



# Wines & Spirits Protect

## Doomsday Scenarios of the Wine and Spirits Industry... and How to Save the Day (as Well as Your Business)

Nobody likes to think of catastrophe befalling their business, but disasters can and do happen, and a crippling crisis can hit when you least expect it. As importers and distributors in the wine and spirits industry, you face a unique array of challenges, and not losing your bottle – or your business – over them is vital.

So, what are the things that can and do go wrong...?

### Fire

A recent fire devastated a large cold storage warehouse in Finley, Washington, used by a global food distribution company. The blaze, which started in July 2024, engulfed a 12-acre facility storing thousands of tons of food, including perishables, and the fire burned for weeks.

How long would it take your import or distribution business to rebuild if your premises or stock were damaged by fire?

### Flood

In October 2023, Storm Babet and Storm Aline caused extensive flooding across parts of the UK, particularly in the Midlands, Ireland and Scotland. This led to significant losses for businesses, including warehouses, with damage estimates reaching over £597 million. It's a real worry, and pretty certain that more storms are on the cards for us this autumn and winter, so are you prepared? What would a disastrous flood do to your business? Would being knee deep in water bring it to its knees?

### Trouble in transit

Cargo can mean calamity, unfortunately. Take the recent case of the cargo vessel that lost 99 containers in a storm off the coast of South Africa, following a similar incident the month before. Significant stowage collapse meant the vessel had to swiftly seek a port of refuge, followed by a full damage assessment. Have you assessed what a similar disaster would do to your business?

### Total recall

In August 2024, Skrewball Peanut Butter Whiskey faced a significant product recall across Australia due to an undeclared allergen, sesame, present in its product.

Product recalls often result in big financial losses due to the costs of retrieving and destroying products, issuing refunds and potentially relabelling bottles. Would your business survive such a recall?

### Sabotage

In February, the prestigious Cepa 21 winery in Spain was the target of a deliberate sabotage attack where a saboteur opened multiple vats, causing 60,000 litres of wine to spill onto a cellar floor. The financial loss? Around €2.5 million. Could your business clean up adequately to remain financial solvent?

### Cyber attack

Cybercrime poses a significant threat to the drinks industry as the industry becomes increasingly digitised. In April 2021, a significant cyberattack hit Matthew Clark Bibendum (MCB), a major UK alcohol distributor, who had to shut down their IT systems and switch to manual operations as a result. Would a similar strike bring your business to a halt?

### The special peril of directors and officers

Directors and officers can have their personal assets threatened if they are sued for alleged wrongful acts in managing a company. The heavy regulations of the drinks industry, with strict guidelines on production processes, labelling and marketing can all too easily lead to lawsuits, fines and reputational damage. So directors and officers beware!

And finally...

### Miscellaneous Mayhem

May we add to this roll call of ruin with theft, temperature and humidity control failures, pest infestations, breakages and spills, inventory management issues and supply chain disruptions? You might have to!

This is a *lot*. So how can a drinks business offset the doom and gloom? How can the day – and the survival of your company – be salvaged? All is not lost, as a suite of insurance safeguards awaits your business to mitigate any unexpected catastrophes.



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### Your Hero Insurance List:

- Property Insurance – for damage to warehouse and storage facilities from perils like fire, theft, vandalism or natural disasters.
- Product Liability - protects against claims related to the safety and quality of a product, covering legal costs and damages.
- Employers Liability – Covers legal costs and compensation claims from employees who suffer work-related injuries or illnesses.
- Public liability - Provides protection against claims for injury or property damage caused to third parties by your business operations.
- Business Interruption – for not just what you lose in a disaster, but the financial losses than can rack up while your business is out of action. Set an indemnity period and BI insurance will cover you until you're back on your feet.
- Cyber Insurance – to cover financial losses resulting from cyberattacks, data breaches and system disruptions, including costs for data recovery and legal fees.
- Marine Cargo – protection for goods during transit by sea, air or land, against theft, accidents or natural disasters.
- Directors and Officers Insurance – to safeguard a business's executives and board members against personal liability for official decisions, protecting them from legal claims related to mismanagement, negligence or breach of duty.

There will always be threats to your business, but there's no reason to despair. Understanding all the risks and how rapidly a disastrous event could pull the rug from under your operations - as well as setting up a strong barrier of hero insurance policies – should ensure your drinks business is not only saved, but emerges triumphant from any doomsday scenario.

Any questions? Please don't hesitate to contact one of our team.



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