

INDUSTRY EXPERT GUIDE – SMALL FARM



NFU Mutual
FARM INSURANCE

Whatever your farming insurance needs, we can protect your livelihood and your future



Charlie Yorke, one of NFU Mutual's farm insurance specialists, gives us an industry update.

What do we mean by 'smaller/small/family farm'?

There's no formal definition but it's worth considering:

- Size or acreage isn't always a good measure. For example, a poultry farm operating on a small acreage might generate a greater turnover than an upland farm covering more land.
- As a general rule, a 'smaller' farm would:
 - have a workforce of less than three (often with a heavy reliance on family labour)
 - be less than 50 hectares in size
 - have a turnover of less than £85,000
- Traditional livestock farms, such as sheep, beef and dairy, typically dominate the UK's smaller farm sector.
- Many smaller farms are run in conjunction with an on-farm diversification; the family may also have further, non-farming income streams.
- NFU Mutual would classify a 'smallholding' (ownership of a small piece of land) as generating less than £10,000 and as an enterprise that is run part-time i.e. the business owner(s) has a main job.

Why would someone have a 'small farm'?

- A smaller farm can often allow a farmer (who might have been running a larger scale operation) to downsize towards retirement.
- Similarly it can allow young/low income entrants to get a foothold in the industry as the entry costs will be lower.
- The size of the farm will often be what is dictated by circumstance e.g. inheritance.
- The owners of smaller farms are often people who have made money elsewhere and purchased a smaller farm as part of a lifestyle choice.

What part do smaller farms have to play in 21st century UK agriculture?

- They can be a route in for new entrants to farming.
- They support the health of the wider farming industry with their varied methods and diverse output.
- They are an integral part of the rural community; i.e. five smaller farms may create a greater sense of community than a single, larger farm occupying the same area.
- They provide employment in rural areas.
- They have an important part to play in managing countryside and the rural environment.



- They have the potential to produce food closer to their end customers, using different forms of direct sales, such as farm shops.
- Many small farms are embedded in their communities, well placed to secure and maintain the trust of local customers. For example, their customers might see how they: care for their livestock, manage the natural environment, and offer greater food provenance traceability.
- With fewer decision makers, they may be able to trial and adopt new farming technologies more readily than a larger business. For more information search 'NFU Mutual Agri-Tech'.

Is NFU Mutual's Farm Essentials policy for me?

- If your farm generates up to £85,000 in farming income annually, this policy provides the essential property and liability covers as standard.
- There is also flexibility to cover livestock, farm income and some simple diversifications such as B&Bs, farm shops, camping and caravan sites, and leasing of land or grazing rights.

To see how we can help farms of all sizes, visit our website [nfumutual.co.uk/agent-offices](https://www.nfumutual.co.uk/agent-offices) and contact your local agency office.

Farm Essentials Key Features and Benefits:

- £10m Public and Product Liability cover to protect your business if it's held responsible for accidental injury to customers, or the public, including injuries or property damage caused by your products.
- £10m Employers' Liability cover to protect your business if you or your employees are held responsible for an employee, including family and friends, becoming ill or injured due to their work on the farm.
- Cover for farms up to 50ha, as well as small hill farms that meet the acceptance criteria.
- Goods in transit cover for farming property is covered as standard up to £1,500.
- £2m Environmental Liability cover to protect your business if your farming activities or waste results in injury, environmental or biodiversity damage.
- Loss or damage to your property caused by the events you've chosen to insure against for farm buildings up to £450,000, contents up to £50,000 and farming stock up to £50,000.

Optional covers available to add on to Farm Essentials:

- £250,000 Legal Expenses cover, administered by ARAG UK, to safeguard your business and employees during legal disputes, providing your claim has a reasonable prospect of success, including access to our legal advice helpline and online legal employment manual.
- Up to £100,000 livestock cover (excluding diseases), with an option to cover livestock in transit too.
- Loss of income arising from damage to property by an insured event, up to £85,000 annual income.
- Group Personal Accident to protect you and your employees against the financial impact of death or disability following an accident or illness. We provide a range of optional lump sums and weekly benefits, which you can tailor to your needs.

Figures above highlight the maximum insured limits available. It's the responsibility of Farm Essential customers to ensure that the sums insured limits cover their needs. Your local NFU Mutual agency office will be able to discuss the specific cover for a smaller farm including any limits, exclusions or excesses that apply to help ensure it's right for you.

We're committed to supporting our customers, whatever your circumstances or needs we're here to help.

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