

# Insurance for Agritourism Enterprises

## Why do you need liability insurance?

Calculating your risk, minimizing it where possible, and securing adequate and appropriate insurance for the inevitable claims, is critical to protecting your investment and profits associated with your agritourism business, as well as your existing agricultural operation and personal assets. An important part of this is reviewing your current farm/ranch liability insurance. Usually these policies only cover activities involved with “traditional” or “typical” agricultural practices. Agritourism, however, will introduce different kinds of risk than are typically covered under your farm/ranch insurance policy, especially when you invite paying guests onto your property to participate in activities.

Furthermore, there is no standard policy to cover the products and services encompassed by agritourism since operations differ greatly in nature and management. Therefore, you will have to contact your local insurance agent to locate a specialty insurer who can write a policy to insure your enterprise. A specialty insurance firm should be able to provide you with various risk self-assessment tools, sample independent contractor agreements and liability waivers free-of-charge, as part of their support and customer service packages. Some insurers, however, might impose certain conditions on the conduct of the agritourism activity on your property to reduce risk in exchange for the issuance of a policy. For example, a landowner who permits fee hunting on his land may be required to furnish professional guides to the hunters.

## Types of liability exposure to consider

There are several types of potential exposure to liability that you should consider when assessing your operation and considering your insurance coverage:

1. Premises Liability occurs when property owners fail to protect people from potentially hazardous conditions, and they are held accountable. In this case, the term "premises liability" refers to a situation where a customer is injured on your property, or the "premises" which you own and/or maintain. These are typically slip and fall injuries, injuries from equipment usage, contact with animals, etc. The property owner or party responsible for maintaining the property may be held legally responsible, or "liable," for that person's injuries if the injuries were the result of a dangerous condition that existed on the property.
2. Product Liability is a term that addresses claims of customers at your enterprise who have been injured by a product that you have prepared and/or served to them. This can include an injury resulting from encountering a foreign object in food served or sold at your operation, or a customer becoming ill after having eaten a food product at your operation (food poisoning, for example).
3. Property Damage impacting your customers can result from your actions or those of one of your employees, on your property. For example, your employee hits a customer's car in the parking lot of your operation.

4. Professional Liability is present for a business that provides a service to customers, in the case where the service provided inadvertently causes personal harm. For example, your employee spills a hot beverage on a customer and burns him or her.
5. Employees also present a risk you need to assess, since as an employer, you are responsible of your employees' actions. Therefore, you should be aware of whether the people you hire are employees or independent contractors. Their employment status will determine their tax and workers compensation status, as well as how they are covered under your general liability insurance. A good reference on this issue is [http://www.agmrc.org/commodities\\_products/agritourism/insurance\\_and\\_liability\\_issues\\_f\\_or\\_agritourism\\_operators\\_article.cfm](http://www.agmrc.org/commodities_products/agritourism/insurance_and_liability_issues_f_or_agritourism_operators_article.cfm). Lastly, training all employees to recognize, mitigate and report risks and potential accident hazards is part of a sound risk management strategy for any employer.

### **Steps in obtaining agritourism insurance**

1. Describe your business: Outline the numbers of visitors you expect, the time of year they will come, and how you and your employees will manage those visitors' experiences.
2. Assess your risk: Develop a plan that describes all the activities customers will engage in on your property, how they will do so (on foot, in a vehicle, by animal transport), and where they will go (near a pond, over irrigation ditches, through gates, near animals).
3. Manage your risk: Note all hazards on your property, even if you don't expect visitors to be near them (pathways, stored chemical supplies, old equipment), and eliminate them as much as possible. Describe all safety measures you have in place for the risks that cannot be totally eliminated. Contact an attorney to develop liability waivers for customers involved in higher-risk activities such as trail riding, hunting or snowmobiling. Have contracts in place that describe your relationship with your employees and independent contractors working on your agritourism operation.
4. Contact your local insurance agent: Ask for a referral to a specialty insurer with whom you can discuss your proposed agritourism operation. The following lists some firms that write policies for specialty markets. Use this reference information to understand the different types of specialty markets and policies and their general underwriting guidelines (such as any requirements for participants in an equine activity, specifications of all animals used, employee training, etc.)
  - ◆ Allen Financial Group Insurance - <http://www.eqgroup.com/agribusiness.htm>
  - ◆ Colorado Casualty - <http://www.coloradocasualty-ins.com>
  - ◆ Farmer's Union - <http://www.farmersunioninsurance.com/farm-insurance-company-farmers-union.cfm>
  - ◆ Firemen's Fund Insurance Company - <http://www.firemansfund.com/default.html>
  - ◆ Grange Insurance Association - <http://grange.com/>

- ◆ Great American Insurance Company - <http://www.greatamericaninsurance.com/agribusiness.html>
- ◆ Nationwide Mutual Insurance Company - <http://www.nationwide.com/farm-owners-insurance.jsp>
- ◆ Traveler's - <http://www.travelers.com/business/agribusiness/index.aspx>
- ◆ Westfield Insurance - <http://www.westfieldinsurance.com/farm/agriculture.jsp>

Note: This information is provided for informational purposes only and is not intended as professional advice. A listing in this resource does not constitute an endorsement or recommendation of any kind.