

## PRODUCER PROFILE

# The perfect pairing

When **Malena Farrell** of Cedar Risk Management found a way to marry her passion for insurance with her love of craft beer, she knew she'd found the perfect career

**CRAFT BEER** has a way of pouring into a lot of Malena Farrell's stories. Whenever she and her husband are vacationing, for example, they make sure to go to whatever craft breweries are close by. In some cases, they may not be close – but they'll drive the extra hour to get there.

Once, they were in Vermont, and they knew that the Magic Hat Brewery was not far away. "And it had just started snowing. It was the middle of winter. And I looked at him and I was like, 'Let's go!' And he's like, 'OK!'"

It took them two and a half hours of driving through a blizzard, "but we got there, and it was just like 'This was so much fun!'" Farrell laughed. "Thankfully, he agrees with me."

The New Jersey-based insurance producer admits to having a big section of her heart set aside for Founder's Brewing Co., the Michigan brewery known for its complex, in-your-face ales, with huge aromatics, big body and tons of flavor. "And Weyerbacher Brewing Co. [in

southeastern Pennsylvania] is not very far from us. It has my husband's first and second all-time favorite beers in the whole world."

But Farrell's heart has enough room in it for every single brewery she comes across. And when she comes across them – usually with her husband in tow – "we always pop in."

For a beer, of course. But by the time they pop out, she often finds herself with a new insurance client.

The website for Farrell's family-owned insurance agency, Cedar Risk Management (which she runs with her father Dick and brother Jarrett) says it all: "WE LOVE BEER. We love pouring it, sipping it, chugging it, 'cheers'-ing it, cooking with it and sharing it with friends. We also love insuring it, or more specifically the people and businesses that brew it."

## Born to the business

Farrell, 34, has spent the past decade or so of her career learning and understanding the craft beer trade, from the brewing process to the complexity that is the Federal Distillery License Bond.

But her roots in the insurance business go back way before that. She started working for her dad, Dick Farrell, when she was just 16, and became an insurance producer at the tender age of 20. She and her father have had just one fight during all these years – when she told him she didn't want to go to college.

"He basically said, 'That's fantastic. You're fired. Go to college,'" she recalls.

Dick Farrell believed strongly in the value of a post-secondary education and full immersion in a college environment – preferably one that had nothing to do with the insurance industry.

"He actually wanted me to find a school where I could get my degree in underwater basket-weaving," Farrell jokes. Instead, she studied Shakespeare for four years

## FARRELL'S TIPS FOR BREAKING INTO THE CRAFT BEER BIZ

**Know thy niche:** "Make sure you really understand all the processes and steps of the manufacturing process," Farrell advises. "As soon as you really get why they are doing what they are doing, you have a much, much better understanding of how to set up the policies, so in a worst-case scenario, if something happens and there is a claim, they can reopen, rebuild and get back on their feet."

**Beat the box:** It drives Farrell crazy when she comes across businesses without proper coverage in place. "Taking a one-size-fits-all policy off the shelf and handing it to the client is not doing them any good. It's better for them to not have insurance at all than some of the policies I've seen," she says.





at James Madison University and got her degree in Renaissance British Literature.

But even while she was in college, her mind never strayed far from the insurance business. She set up a telecommuting arrangement with her father's agency, and often received phone calls from clients who needed help with billing questions, auto renewals and other "simple little things."

Once she graduated, she plunged into the family business in earnest. It wasn't long before she had her first aha! moment about how much she loved her chosen industry.

"One day I was sitting at my desk and my brother, Jarrett Farrell, walked over and they handed me a parachute manufacturer, and 10 minutes later, I had a medical office. And I realized, 'This is the coolest job ever. I'm never going to be bored doing this, as long as I find it fun, as long as things are always changing.' I knew at 23 years old, 'This is good. I love it.'"

### **Another aha! moment**

Farrell's twin passions for craft beer and insurance found their perfect pairing a few years later after she had started working as a producer. A longtime client called one magic day, announcing, "I'm starting a brewery. I'm leaving the corporate world. This is what I've always wanted to do. Can you help me out?"

It was the phone call that changed everything. "I

### **ABOUT CEDAR RISK MANAGEMENT**

- Founded in 1971 as Raritan Valley Insurance Services, an independent insurance agency
- Rebranded in 2013 from Raritan Valley Insurance Services to Cedar Risk Management. "Raritan Valley was a little too geographically limiting," Farrell says. "We had clients in California, Washington, Texas. I had always argued against having a company name based on a place."
- 25 employees
- Headquarters and branch offices in New Jersey; contemplating expanding to other places
- Just under \$13 million in revenues in 2014



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realized, I can help people doing what I love with insurance, and I can talk about beer, and I can discover all these craft breweries and distilleries. This was the culmination of so many things that I love, in one perfect little package. How could I go wrong?”

To become more of an expert on the alcoholic beverages industry, Farrell visited as many breweries and distilleries as she could find, and did a lot of online research to get a full understanding of the industry’s insurance needs.

Her timing was perfect. The craft brewery business was just on the verge of skyrocketing, with craft distilleries hot on their heels after many states started easing regulations. Today, business is booming.

According to industry data released in March 2015, craft brewers reached 11% volume share in 2014 – the first time they’ve reached a double-digit share of the market. They produced 22.2 million barrels last year, representing an 18% increase in volume. They also saw a 22% rise in retail dollar value in 2014, coming in at an estimated \$19.6 billion and accounting for 19.3% of the market.

Distilleries are, by all accounts, the next big thing. And lately, there have been a couple of new entrants into the field – cideries and kombucha, a funky fermented drink made with tea, sugar, bacteria and yeast that aficionados believe to be a health elixir. Once relegated to hippies’ kitchens, the spoiled-vinegar-tasting brew is now available in many mainstream grocery stores.

Farrell has dived this new brew with unfettered enthusiasm. “It’s kind of like beer and kind of like liquor, but once you start talking about mushrooms and fungus, people start getting a little squeamish,” she says. “It’s been a fun learning process for me and my insurance companies. We’ve done a lot of laughing to get through the process.”

## Because coverage matters

The motto of Cedar Risk Management is prominently displayed throughout the company’s Flemington, N.J. headquarters: “Because Coverage Matters.”

It’s a motto that the Farrell family has impressed upon every single employee, and it drives the way they do business in every sector – including the alcoholic beverages niche.

“Little brewers and distillers especially are putting their entire life savings into their businesses with support from their families and crowdfunded money,” Farrell says. “One claim that’s not properly covered destroys

## COVERING THE ALCOHOLIC BEVERAGE SECTOR

As the brewing, distilling and cider industry continues to grow in scope and popularity, so do its risks and exposures.

The Alcoholic Beverages sector requires a broad suite of products to protect property, contents, autos, employees and customers. All coverage should be tailored to meet the client’s unique needs.

Special coverage endorsements that may be excluded on a GL policy may include:

- 🍷 Processing water coverage
- 🍷 Spoilage, leakage and contamination
- 🍷 Production equipment and equipment breakdown
- 🍷 Liquor and products liability
- 🍷 Product recall
- 🍷 Exhibitions, fairs and festivals
- 🍷 Farm liability
- 🍷 Stock in transit
- 🍷 Tanks and barrels
- 🍷 Limited pollution liability
- 🍷 Tasting rooms, restaurants, catering, etc.
- 🍷 Theft

Some carriers now offer packages and coverages focused on local and regional craft breweries, microbreweries, brew pubs and homebrew start-ups.

them – all of their money and hard work is gone. That, to me, would be heartbreaking. I would never be able to live with myself.”

So when she meets with new clients, she really takes time to sit down with them and get more than just the 10-minute tour of their facility. “I tell them, ‘Teach me as much as you can. What does that machine do? What happens with this? I ask hundreds of questions.’”

Matters of risk management do not come naturally to a lot of Farrell’s clients, who are leaving behind careers on Wall Street, for example, to open up a brewery or distillery, and have never owned a business before.

“That seems to be the most important conversation to have with startups in the beginning,” Farrell says. “They are making a gigantic career change, and this is going to be their life. I’m taking them seriously and asking questions. I really consider helping them with risk management to be an important part of my job.” **IB**