

Liability Issues for Direct Marketing Meat

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California

- The two "L"s to becoming rich
- Buy Lottery ticket
- Lawsuit

- A part of our societal behavior

Risk Management

- Purchasing the right insurance coverage
- Business risk analysis and management
- Business structure

Situation

- Producers assets (mostly in land)
- Diversification to direct marketing of meat products to consumers (new risks)
- Assume farm or ranch liability policy cover this extended ranch business
- General farm liability packages do not cover processed foods or off farm retail activity

Farm Sales Farm Tours Farm Stays

- brings the public on the ranch to sell product
 - may require a business liability policy

Some Farmers Markets

- Require product and business liability policies
- Ask to be listed as "Additional Insured"
- Providing samples of a cooked product
 - increase liability risks
 - Procedures in storage, cooking, and handling of meat

Insurance Industry

- Industry operates on a small margin
- “General ” agent or “Independent” agent
- Satisfy the Insurance underwriters

Insurance Agent

- Properly insure your business based on the risks involved
- Describe the Business (years, sales)
- Explain what will occur
 - How to manage to minimize risks
 - Processing of the animal
 - HACCP plan
 - Aging
 - Transportation
 - Storage
- Marketing of the meat
 - Cooperative or Ranch

Cold Chain Security

- How does your business assure proper temperatures
- Above 40 °F allow the growth of E coli bacteria
- Carcasses reach a temperature of 40 °F or less within 24 hours

Internet Sales

- Overnight mailing
- How is it assured
 - to stay frozen
 - handled correctly by the consumer upon receipt

Questions for your Insurance Agent

- Does my farm or ranch liability policy cover my direct marketing as described?
- Is there a limit to the amount or type of direct marketing?
- Does the commercial business policy include product liability?
- How much should I be insured for?
- Is my policy a "claims made", or "occurrences" policy?
 - How does my coverage end if I change insurers?
- What are the policy exclusions?
 - Are defense costs included within the Limit of Liability, or are they unlimited (outside the limit)?

American Grassfed Association

- Offer a Commercial General Liability insurance product specifically for direct meat marketers
- Based on favorable claims experience and business longevity, the average cost of policies has been \$640 per year
- Contact Jim Thompson at Brown/Raynor Corporation
- If you like the rate then join AGA

Other Companies

- American Indemnity of Galveston, Texas
- Allied Insurance ? Yes and No

Business Risks

- Not aware
- Choose to ignore
- The new business to save the ranch could lose it
