsurance</b>					
Percentages	None 80% 90% 100%	_____	_____	_____	_____
Bldg	___ ___ ___ ___	_____	_____	_____	_____
BPP	___ ___ ___ ___	_____	_____	_____	_____
PPO	___ ___ ___ ___	_____	_____	_____	_____
I&B	___ ___ ___ ___	_____	_____	_____	_____
<b>Alternatives to Coinsurance</b>					
Agreed Value		_____	_____	_____	_____

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Functional Replacement Cost	_____	_____	_____	_____
Peak Season	_____	_____	_____	_____
Reporting Form	_____	_____	_____	_____
Other _____	_____	_____	_____	_____

## Optional Property Coverage Forms

Commercial or Manufacturers Output Policy	_____	_____	_____	_____
Equipment Breakdown	_____	_____	_____	_____
Farmowners/Ranchowners	_____	_____	_____	_____
Legal Liability	_____	_____	_____	_____
Tobacco Sales Warehouse	_____	_____	_____	_____

## Optional Property Endorsements

Additional Debris Removal	_____	_____	_____	_____
Ordinance or Law	_____	_____	_____	_____
Outdoor Trees, Shrubs and Plants Enhancement	_____	_____	_____	_____
Replacement Cost Valuation	_____	_____	_____	_____
Spoilage	_____	_____	_____	_____
Utility Services-Direct Damage	_____	_____	_____	_____

## Other Property Options

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## TIME ELEMENT COVERAGES

	Recommend	Accept	Reject	Not Applicable
Business Income With Extra Expense Coinsurance Percentage ____	_____	_____	_____	_____
Business Income Without Extra Expense Coinsurance Percentage ____	_____	_____	_____	_____
Extra Expense	_____	_____	_____	_____
Leasehold Interest	_____	_____	_____	_____
<b><i>Alternatives to Coinsurance</i></b>	_____	_____	_____	_____
Agreed Value	_____	_____	_____	_____
Maximum Period of Indemnity	_____	_____	_____	_____
Monthly Limit of Indemnity	_____	_____	_____	_____
Premium Adjustment	_____	_____	_____	_____

## Optional Time Element Endorsements

Business Income from Dependent Properties	_____	_____	_____	_____
Ordinance or Law Increased Period of Restoration	_____	_____	_____	_____

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Utility Services

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## Other Time Element Coverages

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## PROPERTY AND TIME ELEMENT CAUSES OF LOSS

Recommend      Accept      Reject      Not Applicable

Bldg BPP PPO BI EE

Basic    \_\_\_ \_\_\_ \_\_\_ \_\_\_ \_\_\_

\_\_\_\_\_

Broad    \_\_\_ \_\_\_ \_\_\_ \_\_\_ \_\_\_

\_\_\_\_\_

Special    \_\_\_ \_\_\_ \_\_\_ \_\_\_ \_\_\_

\_\_\_\_\_

Earthquake    \_\_\_ \_\_\_ \_\_\_ \_\_\_ \_\_\_

\_\_\_\_\_

Flood    \_\_\_ \_\_\_ \_\_\_ \_\_\_ \_\_\_

\_\_\_\_\_

## Other Cause of Loss Endorsements

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## INLAND MARINE COVERAGES

	Recommend	Accept	Reject	Not Applicable
Accounts Receivable	_____	_____	_____	_____
Animal Mortality	_____	_____	_____	_____
Bailees Customer	_____	_____	_____	_____
Difference In Conditions – DIC	_____	_____	_____	_____
Electronic Data Processing	_____	_____	_____	_____
Fine Arts	_____	_____	_____	_____
Goods in Transit	_____	_____	_____	_____
Mobile Equipment	_____	_____	_____	_____
Signs (Neon and Electric)	_____	_____	_____	_____
Valuable Papers and Records	_____	_____	_____	_____

## Other Inland Marine Coverages

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

## CRIME COVERAGES

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	Recommend	Accept	Reject	Not Applicable
<b>Money, Securities and Other Property</b>				
Employee Dishonesty	_____	_____	_____	_____
Computer Fraud	_____	_____	_____	_____
Destruction of Electronic Data or Programs	_____	_____	_____	_____
Extortion	_____	_____	_____	_____
Forgery or Alterations	_____	_____	_____	_____
Identity Fraud Expense	_____	_____	_____	_____
Lessees of Safe Deposit Boxes (Securities and Other Property only)	_____	_____	_____	_____
 <b>Money and/or Securities Only</b>				
Theft, Disappearance and Destruction	_____	_____	_____	_____
Robbery and Safe Burglary	_____	_____	_____	_____
Securities Deposited With Others	_____	_____	_____	_____
 <b>Property other than Money and Securities</b>				
Premises Burglary	_____	_____	_____	_____
Premises Theft	_____	_____	_____	_____
Robbery and Safe Burglary	_____	_____	_____	_____



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## Other Crime Coverages

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

## LIABILITY COVERAGES

	Recommend	Accept	Reject	Not Applicable
Commercial General Liability				
Occurrence Basis	_____	_____	_____	_____
Claims-Made Basis	_____	_____	_____	_____

## Optional Liability Coverages

Cyber Liability	_____	_____	_____	_____
Directors and Officers	_____	_____	_____	_____
Employee Benefits	_____	_____	_____	_____
Employment-related Practices	_____	_____	_____	_____
Owners and Contractors Protective	_____	_____	_____	_____
Railroad Protective	_____	_____	_____	_____
Special Events	_____	_____	_____	_____

## Other Liability Coverages

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_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

## PROFESSIONAL AND E&O LIABILITY COVERAGES

_____	_____	_____	_____
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## COMMERCIAL AUTO COVERAGES

	Recommend	Accept	Reject	Not Applicable
Liability	_____	_____	_____	_____
Physical Damage	_____	_____	_____	_____
Hired Cars	_____	_____	_____	_____
Non-Ownership Auto	_____	_____	_____	_____
P.I.P./No-Fault	_____	_____	_____	_____

## Optional Automobile Coverages

Garagekeepers	_____	_____	_____	_____
Medical Payments	_____	_____	_____	_____
Uninsured Motorists	_____	_____	_____	_____
Underinsured Motorist	_____	_____	_____	_____

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## Other Auto Coverages

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

## WORKERS COMPENSATION COVERAGES

	Recommend	Accept	Reject	Not Applicable
Workers Compensation and Employers Liability	_____	_____	_____	_____
Stop Gap or Employers Liability Coverage	_____	_____	_____	_____
Federal Employers Liability Act	_____	_____	_____	_____
Longshore and Harbor Workers Coverage	_____	_____	_____	_____
Voluntary Compensation	_____	_____	_____	_____

## Other Workers Compensation Endorsements

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

## EXCESS LIABILITY COVERAGES

Recommend	Accept	Reject	Not Applicable
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Umbrella Policy \_\_\_\_\_

Excess Liability Policy \_\_\_\_\_

## AVIATION COVERAGES

Aircraft Policy \_\_\_\_\_

Passenger Liability \_\_\_\_\_

## CROP COVERAGES

Crop Hail Insurance \_\_\_\_\_

Multiple Peril Crop Insurance \_\_\_\_\_

Revenue Insurance \_\_\_\_\_

## SPECIALTY COVERAGES

Environmental Impairment Liability Policy \_\_\_\_\_

Fiduciary Liability Insurance \_\_\_\_\_

International/Foreign Operations Insurance \_\_\_\_\_

Rain or Weather Insurance \_\_\_\_\_

Terrorism Insurance \_\_\_\_\_

Underground Storage Tank Liability – UST \_\_\_\_\_

## Other Specialty Coverages

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_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

## **BONDS**

Contract Bond	_____	_____	_____	_____
License and Permit Bond	_____	_____	_____	_____

## **Other Bonds**

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

## **OTHER OPTIONS**

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

## **Comments**

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I certify that I have reviewed my coverage needs in accordance with this checklist with my agent and I have accepted or rejected the recommended coverages as indicated by my initials in the spaces above.

\_\_\_\_\_ Signature of Client \_\_\_\_\_ Date

\_\_\_\_\_ Title

I certify that I have reviewed the coverages outlined in this checklist with my client and that the initials of the client indicate the acceptance or rejection of the coverages recommended.

\_\_\_\_\_ Signature of Agent \_\_\_\_\_ Date