

Feasibility Study – Recall Insurance

Problem

- When a food safety recall occurs, particularly in the specialty crop industry, consumers stop purchasing all the products of that industry – not just the products produced by the recalling firm. This has been demonstrated on numerous occasions – such as the spinach, tomato, and recent cantaloupe recalls.
- When this happens, producers suffer major financial losses and can even go out of business because of a recall that they did not cause.
- Many in industry have called for a solution to this problem, but to date, a viable option has not been brought forward.

What this Amendment Does

- This amendment would direct USDA's Risk Management Agency to conduct a study into the feasibility of a crop insurance product that would cover producers' losses due to food safety recalls that they did not cause.
- This would allow exploration of new ways to protect producers from real risks that are currently beyond their ability to plan for and mitigate the effects of.
- This amendment does not score.
- This amendment is endorsed by the United Fresh, Western Growers, and other organizations in the fresh produce industry.

AMENDMENT TO FARM BILL COMMITTEE PRINT,
H.R. 6083
OFFERED BY MR. CARDOZA OF CALIFORNIA

In the amendment made by section 11021, add the following new paragraph:

1 “(21) STUDY OF FOOD SAFETY INSURANCE.—

2 “(A) IN GENERAL.—The Corporation shall
3 offer to enter into a contract with 1 or more
4 qualified entities to conduct a study to deter-
5 mine whether offering policies that provide cov-
6 erage for specialty crops from food safety and
7 contamination issues would benefit agricultural
8 producers.

9 “(B) SUBJECT.—The study described in
10 subparagraph (A) shall evaluate policies and
11 plans of insurance coverage that provide protec-
12 tion for production or revenue impacted by food
13 safety concerns including, at a minimum, gov-
14 ernment, retail, or national consumer group an-
15 nouncements of a health advisory, removal, or
16 recall related to a contamination concern.

17 “(C) REPORT.—Not later than 1 year
18 after the date of enactment of this paragraph,

1 the Corporation shall submit to the Committee
2 on Agriculture of the House of Representatives
3 and the Committee on Agriculture, Nutrition,
4 and Forestry of the Senate a report that de-
5 scribes the results of the study conducted under
6 subparagraph (A).”.

