

Craft Brewers Exposure Guide



▶ How to enjoy your craft without brewing trouble.

As a craft brewer, you're proud that the hallmark of your industry is a commitment to maintaining the kind of quality product that can only be produced on a small scale. That being said, "small" is a relative term. According to the Brewers Association, to be considered a craft brewer, your operation can produce up to 6 million barrels a year, must be an independent business (no more than 25 percent owned by a non-craft-brewer), and must produce traditional beer with a bit of flare, often with non-traditional ingredients.

Whether you're a craft brewer on the higher or lower end of those thresholds, a small or mid-sized or large business, your craft brewery, by its very nature, has a unique set of risks associated with it, and needs a unique range of solutions.

Hanover Risk Solutions' specialists have assembled this list of the risks associated with your business to help you consider how best to keep your business running safely. We've also listed some resources to consider when formulating a plan to help protect your business. For more information about resources for craft brewers, visit our Hanover Risk Solutions website at www.hanoverrisksolutions.com.

TABLE OF CONTENTS

YOUR PRODUCT	2
YOUR PROPERTY	4
YOUR PEOPLE	8
YOUR PATRONS	12
YOUR PROFIT	14
YOUR RESOURCES	16
YOUR PARTNER IN SAFETY	17

YOUR PRODUCT

Your special product is your identity—it's how the customer knows you and your business. The higher the quality of your product (and the ingredients that go into it), the greater the customer appreciation and desire for your beer.

To keep customers satisfied, you need to ensure that the high standards you set are consistently maintained, year in and year out, through a rigid quality control program to include:

- High quality product consistency
 - The best products are created using a formal HACCP Program and following all state and local requirements.
 - Quality certification and requirements for raw materials (grain, water, hops, yeast and sugar) should be maintained. The water supply is an integral part of your operation and requires regular testing.
 - Thorough quality control should be maintained for everything from incoming raw materials to final product delivery, with records kept for the period required by the FDA or preferably longer.
 - A comprehensive equipment, plant and employee sanitation program should be in place and include procedures for cleaning and sterilizing equipment as well as procedures governing employee hygiene.
 - When involved with contract brewing, maintain good communications with your customer. You should also carefully review contracts paying particular attention to hold harmless or indemnification clauses, any insurance requirements of the parties and additional named insured or additional insured requirements.
- Product processing program
 - Ensure water quality on a batch basis through regular quality testing and maintenance of records.
 - Maintain refrigeration conditions through temperature monitoring and controls, with an established maintenance program on refrigeration equipment and alarms.
 - Implement inspection procedures to guard against impurities or contamination within the product. Pasteurization data records should be carefully maintained.
 - Conduct taste and chemical testing throughout the entire process operation to lessen the risk of releasing an entire batch of unacceptable product. Batch samples should be kept.
- Product packaging and recall
 - Appropriate packaging should be used for local and national/international product delivery. As an example: plastic containers should not be used for offshore product delivery due to the risk of packaging failure. Cartons and cases should be sturdy enough to bear the weight of the product.
 - With products that have a short shelf life, expiration dates must be understood and followed by the distributor; encourage removal of product by the sell-by date.
 - Bottle submersion time, strength and temperature of soaker solutions and sterility of rinse water must be carefully controlled to ensure good packaging practices.
 - A good recall program with annual table-top drills is important to ensure your product meets customer expectations.
 - Be sure product labels meet requirements of the Tobacco Tax and Trade Bureau.

YOUR PROPERTY

The building you produce your beer in shows the pride you and your employees take in producing an outstanding product. It protects your equipment investment and your product until the beer leaves your dock. The building presentation is a statement to the public regarding the values of your company, while offering the security you need to continue uninterrupted business. To make sure your building will meet your needs, consideration should be given to safeguarding your investment from fire, theft, floods, product delivery/distribution and other hazards.

Property protection ensures that your employees and your physical property are as safe as possible from injuries and property damage, as well as from business interruptions that can negatively impact your profits. Important risks to consider include:

- Fire
 - Alcohol is highly flammable and any damage to the product in production or in final form can result in loss of the batch as well as raw materials. Kettles and boilers should be separated from other equipment by fire walls. Fire divisions separating the grain and accompanying dust explosion risks reduces loss potential.
 - Ensure that you have adequate ventilation to keep combustible dust below the deflagration point.
 - Central station monitored fire and smoke detection systems can assist in alerting the local fire department of fire when your premises are unoccupied.
 - Further protection provided by fire sprinkler systems can extinguish incipient fires and assist in controlling fire loss by containing fire to a local area.
- Security
 - Appropriate theft and crime prevention devices such as key-card controlled locks and theft alarms reduce potential of product theft and vandalism that could put your company out of business.

Your fleet operations can be one of your major concerns in maintaining the viability of your business. To protect yourself, consider the following:

- The severity of your company's exposure depends upon whether you contract for raw materials and/or finished product delivery or act as your own distributor. If the latter is true, a formal fleet safety program including driver hiring practices; fleet maintenance schedules; accident investigation and review; and fleet replacement should be considered.
- Sales staff exposure, including drinking the beer you produce as part of the sales and marketing process, should be considered, with a policy regarding expectations of sales staff and drinking on the job.
- Use of personal vehicles for business use and errands is a common exposure. While the operators may not be regular drivers, they do represent your company and any liability for accidents may reflect upon your company. A policy for use of personal vehicles for company business should be part of your business risk transfer program.

A formal equipment maintenance and replacement program should be considered for maintaining equipment in top condition, ensuring your production flows at a continuous pace and your company's profitability remains high.

- A formal equipment electrical preventive maintenance program reduces a major cause of fires within the brewing industry. By including thermography surveys on all major electrical equipment at least every three years, you can significantly reduce fire and explosion hazards while reducing your operations costs.

9 STEPS TO A SUCCESSFUL ORGANIZATIONAL FLEET SAFETY PROGRAM

- ▶ Policies
- ▶ Driver Qualifications
- ▶ Training
- ▶ Supervision
- ▶ Driver Motivation
- ▶ Vehicle Maintenance
- ▶ Vehicle Inspection
- ▶ Accident Reporting
- ▶ Accident Investigation



Visit www.hanoverrisksolutions.com to take our free Organizational Fleet Safety Course.

- Formal equipment cleaning programs reduce the potential of vessel implosion, a common hazard in the industry from improper cleaning procedures. Employees should be taught correct cleaning procedures and the training procedures should be presented annually and after any accidents or near misses. Procedures should take into account both metal and plastic kegs of different designs, and should consider awareness training for employees regarding the use of kegs from other breweries (it is common practice to return kegs that are owned by other breweries).
- Correct keg and bottle filling procedures should be presented to everyone working in the bottling and cellar operations.



YOUR PEOPLE

One of the greatest assets any company has is well-trained, skilled and loyal employees. Your employees' skill levels and on-the-job exposures vary depending upon the size and complexity of your brewery. Job hazards need to be properly controlled to reduce injury potential and maintain a quality staff.

Among the steps to consider:

- Employee physical condition and health is a major concern within breweries due to the high proportion of manual material handling tasks. With strains and sprains being common in the brewery industry, consideration should be given to preventive measures.
 - Formal material lifting and handling programs should be in place, including ergonomics measures and physical reviews of the operations to determine what areas can be automated to reduce musculoskeletal disorders.
 - Pre-hiring procedures should incorporate pre-placement physicals that include lift tests to ensure the prospective employee is physically capable of performing the required work assignment and job tasks involved in the job description.
 - Accident investigation and accident review by your safety committee when incidents occur is important in determining what can be done to prevent future injuries while improving the quality of the working environment.
- Physical bodily injury exposure for your employees involves a variety of equipment and conditions, from operating vehicles to working at heights where there is a fall exposure. OSHA injury reviews for the past twenty years show falls from various heights; contact with equipment (being struck by or caught between moving parts); and electrical incidents to be the major sources of injury to employees in your industry. To control workplace injuries, the following should be considered as part of your formal safety program.
 - Appropriate PPE should be used where workers might contact hot wort and should be trained on the use of PPE.
 - Appropriate safety programs and policies should be in effect for areas including fall protection; lockout/tagout (de-energizing of equipment while it is being maintained); forklift operation; confined space entry; and personal protective equipment should be presented to employees with enforcement of your company's safety requirements on a regular basis.
 - Appropriate testing and licensing of vehicle and forklift operators using state standards as a minimum requirement should be standard practice.
 - Maintain normal training programs for employees operating your company's equipment, including OSHA-required job safety analysis of each job and task, with training of employees by a skilled employee having knowledge of safe operating procedures for that equipment. Equipment training should include refrigeration, processing and bottling, and carbonation and gas dispensing equipment.
 - A slip and fall prevention program to include regular housekeeping to prevent plant area congestion leading to trips and falls as well as varying-height fall prevention training should be instituted. As an industry with heavy use of water, wet floor conditions are a regular exposure, with appropriate footwear and floor non-slip surfaces greatly assisting in reducing slips and falls. For companies in regions with frequent inclement winter weather, snow and ice removal programs should be in place.

REPORT ACCIDENTS RIGHT AWAY!

If you are injured on the job, you need to report your claim to your supervisor immediately. This is important because your supervisor needs to complete paperwork that must be sent to the company's insurer.



WHY IS THIS IMPORTANT TO ME?

- The law requires you to notify your employer of work-related incidents.
- The company's insurer needs the information to process your claim.
- Reporting right away keeps you from potential problems later on.

REMEMBER TO REPORT ALL ACCIDENTS IMMEDIATELY!

- Brew pub best practices are essential to breweries serving the general public due to the added exposures of restaurant, tour or retail sales operations. To reduce employee-related injuries from these conditions, consideration should be given to:
 - Server training of alcoholic beverages to customers, including appropriate actions to be taken with inebriated customers. This training is recommended at least annually and for all new employees before they begin serving patrons.
 - Emergency evacuation procedures should be in place for employees for both production breweries and brew pubs. Planning should be presented annually and include at least two evacuation drills, including emergency conditions of fire and inclement weather.
 - Brew pubs have cooking/hot grease exposures as well as heavy lifting and material handling exposures. Consideration should be given to safety training and practices depending upon the unique exposures of your operation.

HERE ARE SOME OTHER HELPFUL TIPS FOR AVOIDING BACK INJURY:

- Use mechanical devices whenever they are available. When using them, push the load rather than pulling it. Keep your back in its normal arch and use your body weight and legs to push the load.
- Maintain a healthy weight; remember, your back is also carrying any extra weight that is on your body.
- Eat healthy, stay hydrated and exercise regularly. A strong body is less likely to be injured while lifting.
- Get a good night's sleep. Fatigued muscles are more prone to injury. A fatigued mind is more likely to make mistakes that lead to an injury or accident. The mattress you sleep on is important in waking up rested with fewer aches and pains.
- Manage stress by organizing your daily routines and controlling your reactions to unexpected situations. The muscle tension caused by stress makes you more prone to injury. Practice releasing that tension from your body.
- Lift safely at home as well as at work.

YOUR PATRONS

Your customers are the reason you are in business. Protecting them is as important as providing them with a quality product, and deserves at least as much attention as protecting your product and your employees.

To improve the safety of patrons on your premises, consider the following:

- Server training of alcoholic beverages to customers, as mentioned above, protects your employees, your business's reputation and your patrons. Training includes appropriate actions to be taken with inebriated customers, and should be given at least annually and for all new employees before they begin serving. Encouraging the use of taxis or other alternate transportation to deliver customers safely to their homes is an option to consider.
- Emergency evacuation planning by employees for customers and patrons at special events or in case of fire or inclement weather conditions should be presented annually and also at each special event that occurs off-site due to special conditions encountered in unfamiliar areas. In such events include at least one dry-run evacuation drill.
- Consideration of special needs customers should be included in employee training and facility planning. Emergency numbers should be made readily available in case of required medical assistance to a customer, as well as number for the local fire and police department.
- Quality controls should be in place for food and drink quality to prevent spoilage or contamination, including a first-in/first-out approach to consumable products and regular periodic delivery to reduce stored shelf life of ingredients and product for sale.
- Keeping your property a safe place for customers to visit is also vital to keeping customers satisfied. See our "Your Property" section on page 4 for more information.

HOUSE POLICIES

To ensure that alcohol is served and consumed responsibly on your premises, a written policy should address issues such as:

- Knowing and following applicable laws
- Training all staff, outside caterers/bartenders and volunteers
- Denying service to underage guests
- Promoting designated drivers and outside transportation services
- Monitoring consumption
- Managing intoxicated guests
- Actively marketing food and alternative beverages

YOUR PROFIT

Profitability is needed to maintain and grow your company. By maintaining a high-quality product, good employee and customer bases, and enacting good business practices your business future will be bright. This means having a good business plan that includes quality control over your product, a business contingency program to enact in case of less than ideal conditions occur, and guaranteeing that accountability is effectively implemented in your organization.

Property continuity and emergency programs can assist you in remaining a viable business even under the worst case scenarios. To maintain your company's life, consider the following:

- An overall operations flowchart showing the bottlenecks in the production lines highlights areas that should have special attention in your preventive maintenance program for your equipment, including identifying which spare parts should be kept on hand to control business interruption expenses.
- A business continuity program for all phases of operations, including computer information and program backup, equipment maintenance and machinery suppliers, and refrigerant replacement suppliers should be kept on hand, including address and telephone numbers for speedy repair or replacement as needed.
- For worst case scenarios, a list of industrial building rental companies, new and used equipment suppliers, and contract brewing subcontractors should be available, with a ready contract including contract risk transfer on hand. Professional legal advice should be used to create risk transfer contracts.
- Weather events or other unforeseen disasters can interrupt business as well—sometimes permanently. The Insurance Institute for Business and Home Safety has found that, after a natural disaster like Hurricane Sandy, many businesses never re-open. Plan for any eventuality with a comprehensive business continuity plan.

BUSINESS CONTINUITY CHECKLIST

- ☐ Do you know the natural and man-made hazards facing your area? Risks aren't always obvious.
- ☐ What do you need to stay Open for Business?
- ☐ How would you reach employees and suppliers in an emergency?
- ☐ Do you have a plan for maintaining market share after a disaster?
- ☐ How strong is your IT infrastructure?
- ☐ Are you financially prepared for a disaster? Take time to review insurance policies and other contracts.

PREPAREDNESS CHECKLIST

- ☐ Have you tested your generator lately?
- ☐ Have you secured outdoor equipment, attachments, and signs against high winds?
- ☐ Are you prepared for flooding?
- ☐ Are you prepared for freezing weather and snow removal?
- ☐ Could your outdoor storage practices bring a wildfire to your doorstep?
- ☐ Is your business on shaky ground? Secure your space against earthquakes.

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YOUR RESOURCES

Use the following resources to help keep your brewery up and running.

Your Partner in Safety

At The Hanover, we know that keeping your business up and running safely and successfully is your most important goal, so we've taken the years of experience of our Risk Solutions staff and assembled some solutions that may help reduce the potential for risk to become a difficult business reality. Our solutions range from simple online courses to white papers, checklists, discounts on the services your company needs, and a range of personalized solutions through our Risk Solutions staff, as well as links to outside resources.

- Worker safety
- Electrical safety
- Equipment breakdown
- Business continuity planning
- Theft and fraud prevention
- And more!

Access the craft brewers web page and download the information today at www.hanover.com/risksolutions/craftbrewers.html

Your Risk Solutions Resources

Our easy-to-use, interactive Risk Solutions website features checklists, sample safety programs, technical bulletins and white papers on key topics that affect craft brewers, such as:

- Selling or serving alcohol
- Machine safeguarding



Your Policyholder Benefits

Hanover policyholder benefits include not only our comprehensive coverage, but access to discounted Risk Solutions Partner services, including:

- Alarm System Testing and Maintenance
- Automatic Sprinkler Testing and Maintenance
- Industry-Specific Training Resources
- Equipment Theft Prevention and Recovery
- Driver Monitoring and Training
- Background Checks
- Disaster & Recovery Planning
- Alcoholic Beverage Server Training

Your Government Resources

Government Agencies can help with specific guidance with the issues that affect your business.

- OSHA's Beverage Delivery Ergonomics page has helpful hints
https://www.osha.gov/SLTC/etools/beverage/beer_kegs.html
- The U.S. Food and Drug Administration's HACCP & Managerial Control of Risk Factors
www.fda.gov/Food/GuidanceRegulation/HACCP/ucm2006810.htm

Your Fellow Craft Brewers

Craft Brewers' organizations can provide insight into common goals and challenges:

- Craft Brewer Association
www.brewersassociation.com
- Craft Beer, a sister site of the Craft Brewer Association
www.craftbeer.com

Almost every state has a Craft Brewers Guild; visit www.brewersassociation.com for a list of guilds and their current events.



Get started today!

If you're a Hanover policyholder, log-on to our 24/7 source for Risk Solutions at www.hanoverrisksolutions.com. Browse our offerings or register to check out our Risk Solutions Partners services. If you're not a Hanover policyholder, contact a Hanover Agent today.



Why The Hanover?

The Hanover is a leading property and casualty insurance company dedicated to achieving world-class performance. Our commitment is to deliver the products, services, and technology offered by the best national companies with the responsiveness, market focus, and local decision making of the best regional companies. This powerful combination has been a proven success since our founding in 1852, and all insurance company subsidiaries are rated “A” (Excellent) by A.M. Best Company.



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