

Assessing the Role of Food Product Liability Insurance for Small and Medium Sized Farmers in the Farm to School Market: Formative research on the school buyer perspective

Background

In recent years, there has been a rapid increase in farm to school programs (F2S), with 65.4% of U.S. public schools now participating to serve 42.8 million students (F2S Census, 2021). F2S programs bring nutritious food to students, stimulate student connection to local food systems, and can strengthen the local economy. In the 2011-2012 school year alone, \$3,006,167,550 was spent on food in schools (SNA, 2017).

The expansion of F2S coincides with increasing food safety and liability concerns. Technological advancements have enabled better traceability, with a significant portion of foodborne illness cases linked to plant products, thus increasing incentives for Food Product Liability Insurance (FPLI) coverage for specialty crops (Painter et al., 2013). In 2011, the Food Safety Modernization Act revolutionized food safety regulation, though small and medium sized (SMS) farm exemptions may contribute to perceptions of SMS farms as risky.

Institutional buyers such as K-12 schools have begun requiring suppliers to carry FPLI. FPLI coverage requirements in F2S marketing channels are typically between \$1 and \$3 million, with 38% of SMS specialty crop producers report having FPLI coverage (Boys, 2013). Yet, both the requirements and the insurance policies themselves are highly variable, leading to inefficiencies and barriers in the F2S marketing channel.

Additionally, the insurance requirements disproportionately affect SMS farmers as food safety precautions, including FPLI, increase fixed costs (Boys and Fraser, 2019). SMS farmers that report holding FPLI policies were most motivated by liability concerns (69%), requests and/or requirements (23%), and marketing strategy (14%) (DuBreuil, 2013).

Broader Context

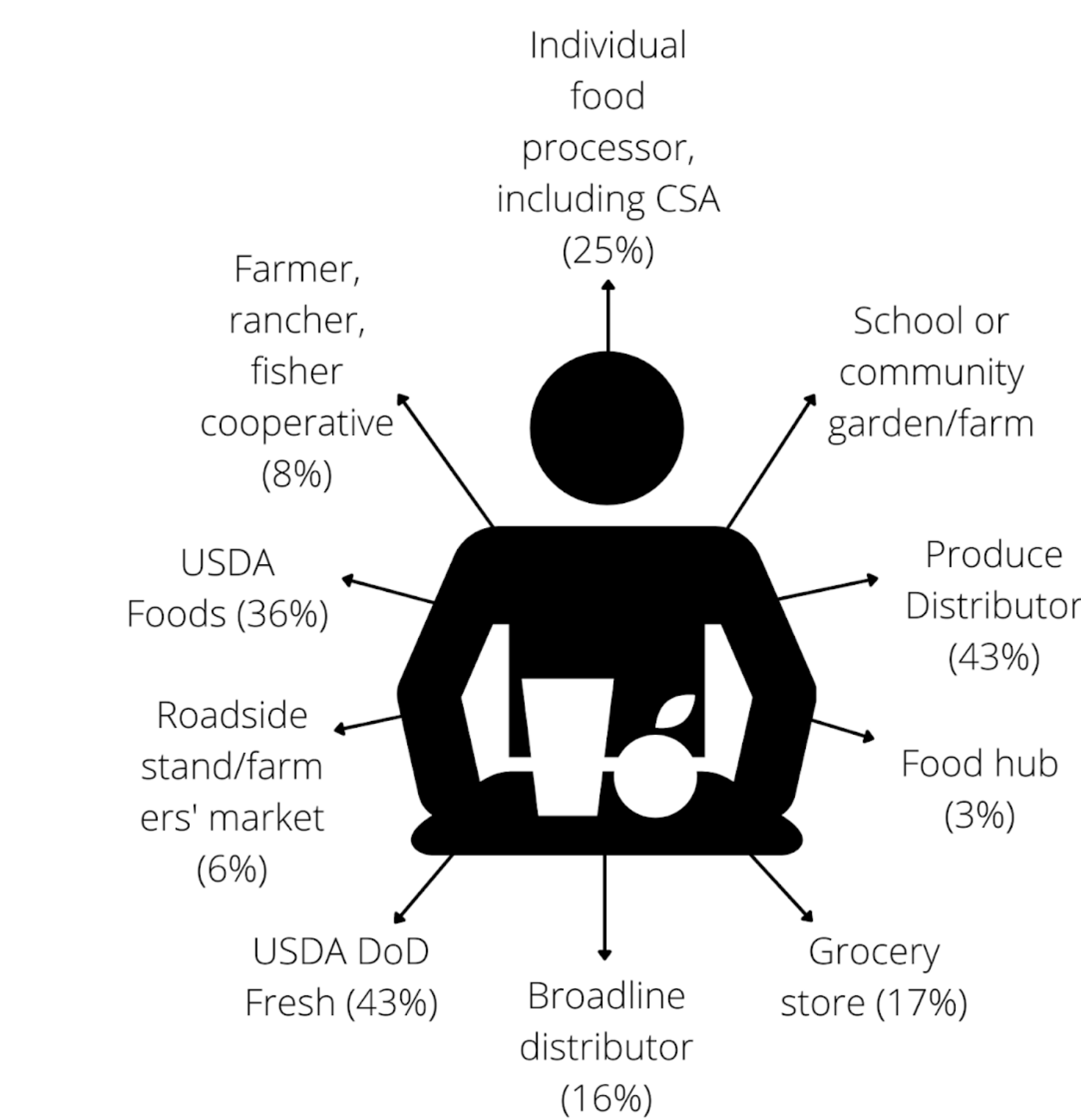
This research is part of a national study that is assessing the supply and demand of FPLI for specialty crop growers

- Demand is being assessed through this national survey of public schools in addition to complementary surveys of long term care facilities and community food infrastructure organizations, as well as through interviews and surveys of SMS specialty crop growers
- Supply of insurance is being assessed through semi-structured interviews of insurance industry professionals and telephone surveys of carriers that offer FPLI

Research Goals

- Determine national FPLI requirements in the F2S supply chain
- Assess the extent to which food safety concerns and requirements serve as barriers for actors across the F2S supply chain

Where are K-12 schools sourcing local food from?



*data drawn from the 2019 Farm to School Census (Bobronnikov, Yadav, and Prenovitz, 2021), some schools may source from multiple suppliers thus percentages may not add up to 100%

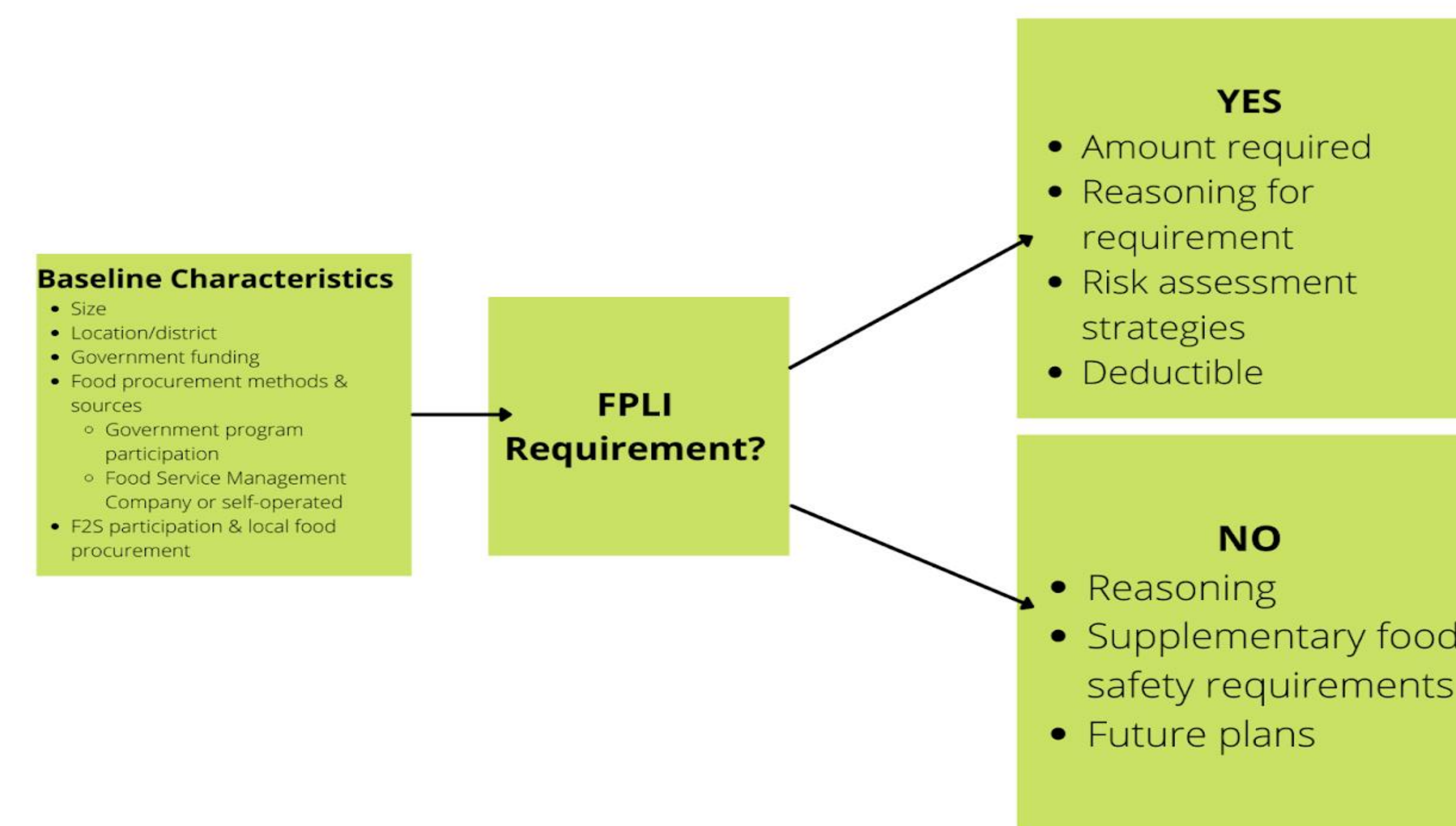
Barriers in the F2S Marketing Channel Include...



Methods

Online survey will be used to collect data regarding F2S use and perceptions of FPLI

- Study Sample
 - Target sample size of 1,870
 - Survey will be conducted at the appropriate administrative level (school, district, county, or state), dependent on where FPLI requirement authority lies
 - Target respondents are foodservice directors for K-12 public schools & personnel making FPLI requirements
- Procedure
 - Survey development and dissemination following best practices recommended by Dillman et al. (2014)
 - Survey distributed via Qualtrics; paper surveys made available to those that prefer this format
 - Pretested with target respondents not otherwise involved in the study
 - Small incentive provided to encourage participation
- Survey Flow:



Study Implications

- Through the assessment of current FPLI requirements and their effects on multiple farm to institutional markets, and across the variety of actors, this research will promote profitability and efficiency in the specialty crop markets
- Reducing inefficiencies in the FPLI market may:
 - Increase public welfare by making nutritional food more accessible;
 - Encourage safer food handling;
 - Support more local and sustainable F2S supply chains
- These results may be utilized directly by school foodservice operations and state planners
- Extension agents and NGOs will be able to make more comprehensive recommendations for SMS farmers regarding food safety requirements and concerns of public school food buyers in the F2S marketing channel

Key References:

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