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Creative Risk Mitigation at Tennessee Farmers Cooperative



Tennessee Farmers Cooperative is farmer-owned, with 220 locations throughout the United States.

ResponsibleAg allows farmers cooperative to improve safety, lower insurance costs.

At Tennessee Farmers Cooperative (TFC), farmer ownership creates a business structure with several management challenges.

TFC was established in 1945 as a federated cooperative and today includes 55 member cooperatives. These local farmer-owned businesses in turn own TFC. The cooperative has 220 locations across Tennessee, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, Texas and Virginia.

"Our structure is unique and poses some challenges when

establishing, meeting and upholding consistent safety standards across our diverse locations," says John Cain, Risk Manager at TFC. "We have no leverage to require specific business practices by our member cooperatives. Safety and employee training are two examples.

"Consistent training and safety standards are vital, not only to keep employees, customers and our communities safe, but for mitigating risk throughout the organization and helping us manage the costs of property and casualty insurance for our members," Cain explains.

Insurance carrier shies away from ammonium nitrate facilities

In 2014, the cooperative faced a general liability insurance carrier that was hesitant to renew coverage for facilities storing ammonium nitrate.

TFC leadership saw membership in ResponsibleAg as an opportunity to improve safety throughout the organization and reduce production risks. We had to establish a consistent



JOHN CAIN
Risk Manager,
Tennessee Farmers
Cooperative

culture of safety throughout our system and ensure our member facilities were compliant with the hundreds of regulations that apply to each location," Cain says.

The ResponsibleAg Certification Program is a comprehensive program that helps personnel at retail facilities understand and adopt health- and safety-related practices

required by OSHA, DOT, EPA and DHS for the proper storage and handling of fertilizer and other agricultural inputs. The program includes a facility audit by a trained and credentialed professional auditor, a plan to correct any issues found during the audit, followed by certification the facility is fully compliant.

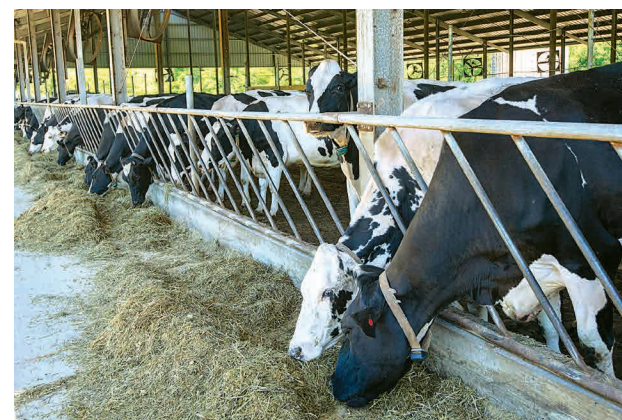
Financial incentive to ResponsibleAg-certified locations

TFC Risk Management Services manages the Property & Casualty Insurance program for the TFC system. The program is structured with high deductible commercial insurance policies as well as a large retention in their own captive

insurance company. All insurance costs are allocated by TFC Risk Management Services to participating members based on their exposures and claims history. Members can also benefit from adopting and practicing safety protocols.

"We give a financial reward to our members who participate in ResponsibleAg," Cain says. "This is our mechanism to ensure all safety regulations are being met. For our smaller member cooperatives, the savings is a few thousand dollars. For the bigger ones, it can be tens of thousands of dollars."

TFC provides a discount of up to 15 percent for locations that conduct on-time monthly safety trainings and inspections and are ResponsibleAg certified. This helps ensure a safe working environment for employees and positively impacts the business's bottom line.



TFC member cooperatives offer feed, animal health products, seed, fertilizer, chemicals and other farm supplies.

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– John Cain

Invest today for returns in the future

In the future, Cain hopes businesses that participate in ResponsibleAg may be assessed in lower risk categories by commercial insurance companies. According to Cain, establishing a consistent, reliable risk assessment tool for ag retail businesses is one of the founding goals of ResponsibleAg.

"Insurance companies will be able to value risk level differently because ResponsibleAg certification mitigates risk for those who participate," Cain says. "That won't mean there isn't risk associated with our businesses, but that companies are doing things right to proactively manage risk."

Cain is proud that TFC member cooperatives are all participating in ResponsibleAg.

"People can't get excited about a safety-focused regulatory compliance program because it sounds like more work," Cain says. "But our facility managers understand this (ResponsibleAg) is the right thing to do as employers, members of the community and leaders of the larger ag community."

He also believes agriculture throughout Tennessee and the entire industry will benefit immensely from the safety foundation and accountability ResponsibleAg certification provides.

"Participation in ResponsibleAg shows we are being progressive and taking responsibility for our safety risks," Cain says. "We show others throughout the industry, regulators and the public that we are serious about doing things right. We are trying to keep our communities, employees and industry safe. There is value in this message for all of us."

For more information or to join, visit www.ResponsibleAg.org or call 270-683-6777.

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MISSION

ResponsibleAg is an industry-led initiative **committed** to helping agribusinesses properly store and handle farm input supplies. The program helps members ensure they are **compliant** with environmental, health, safety and security regulations to keep employees, customers and our communities **safe**.

