

## Insurance Coverage for Food Entrepreneurs

As a food entrepreneur, you cannot afford to ignore insurance. As a food processor, you are in a business where products are ingested by consumers, and insurance becomes an integral piece of the business. A commercial policy is needed for any business, but you will want to speak to your insurance agent about other options available to you that might make sense for your business. One policy that you will want to be sure to purchase is liability insurance.

Liability insurance protects against financial losses due to allegations of bodily injury or property damage to others because of your activities. You may also purchase product liability insurance to provide protection against claims that your product caused injury to the user. This insurance will be advantageous for a food entrepreneur to own in the case of foodborne illness or injury due to their product. Typical policies provide \$1 million in coverage, and often \$1 million in coverage is required to rent commercial kitchens or work in kitchen incubators. Kitchen incubators or co-packers may also require you to list them as additionally insured on your policy. You may be asked to provide a Certificate of Insurance to stores selling your products as evidence that you do have insurance.

In addition to liability insurance, you will want to speak with your insurance agent as your business evolves to be sure you are covered throughout all stages of growth. Examples of other policies you may want to purchase include property insurance, workers compensation, commercial auto insurance, business interruption insurance, disability income protection, etc.

It must be understood that running a food business can be a high-risk endeavor, and all food entrepreneurs should purchase a liability insurance policy. Even if you follow all food safety steps perfectly, you may still be held responsible for damages resulting from product mishandling that is out of your control. At the very least, you need liability insurance. As your business progresses, you and your insurance agent should discuss insurance policies that would be advantageous for your business as it changes and grows.

