

Wine, interrupted

Why your vineyard needs business interruption insurance now.

It's certain that running an English vineyard or winery, whether it's a small family business or a major commercial operation, is more than just cultivating grapes and producing wine; it's a complex business that involves meticulous planning, significant investment and a deep connection to the land and climate.

The success of such businesses heavily relies on various factors, many of which are beyond the control of the owners and skilled staff – and just one equipment malfunction, unforeseen incident or weather disaster can halt production and suspend generation of income.

Flood, drought, fire, theft or malicious damage can all be major interruptions to your vineyard's operation. You may suffer loss or damage to vines, grapes, stock, equipment and property, but you may also face loss in income in the coming days or even months.

An interrupted business means a financially interrupted business. Production could be halted until you are able to get going again, time may be needed for stock to be replenished and all those fixed overheads still need to be accounted for.

Vineyards and wineries face unique challenges that make them particularly vulnerable to disruptions. These challenges are:

- ◆ **Weather and climate dependence.** A late frost, excessive rain, drought or a sudden heatwave.
- ◆ **The seasonal nature of the industry.** The cyclical nature of grape growing and wine production means that timing is crucial, and a disruption during critical periods like harvesting or fermentation can result in a total loss for the season.
- ◆ **The reliance on specialised equipment.**

If key equipment breaks down, it can arrest production for an extended period while vital repairs or replacements are made.

- ◆ **Disasters** including fire, flood or machinery breakdown, which can cause significant damage to vineyards, buildings and equipment. Such events not only destroy property but also disturb business operations for extended periods.
- ◆ **Pests and disease.** These can devastate crops and require extensive measures to control and eradicate them.

These challenges and damaging occurrences can arrive unannounced, and if your vineyard or winery is under prepared and underinsured, they could quickly drain your stock and your profits.

How would your business fare should the worst happen?

Step in... Business Interruption insurance

Business Interruption Insurance (BI) is your partner-in-wine here! This type of insurance is absolutely essential for protecting vineyards and winery businesses from potentially devastating financial impacts. Business Interruption Insurance protects you for a specified time period beyond any incident itself and safeguards you in recovery, for as long as you need. It typically covers:

- ◆ Lost revenue.
- ◆ Operating expenses. Necessary ongoing expenses such as rent, payroll and utilities that must be paid even if the business is not operational.
- ◆ Temporary location costs.

It provides a safety net for savvy vineyards and wine producers, guaranteeing financial stability during periods when the business cannot generate income by ensuring essential

expenses are covered. Your business can focus on recovery without the added stress of financial difficulty or even ruin; in dramatic cases, sometimes making the difference between reopening after a disaster or permanently closing.

Business Interruption insurance certainly protects the significant time, money and effort invested into vineyards and wineries and helps businesses manage their obligations to both suppliers and customers, sustaining fruitful relationships even during prolonged disruptions.

Your bespoke policy will determine your period of indemnity – i.e. how long after a disruptive event your operations will be covered for. This would vary for vines, wine in store or collections. It is not unusual to have the indemnity period (length of cover) for 72 months or more.

Grape sense

For all English vineyards and wineries the unpredictable nature of agriculture, coupled with the high stakes of wine production, makes Business Interruption Insurance a critical component in a considered risk management strategy. By ensuring that financial losses from unexpected interruptions are reassuringly covered, Business Interruption Insurance will allow your business to weather the storm and continue thriving long-term.

Business interruption is not just for today, but will protect your business, if arranged correctly, into the future – in many circumstances, five years plus. As climate change and other risks become more pronounced, the protection offered by Business Interruption Insurance will only become more valuable, ensuring that the tradition and business of winemaking can endure for generations to come.

✉ matthew.collins@ascendbroking.co.uk 📞 01245 449060



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