

Common Exposures of Craft Breweries

Ninety-seven percent of breweries currently operating in the United States are classified as regional craft brewers, microbreweries or brewpubs. This section of the industry differs from more traditional, large-scale brewers, presenting owners with a unique set of risks that must be considered.

Premise Liability

When you open your property to the general public you are responsible for their well-being. This is exceptionally important if you offer tours of your brewing operations. Given the possible hazards that an untrained guest could be exposed to, it is important to keep tours confined to safe areas and preplanned routes through your establishment.

Liquor Liability

If you have a bar on premise, offer samples after brewery tours or serve alcohol to patrons in some other way, you open yourself up to potential liability. If a patron is over-served at your establishment and, as a result of their intoxication, damages property or causes injury to themselves or others, you could be held responsible for the related costs. To prevent liability associated with intoxicated guests, make sure you properly train your staff to prevent over-serving. As an additional safeguard, liquor liability policies can be obtained to cover damage costs in the event of a claim.

Supply Chain

Recipes for craft brews are often reliant upon specific ingredients for their unique composition. If a key supplier for one reason or another cannot deliver, it could cause a

serious interruption to your production schedule. While holding reserves on hand is an easy way to cover temporary interruptions to your supply chain, sometimes it is not feasible due to cash flow or storage space constraints. Keeping a list of possible backup vendors that can be called on in an emergency could mean the difference between keeping production flowing and a temporary shutdown.

Craft brewing operations come with a variety of exposures that need to be considered to avoid potential liability claims.

Equipment Failure

Given the relatively small size of most craft brewing operations and their lack of backup machinery, an equipment failure can significantly impact production ability. If equipment is damaged or breaks down, not only will there be repair and replacement costs, there is also the chance that you will have to suspend part of your brewing operation until the equipment is fixed, resulting in lost sales revenue.

Spoilage, Contamination and Product Recall

No matter how diligent you are at producing a quality product, there can be times when situations beyond your control result in a batch of beer unfit for customer consumption.

If a contaminated batch is caught before leaving the

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brewery, you face the cost of wasted materials and production time, disposal, and the loss of revenue from not being able to sell the final product. If the batch makes it to store shelves, it can be even more costly. Not only is there the time and cost of replacing the contaminated product with a sellable one, there is also the need to protect your brand during a recall. A poor product experience can be especially damaging for small brewing operations that rely heavily on word-of-mouth advertising. Be prepared to work not only with distributors but also directly with consumers who have received a less-than-quality product.