FOOD PRODUCTION AND PROCESSING REGULATIONS Legal Considerations

Processed Food

- Definition
 - Any food product that is:
 - Washed
 - Cut
 - Packaged
 - Labeled
 - Examples of exceptions:
 - Shelling peas/beans and shucking corn would be an exception (unless corn is being cut off with a knife)
 - Packaging strawberries in a clamshell will not be considered processed unless washed, topped and/or cut

Regulations And Safety Practices

- Application for Home Processor Inspection
- □ Code of Federal Regulations (21 CFR)
- Also know as Good Manufacturing Practices (GMP)
- □ N.C. Food, Drug and Cosmetic Act
- □ Zoning
- □ Water supply
- □ Bioterrorism Act
- □ Nutritional facts

Is Your Product Low-Risk Or High Risk?

- After completing the "Application for Home Processing Inspection"
 - NCDA&CS Food and Drug Protection Division inspector will determine if testing is required
- N.C. State University's Food Science Department will analyze products for risk

The second secon

Home Food Production

- □ Who should fill out the "Application for Home Processor Inspection"?
 - Vendors producing low-risk packaged foods, such as:
 - Baked goods
 - Jams and jellies
 - Candies
 - Dried mixes
 - Spices
 - Some sauces and liquids
 - Pickles and acidified foods
 - □ Products not processed or manufactured in any way do not require inspection

Non-Home Based Commercial Facility

- □ Who needs to produce their food in a non-home based commercial facility?
 - Vendors producing high-risk packaged food, such as:
 - Refrigerated or frozen products
 - Low-acid canned foods
 - Dairy products
 - Seafood products
 - Bottled water
 - □ Contact a Food Compliance Officer at 919-733-7366 for answers to any questions regarding production facilities

Better Processing School

- Qualifies individuals as commercial operators to process conventionally canned foods
 - May only produce canned acidified foods in the home
 - □ Good Manufacturing Practice (GMP)
 - 21 CFR Part 114
 - Specific GMP for acidified foods



Pickles Or Pickled Products

- Code of Federal Regulations
 21 CFR 114: Acidified Foods
 21 CFR 108: Emergency Permit Control
- Acid foods: natural pH of 4.6 or below
- Acidified foods: low-acid foods to which acid(s) or acid food(s) are added with a water activity greater than 0.85 and have a finished equilibrium pH of 4.6 or below

 - Beans
 Cucumbers
 Cabbage
 Artichokes
 Cauliflower
 Puddings
 Peppers
 Tropical fruits

Jams, Jellies, Preserves

- Regulated under Good Manufacturing Practices (GMPs)

 21 CFR 150
- Jams, jellies and preserve products are characterized by low water activity and a low $pH\,$
- **Fruit butters**: five parts by weight of the fruit ingredient to each two parts by weight of the nutritive carbohydrate sweeteners (5:2). The finished soluble solids content of a fruit butter is not less than 43%
- **Fruit jellies**: 45 parts by weight of the fruit component to each 55 parts of the sweetener solids (45:55). The finished soluble solids content of a jelly is not less than 65%
- **Fruit preserves and jams**: are divided into two groups, generally the berries and the pomes. In both cases the finished product is not less than 65% solids
- Berry group require 47 parts by weight of the fruit component to 55 parts of the sugar
- Pomes are 45:55

Food Product Labels

- Product name
- Manufacturers name and address
- □ Net weight of the product in ounces/pounds and the gram weight equivalent
- Complete list of ingredients in order of predominance by weight
 - $\hfill \square$ More information on labeling requirements is available at:
 - www.fda.gov/
 - ncsu.edu/foodscience/extension_program/nutrition_labeling.html

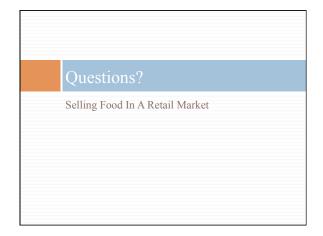
Cut Leafy Greens

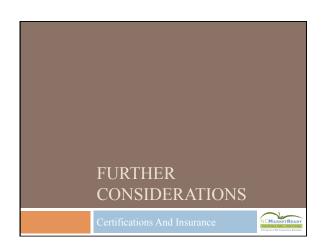
- Definition
- □ Fresh leafy greens whose leaves have been cut, shredded, sliced, chopped, or torn
- □ Includes iceberg lettuce, romaine lettuce, leaf lettuce, butter lettuce, baby leaf lettuce, escarole, endive, spring mix, spinach, cabbage, kale, arugula and chard
- □ To reduce the risk of pathogen growth, maintain cut leafy greens at 41 ° F (5 °C) or less during storage and
- Routinely monitor the temperature of the product and the equipment used to maintain product temperature

2009 Food Code

Resources

- NC State Food Science Department's Guide for Small Food Processors in North Carolina
- Business Link North Carolina by the NC Department of Commerce
- N.C. Department of Agriculture and Consumer Services' Marketing Division Agribusiness Development Office
- □ FDA Good Manufacturing Practice Guidelines
- □ Blue Ridge Food Ventures a full-scale commercial kitchen operation for value-added food production in western North Carolina.





GAPs Certification

- □ GAPs certification is voluntary (not mandatory)
- Growers of fresh produce need to decide whether to adopt GAPs and get certified
 - Economic decision
 - Weigh benefits vs. costs
- □ Economic Risk Reduction
 - GAPs adoption and certification not 100 percent guarantee of food safety

 Reduces risk/probably of outbreak

 - □ Calculate potential economic loss with and without GAPs
- Improved Market Access Opportunities
 - Many markets require 3rd-party GAPs certification
 - Credibility from having 3rd-party certifiers



Insurance coverage

- General farm liability insurance
- Commercial business liability insurance
- Product liability insurance
- Product recall insurance
- Accidental/product contamination insurance
- Malicious tampering insurance
- Combination policies
- □ Excess/umbrella/surplus lines of insurance
- □ Adjusted gross revenue (AGR) or adjusted gross revenue-lite (AGR-Lite) insurance



General Farm Liability Insurance

- □ Protects against liability claims for bodily injury and property damage arising out of one's premises and/or operations
- □ Protects against lawsuits due to on-farm accidents
- □ Recommended for pick-your-own operations and with on-farm stands
- Covers lawsuits from activities considered "farming"



Product Liability Insurance

- □ Protects against claims of injury caused by a defective or hazardous product (e.g. contaminated fresh produce)
- Provides protection if fresh produce causes injury
- □ Strictly covers claims of injured parties, not
- □ recall costs
- □ Premium estimate: \$1,000 per year for \$1 million of protection



Product Recall Insurance

- Covers actual or direct costs of a product recall
 - □ Costs associated with getting contaminated product off the shelf and destroyed
 - Cost of replacement
 - Transport costs
- □ Does not cover indirect costs
- □ Intended for growers that were contaminated (source)



Accidental Or Product Contamination Insurance

- Covers both direct and indirect costs of product recall.
- □ Examples of indirect costs third-party expenses, loss of profit due to recall (lost confidence), business interruption losses
- □ Intended for growers that were contaminated



Malicious Tampering Insurance

- Covers direct and indirect losses of product recall, but also covers losses from criminal actions of sabotage against grower
- Intended for growers that were contaminated



Combination Policies

- Combines several different policies.
- ☐ For example, you can combine general farm liability and homeowner's insurance if the family operations are smaller
- ☐ Typically have lower premiums compared to the cost of purchasing separate policies



Excess/Umbrella/Surplus Lines Of Insurance

- ☐ To provide for coverage when underlying available insurance is "lacking" hard-to-place risks.
- Not regulated under state laws premium rates not regulated and no guarantee protection from Insurance Guaranty Association



Adjusted Gross Revenue (AGR) or Adjusted Gross Revenue-Lite (AGR-Lite)

- □ Whole-farm revenue insurance based on tax forms
- □ Covers revenue losses below a guarantee if losses are from insured cause of loss
- Can cover part of revenue losses of noncontaminated growers if losses are due to market fluctuation (industry-wide drop in prices due to a product warning)

