

INDUSTRY EXPERT GUIDE – SMALL FARM



NFU Mutual
FARM INSURANCE

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



David Harrison, 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 four (often with a heavy reliance on family labour)
 - be less than 50 hectares in size
 - have a turnover of less than £50,000
- 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 foot hold 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
- More recently the owners of smaller farms are 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. 5 smaller farms may create a greater sense of community than a single, larger farm occupying the same area
- 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 £50,000 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.

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 may apply.

Farm Essentials Key Features and Benefits:

- £100k livestock cover (with an option to cover them in transit too – excluding diseases)
- £10m Public and Product Liability cover to protect your business if it's held responsible for accidental injury to clients, customers, or the public
- £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
- Day-one reinstatement buildings cover up to £450,000, including an automatic 15% increase on property sums insured to combat inflation, and contents up to £50,000
- Cover for farms up to 50ha, as well as small hill farms that meet the acceptance criteria
- Cover for farming stock up to £50,000
- £250,000 Legal Expenses cover 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
- £2m Environmental Liability cover to protect your business if your farming activities or waste results in injury, environmental or biodiversity damage.

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

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

If you'd like this document in large print, braille or audio, just contact us.

If you're hard of hearing or deaf, or you have difficulty with your speech, you can contact us by using the Relay UK app on your smartphone or tablet, or by dialling 18001 before our number on your textphone.

To find out more about how we use your personal information and your rights, please go to nfumutual.co.uk/privacy.

To stop us contacting you for marketing or giving information to other members of the NFU Mutual Group, please write to Marketing Department (Do Not Contact Me), NFU Mutual, Tiddington Road, Stratford-upon-Avon, Warwickshire CV37 7BJ or contact your local agency.

The National Farmers Union Mutual Insurance Society Limited (No.111982). Registered in England. Registered Office: Tiddington Road, Stratford-upon-Avon, Warwickshire, CV37 7BJ. A member of the Association of British Insurers.

FE-GUIDE-0224 | REVIEW DATE: 31/12/24



NFU Mutual
FARM INSURANCE