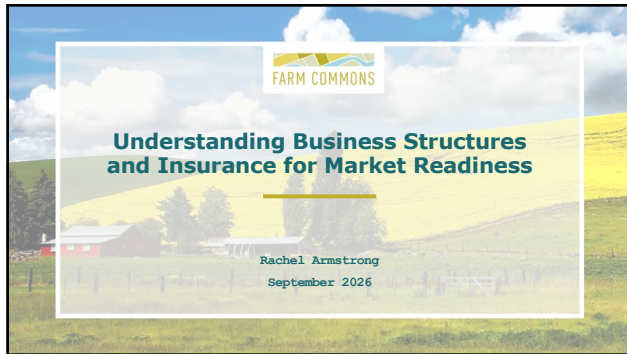
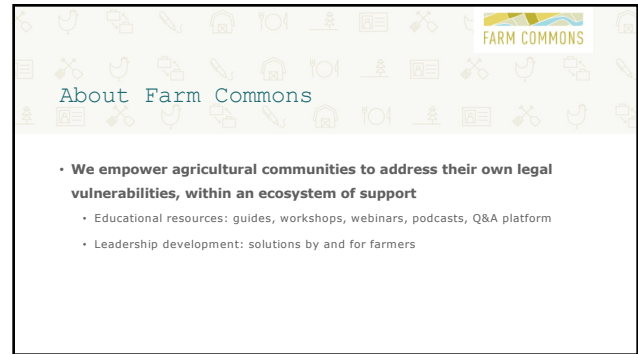
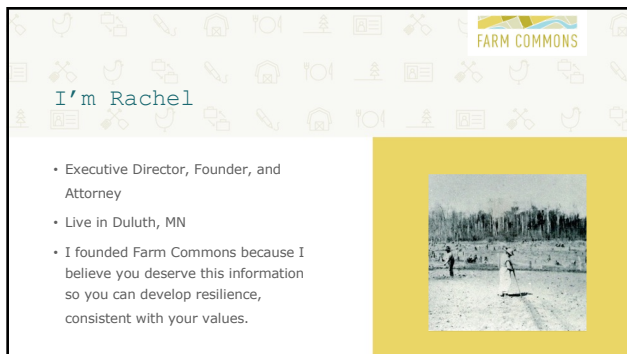




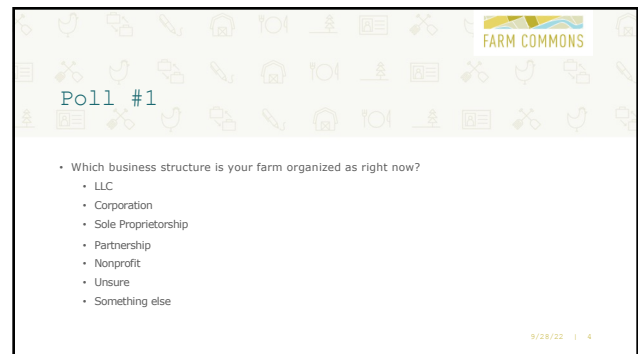
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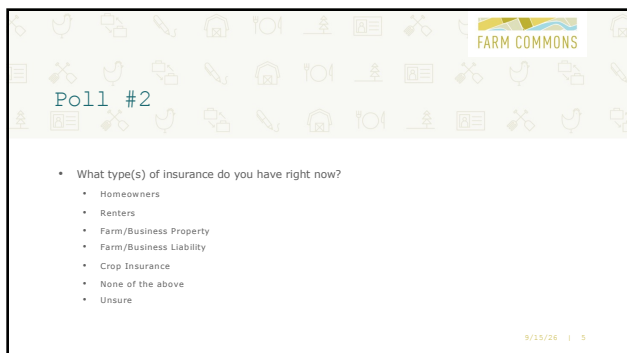
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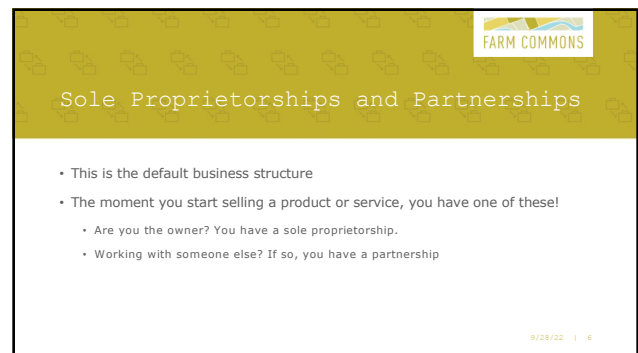
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Sole Proprietorships and Partnerships

- Drawback: Personal assets are exposed to business liabilities.
- In a partnership: exposure is multiplied

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Limited Liability Entities

- LLCs and Corporations protect personal assets from business liabilities!
- (Wait, what about a nonprofit?)

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How do we form an LLC or S corporation?

- File a form with your Secretary of State, generally.
 - List owners and contact information
 - List registered agent
 - Get an EIN from the IRS. (This is what separates the entity from you in the eyes of the IRS!)
- Not everyone is comfortable forming an LLC or S corporation.

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Protection needs to be earned

- Separate bank accounts and clear balance sheets help earn the protection.
- Maintain filing obligations with the state.

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Personal Assets ONLY are protected!

- Which business structures protect business assets from business liabilities?
 - NONE.
- How does a farm protect business assets from business liabilities?
 - Insurance

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Let's start with a story

- A pasture walk and farm dinner gone wrong...



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FARM COMMONS

The moral of the story

- It's about health insurance and money...



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FARM COMMONS

Let's hear it from you!

- This is Farmer May's fault because....
- This is not Farmer May's fault because...



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FARM COMMONS

Is Farmer May liable for Bob's injury?

- Likely, yes, if she was negligent.
- She was negligent if she acted less reasonably than the average farmer would have acted under similar circumstances.



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A farmer is negligent when she is less reasonable than the ordinary farmer would be under similar circumstances.

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FARM COMMONS

Insurance: Like a retainer on an expert attorney.

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FARM COMMONS

What you need to know:

- Insurance is the single best risk management strategy for injury liability, and is necessary for even the safest of farms.**
- Many farms do not have liability insurance that addresses the risks they experience.

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Q: I don't have a lot of money and even less time- what's one thing I can I do this week to start protecting my operation?

A: Call an insurance agent.

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- Q: I have homeowners insurance- the bank requires it. Do I need more?
- A: Homeowners insurance doesn't cover business (unless you have a farm owners policy).

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What you need to know:

- Identifying appropriate insurance coverage can be quite difficult for:
 - Agritourism
 - On-farm poultry processing
 - Value-added production
 - CSA programs
 - Food safety liability
 - Farmers' market sales

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What you need to do:

1. Tell your agent all the things your farm does
2. Ask if and where coverage is provided for these activities
3. If answers are not satisfactory, consider a new insurance agent.



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What you need to know:

- Identifying appropriate insurance coverage can be quite difficult for:
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 - Value-added production
 - CSA programs
 - **Food safety liability**
 - Farmers' market sales

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What is "normally" covered in a "standard" farm liability policy??

1. Foreign object injury is covered
2. Communicable disease injury is not
3. Virus/bacteria generally not covered
4. The "business" exclusion means no value-added production covered.



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Prevention, prevention, prevention

- Follow procedures from the Produce Safety Rule of FSMA or GAP certification protocols
- Prevent all the *salmonella*, *e. coli*, *listeria*, etc from getting into your food in the first place!

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Learn More!

- Discovering Resilience:
 - Learn the 10 legal best practices of a resilient farm or ranch business
 - Create a customized action plan to develop legal resilience
 - On your own time or with a cohort of peers

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Any questions?

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