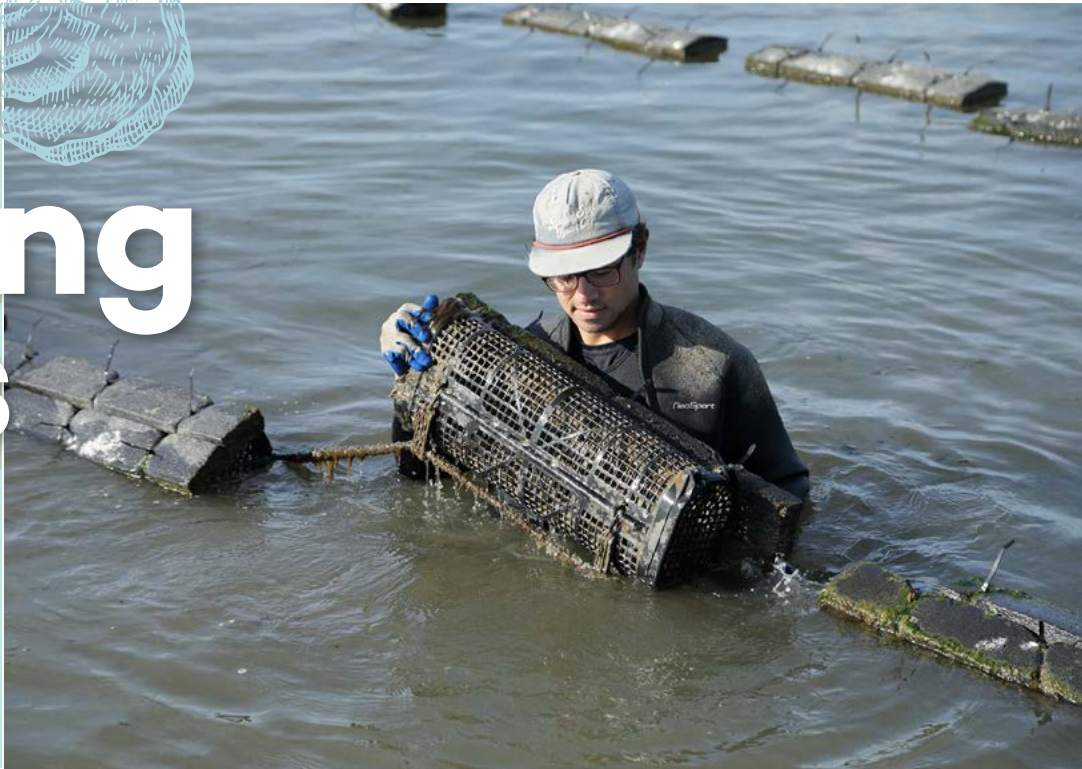




AOC Farming Facts

This product was prepared by Louisiana Sea Grant with funding from the Louisiana Department of Wildlife & Fisheries and Coastal Protection and Restoration Authority. This fact sheet is intended as a guide and should be independently verified by the reader.



Insurance for Alternative Oyster Culture (AOC)

Insurance options for the aquaculture industry can be classified into six general groups: Crop Mortality, Liability, Property, Auto, Commercial Boat, and Workers' Compensation/Jones Act.

CROP MORTALITY

Cultured oysters are an insurable crop in Louisiana. The U.S. Department of Agriculture (USDA) has several programs that are available for insurance and disaster assistance:

1. Group Risk Plan (GRP) Oysters.

This is a risk management tool to insure against widespread loss of production in the following Louisiana parishes: Cameron, Iberia, Jefferson, Lafourche, Plaquemines, St. Bernard, St. Mary, Terrebonne, Vermillion.

- The insurance provided is against only unavoidable loss of oyster landings directly caused by drought, flood, hurricane, and other natural disasters.
- Find a local crop insurance agent: www.rma.usda.gov/Information-Tools/Agent-Locator-Page
 - Find an authorized insurance provider (aip): <https://public.rma.usda.gov/AipListing/InsuranceProviders>

2. Whole-Farm Revenue Protection (WFRP).

This insurance plan acts as a risk management safety net for any farm with up to \$8.5 million in insured revenue, and is available in all 50 states.

- WFRP provides protection against the loss of insured revenue due to an unavoidable natural cause of loss (your policy will provide a specific list of covered causes of loss).
- USDA Risk Management Agency (RMA) fact sheet: <https://bit.ly/RMA-WFRP-Fact-Sheet>

3. Noninsured Crop Disaster Assistance Program (NAP). This program is offered through the Farm Services Agency (FSA) and provides financial assistance to producers of non-insurable crops to protect against natural disasters that result in lower yields or crop losses or prevents crop planting.

4. Emergency Assistance for Livestock, Honey Bees, and Farm-raised Fish (ELAP). ELAP is not an insurance plan, as such, but provides financial assistance to eligible producers for losses due to disease, certain adverse weather events or loss conditions, including blizzards and wildfires, as determined by the Secretary of Agriculture. You **MUST** register your farm with FSA to be eligible. Contact your FSA office for more info.

- Find your local FSA office: <https://offices.sc.egov.usda.gov/locator/app>
- NAP fact sheet: <https://bit.ly/FSA-NAP-Fact-Sheet>
- ELAP fact sheet: <https://bit.ly/FSA-ELAP-Fact-Sheet>

LIABILITY

General liability insurance is helpful to have in order to cover bodily injury or property damage caused by your business or your employees. In other words, if someone or something is hurt or damaged on your property, this protects you. Note that there are exclusions for automobiles, boats, and workers compensation; additional options to consider include.

- **Product liability** protects you for your products, such as if someone gets sick on your oysters.
- **Umbrella liability** is an extra layer of protection above your general liability, and can also spread over your auto liability and workers compensation if desired.

PROPERTY

This insurance is not limited to protecting your building(s). It can also cover physical damage to your contents, lost income (from building loss), and many other items. Other special coverages could include:

- **Inland marine**—for mobile equipment and other items that are used during transport or away from the main premises (other than boats); one of the perks of this coverage is that flood IS a covered peril.
- **Spoilage**—protects your refrigerated perishables (NOT live animals) due to power loss, equipment failure, and other perils.
- **Special contents or coverage**—particularly for hatcheries or nurseries who are at risk for losing live seed resulting from loss of power or equipment failure.
- **Flood**—loss by flood, even water brought in by a hurricane, is never covered under a general property policy; it must be obtained separately.

COMMERCIAL AUTO & TRUCK

If you use your vehicle in a business capacity, whether to tow your work boat or deliver your oysters, then your personal auto policy is unlikely to cover you. A business-specific policy provides coverage for company vehicles and liability coverage to protect you and employees.

COMMERCIAL MARINE

Operating a boat comes with risk, so coverage for the commercial vessel itself as well as liability issues that may arise during its operation is important.

- **Hull insurance** covers any damage to the physical hull of the insured vessel. It's similar to the coverage you'd get with an auto insurance policy. A hull policy can include coverage for the vessel, permanently attached equipment, unattached equipment, propulsion equipment, and personal property.
- **Protection and indemnity (P&I)** and Crew protects you, the boat owner, from legal liability arising from the use of your boat (third-party bodily injury or property damage). It also includes coverage for illness, injury, or death of crew or passengers. Crew coverage will protect the employee and the business for exposures under the Jones Act (see below).

WORKERS COMPENSATION

This is state-regulated protection that covers you and your employees for injury. It pays for their healthcare bills and lost wages, while protecting your business from liability for the same. Most people you pay are considered an employee under workers' compensation law, despite whether you pay by 1099 or not.

SPECIAL NOTE

If the injury falls under the Jones Act, state workers' compensation will not apply and it is possible for an injured aquaculture worker to sue their employer in federal court under the Jones Act (see P&I insurance above).

Bankers Insurance provides an excellent white paper on the subject, and how to analyze whether Jones Act coverage is needed:

<https://www.bankersinsurance.net/wp-content/uploads/2016/12/workers-compensation-and-jones-act-insurance.pdf?x44954>



An Overview

The farming, or aquaculture, of oysters is subject to risk; similar to those risks facing agricultural businesses that grow a crop—from product contamination to equipment failures, or an unexpected accident or injury. Knowledge of these risks, their severity, and how best to manage them, is critical for the success of your business. Insurance is one key way to protect yourself and your assets from loss.

Although this information was developed for AOC oyster farming, the various types of insurance may be available and appropriate for traditional oyster fishermen.

