

Food Safety and Liability Insurance

Protecting Yourself and Your Farm's Food Safety

If you are selling produce to institutional markets like schools, universities, corporations, hospitals, and prisons, your buyers may have special concerns about food safety. They may want you to prove that you handle food in a safe manner. They may require you to buy special insurance to protect them and their customers.

How can I improve the safety of the food from my farm?

Over the last few years, many people were sickened and some even died as a result of eating products such as spinach, peanuts, beef, and eggs that contained harmful bacteria. These outbreaks have caused serious alarm about the way farmers grow and handle their food. Institutional markets need to know that the food they buy from farmers is not going to sicken their customers, especially schoolchildren or people in a hospital. In order to address the concerns of these important buyers, farmers should be prepared to show that they grow and handle food in a way that makes it safe for everyone to eat. One way you can increase your chances of selling to institutional markets is to learn about Good Agricultural Practices or GAPs. GAPs are a voluntary set of food-safety guidelines designed to help you handle food safely on your farm and all the way to market. This includes developing a food safety plan, training your employees, and documenting your farm practices to reduce the risk of dangerous bacteria or toxins in your farm products.

What is product liability insurance?

Insurance is a tool you can buy to protect your family or your farm from financial risk. There are many different types of insurance. If you sell fresh fruits, vegetables, or other farm products such as meat, cheese, or value-added goods, you should carry a type of insurance called product liability insurance. Product liability insurance protects farmers against people who may claim to suffer illness, injury, or loss due to the product the farmer sold them. This kind of insurance protects you from being sued if someone says they became ill from consuming your produce. Product liability insurance covers medical expenses, the cost of a lawyer, and more.

Who requires product liability insurance?

Product liability insurance is generally required for all farmers who sell to grocery stores, retailers, farmers' markets, and institutions such as schools, colleges, and hospitals. Different buyers require different amounts of insurance coverage. Check with your buyers to determine what type of coverage and how much coverage you need. Institutions generally require between \$1 million and \$5 million in product liability insurance coverage. This means that if someone gets sick from your product, your insurance company will cover the medical or legal expenses of the injury up to \$1 million or \$5 million dollars in damage. This type of insurance could cost farmers anywhere from \$500 to \$1,500 a year, depending on your farm income and what kind of coverage you want.

How do I obtain product liability insurance?

Sometimes you can get product liability insurance through your regular homeowner, renter, or auto insurance company. You can also look for an insurance company that specializes in insurance for farmers. Talk to other farmers, farm organizations, the Farm Bureau, cooperative extension educators, and other agricultural professionals. Let them know what kinds of markets you plan to sell to, and ask them for recommendations on which insurance company and policy to choose. When you talk to an insurance agent, explain your farm business in detail and the type and amount of coverage your buyers require. Ask the agent what types of policies are available to protect you and your assets. Sometimes the cost of the insurance is related to your farm income. An agent can also tell you about other types of insurance that covers your property, employees, crops, and other things.

What if I can't afford the amount of insurance coverage required by my buyers?

Farmer support organizations may be able to help growers meet food safety and product liability insurance requirements and concerns. Organizations that help distribute produce for small or limited-resource farmers may be able to purchase a group insurance policy to cover product liability insurance requirements for individual farmers. This can help reduce costs. Ask produce distributors in your area if they are interested in marketing your products, or if they have a group product liability insurance policy you can join. You can also ask them to assist you with food safety guidelines, since farmers often work through distributors to access large-scale markets. For more information on these organizations or strategies in English, go to www.foodsecurity.org and download Food Safety and Liability Insurance: Emerging Issues for Farmers and Institutions. For information on these strategies in Spanish, go to www.foodsecurity.org and download 'Seguridad Alimentaria y Seguros de Responsabilidad de Productos para Agricultores de Menor Escala y de Recursos Limitados'.

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