

# LOSS PREVENTION LESSONS

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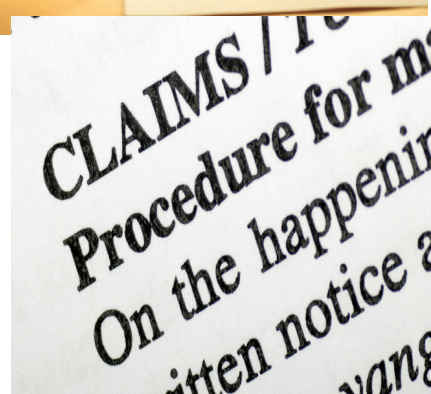
## Tainted Wine

An Agent was contacted by a customer to obtain CGL coverage for his business that manufactured corks for wineries. The customer specifically requested "Products/Completed Operations" coverage and the agent represented that he was procuring a CGL policy that included that coverage on the customer's behalf. For several years, the policy renewed without any claims when suddenly one of the wineries that had been supplied corks alleged that their wine had been tainted by a chemical in the corks. Over the next few weeks, other wineries made similar allegations against the supplier.

TCA is a chemical that is normally removed from the cork materials as it creates a strong and pungent smell. It was alleged that the TCA had not been properly removed in a large batch of corks that the customer manufactured, leading to a significant amount of spoiled wine spread across several different wineries. As the customer realized the extent of the issue, he contacted the agent to ensure that this type of loss would fall under the his CGL policy with "Products/Completed Operations" coverage. The agent confirmed that this is the type of loss that he would expect to be covered under the policy and even provided the agent with a certificate showing a CGL policy that listed "Products/Completed operations" coverage in the description of operations.

Shortly thereafter, the customer reported the loss to the insurer. After a quick review, the claims were denied as the policy that had been bound did NOT have "Products/-Completed operations" coverage. When the agent realized this, he was very surprised. Other carriers that he had worked with in the past had automatically included this coverage with their CGL policy. However, this carrier had specifically excluded it in their quote and the agent had failed to notice the exclusion. The agent was quick to realize his error and reported the claim to his E&O provider for handling.

It is important to carefully review available endorsements as well as the quote that a carrier provides to ensure that you are providing the level of coverage that your customer is requesting. This is of particular importance when you are soliciting lines of coverage that you are unfamiliar with or if you are soliciting a new line of business on a different policy form or with a carrier that you have not worked with in the past. If you are unclear about a line of business that you wish to procure, you can always reach out to the underwriting department to clarify the scope of coverage before you make a representation that could come back to haunt you in the future.



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