

insuring perishable property

Did you know you can protect your business from the loss of fresh flowers and plants due to excessive cold or heat?

BY JOHN HODAPP

PICTURE THIS: IT'S THE DAY BEFORE Thanksgiving, and you have a cooler full of fresh arrangements ready to be delivered. Then, the unthinkable happens—your cooler breaks down. You could lose not only all your flowers but also your holiday profits.

Since most flowers and plants require specific temperatures and conditions to remain fresh, it is crucial that your coolers and other equipment work properly. Insuring perishable property and preventing equipment breakdowns are two measures you can take to protect your business.

FRESH FLOWER AND PLANT INSURANCE

The risks of perishable property loss are mostly associated with loss of power or cooler malfunction. Surprisingly, excessive cooling is more often the cause of losses than excessive heat. When a cooler is not working properly, flowers inside can remain fresh for up to 72 hours if the cooler doors remain closed. However, if the cooler temperature drops drastically due to a malfunction, flowers can freeze quickly.

Some insurance companies that specialize in the horticultural industry offer protection from these risks. For example, **Hortica** offers a "Loss of Heating or Cooling" policy as part of its "Business Package Policy," with coverage in the amount of \$1,000. With Hortica's optional "Florists' Combination Package," this amount increases to \$3,000, and higher limits are available, if desired.

In addition to the plants and flowers in coolers, Hortica's coverage applies to plant material located in a florist's building but outside of coolers. For instance, tropical plants in the showroom that freeze due to a power failure or the breakdown of a furnace are covered as well.

Of equal importance is the valuation basis on which losses are adjusted. Hortica's "Loss of Heating or Cooling" coverage is written on a "Market Value" basis, which covers the value of the labor in arrangements as well as

the cost of replacement flowers. In addition, anticipated profits lost may be covered as well.

One thing to be aware of with Hortica's "Loss of Heating and Cooling" policy, however, is that it does not automatically cover flowers or plants stored in temporary cooling units such as refrigerated trucks or trailers brought in to provide additional cooling capacity during busy periods. There is an additional charge for this type of coverage, so you should consider if this is an option you need.

TIPS FOR PREVENTING LOSSES

Having perishable property insurance is important, but even more important is preventing a loss from occurring in the first place. So what can you do?

Proper maintenance of coolers is key (see related article on page 77). This means checking *and* cleaning them on a regular basis.

- Conduct a yearly maintenance check to ensure that all controls are working properly and no leaks are present.
- Keep evaporator coils inside the cooler and condensation coils on the outside clean at all times to prevent damage to the compressor.
- Clean the interior of your cooler regularly because dust can enter the cooler from frequent opening and closing.

It is also important not to overstock your cooler. Coolers are designed to hold specific quantities of product, and overstocking could cause them to malfunction. Check your cooler's maximum product capacity, and do not exceed it.

Maintaining your equipment properly and making sure you have the appropriate insurance protection against loss of perishable property will ensure that you are able to serve your customers and remain profitable should you experience a loss of power or cooler breakdown. ■

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