Creative Risk Mitigation at Tennessee Farmers Cooperative

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.

“Randy Crowell, ResponsibleAg Auditor, works with Gerald Wright, Location Manager, during an audit at AgCentral Farmers Cooperative in Loudon, Tennessee.

“TFC provides a financial reward to locations that conduct on-time monthly safety trainings and inspections and are ResponsibleAg certified.”

— 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.”

“Consistent training 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 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.