

Get what you can and manage your risk

Chris Herden

The need to carefully explore what crop insurance options are on offer has been brought home to the many grapegrowers and winemakers savaged by bushfires in the past or, as seen recently, pumelled by unrelenting rain, floods and disease.

For Victorian Wine Industry Association chairman and owner of Pfeiffer Wines, Chris Pfeiffer, bushfires have caused more concern than flood incidents in the past.

He says many grapegrowers are prepared to gamble the encroaching flames of a blaze being stifled by the rich green foliage of their vineyards and surrounds.

"Victorian vineyards have generally had the ability to stop fires in the past because they're usually so green but of course it depends on the intensity of the fire and there wouldn't have been too many that would've been able to stop the 2009 fire," Pfeiffer said.

Smoke taint is not an insurable event, says Longfellows Insurance director George Zaal. "A vineyard may be 50 kilometres away from a bushfire but if the wind blows the wrong way you could have smoke sitting amongst

the vines for a number of weeks. Fire damage to your crops, however, is insurable and is based on acreage by yield."

"We can't get flood insurance and we don't cover for mildew or fires," Pfeiffer laughs as he suggests viticulturists, like most farmers, are punters. "We bear that risk ourselves and I don't know too many who insure against those things. With hail insurance, we weigh up the risk and with disease, the protocols of how much you've lost becomes an issue. How you write your policies becomes a challenge because sometimes the quality of the crop has been downgraded so the winery doesn't pay you as much or if you're making your own wines it doesn't get into the expensive product you were hoping it would."

According to Zaal, the best insurance the vineyard manager can have against the current mildew malady is preparation.

"Disease is basically controlled by good vineyard management," he says, agreeing with industry estimates that a 30% fall in Victorian vineyards' 2010 crop yield is likely due to disease and floods.

“Wineries must cover all contingencies they possibly can and ask the questions - what is and isn't available as no two businesses are the same.

Steven McInerney

On an insurance level, only so much can be done to protect against natural catastrophes and it is imperative for vineyard owners to have a thorough onsite "needs analysis" undertaken, he says.

"We look closely at every risk we insure because we need to be aware of the place, what its surroundings are, how it's constructed and how it's operated to give us an insight to what the exposures are."

Zaal says vineyard owners must be aware of their own risk management capabilities and he pointedly refers to a lesson learnt from the 2009 Victorian bushfires. ▶

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“A lot of folk got ‘off-the-shelf’ contracts from CGU, Suncorp, AMP and the like and then discovered as a result of the bushfires, they weren’t covered off-site.”

Leeanne Puglisi-Gangemi, of Ballandean Estate Wines, says their insurance coverage of wine stock not held onsite at Ballandean in Queensland’s Granite Belt district will be immediately reviewed.

The Puglisi family had a close call when they were unable to reach the inundated Brisbane area where more than \$30,000 worth of uninsured bottled stock was being warehoused.

“We were advised by our insurer that if the water was coming up from the ground we were not covered and any wines affected by floodwater were unsalvageable,” she said.

A Longfellows Insurance Brokers’ client was inundated during a flood incident in the Hunter Valley several years ago but fortuitously, Zaal adds, the majority of Australian vineyards are outside of flood prone areas.

“But if you know you’re in a flooded area, you get your packaged goods out and put them somewhere else and if your storage facility has flood cover on the policy then it’s not an issue. The same goes for barrel storage – if barrels are immersed long enough the wine will taint.”

Steven McInerney, of MGA Insurance Brokers, says there are ‘loss of yield’ insurance packages readily available for fire, hail and frost but he notes an alarming tendency in the grape and wine industry to be apprehensive when it comes to adequately insuring the physical and financial assets for which cover is obtainable.

“They can insure for the business interruption sort of things like damage to infrastructure, a contamination within the system itself or fire but these other events, smoke taint and floods are uninsurable unfortunately,” he said.

“Wineries must cover all contingencies they possibly can and ask the questions - what is and isn’t available as no two businesses are the same.”



The flood damage to the vineyards to Ballandean Estate Wines was not as worrying as the potential loss of stock in Brisbane for The Puglisi family recently.

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