Agritainment Insurance and Risk Management

Charting your Map to Success

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Discussion Points

- Exposure to Liability
- Insurance Considerations
- Common Farm Liability Coverage
- Common Business Activities Endorsement
- General Liability Coverage
- Excess & Surplus Lines Companies
- Release or Waiver
- Risk Management Tips
Common Losses for On-Farm Ventures

- Loading or unloading falls
  - Hayride, wagon ride
- Trip and falls on ground
  - Corn maze, fall harvest events
- Collision
  - Wagon hits car
- Animal bites
  - Not just dogs anymore
Common Mistakes by New Ventures

- Lack workers compensation coverage
  - Assume farm employee exception

- Assume all insurance covers all activities
  - Personal policies limit coverage to personal activities
  - Excess & surplus lines policies limit coverage to named ventures
  - Auto policy excludes public livery (transporting guests) exposure

- Fail to consider cost of insurance in pricing
Exposures to Liability

- Attractive nuisances
- Recreational activities
- Transportation of employees or customers
- Operation of machinery
- Parking and traffic controls
- Access to operation
- Walkways
Insurance Considerations

- Property coverage for business property
- Special coverage for business records, cash
- Product liability insurance
- Business use of personal vehicles
- Umbrella coverage
- Workers compensation
Common Types of Insurance Coverage

- Farm liability coverage
- Business activities endorsement
- Commercial general liability
- Excess & surplus lines coverage
Farm Liability Coverage

- Personal acts of insureds
- Farming operations
- Business pursuits if receipts below a low threshold
- Custom farming if receipts below a low threshold
“Business Activities” Endorsement

- Most homeowner and farmowner policies exclude “business activities” over a certain amount of receipts (often $2,000)
- Some offer a business activities endorsement to provide coverage up to a certain amount of receipts (sometimes $20,000)
Business Activities Endorsement

- Require activity to be incidental
- No employees
- Receipts based on calendar year
- Limited list of approved activities
- Farm employer’s liability coverage may not apply (need WC)
Commercial General Liability

- Broad protection
- Required by many companies to whom you sell
- Higher minimum premiums
- Premium charge per activity
Excess & Surplus Lines Company

- Provides coverage for specialty risks
- Understand complex or difficult
- Often require annual applications
- Local agent works with broker to obtain
- Coverage limited to described operations
Common Insurance Coverage

- Make sure all activities are disclosed to agent
- Keep proof of disclosure
- When changing activities, notify the agent in writing and keep a copy
Activities with Release Forms

- Hunting & Guiding
- Equine Boarding
- Equine Riding Lessons
- Equine Breeding
- Trail Rides
- Hay Rides
- School Tours
- Organic Food

- Corn Maze
- Fruit / Vegetable Markets
- ATV Tours
- Guest Ranches
- Leased Hunting
Common Release (Waiver) Components

- Signed by all parties
- Retain original signed form for five years
- Have it reviewed by competent legal professional
- Repeat customers must sign annually
- Children whose parents previously signed for them must sign after they turn 18
- Examples on the internet
- Waivers are not a substitute for sound risk management or liability insurance

(This is not to be construed as legal advice)
Risk Management Tips

- View your property through the eyes of a child when looking for hazards
- Have an accident procedure plan and train employees
- Adequate staff to observe visitors (especially kids)
- Keep grounds mowed, free of debris and clutter
Risk Management Tips (cont)

- Educate visitors and explain hazards
- Post signs and mark areas “Off Limits”
- Inspect equipment and wagons daily to verify they are safe
- Be aware of what you have on your farm and do everything you can to make it safe!
Charting your Roadmap to Success

- Each activity adds risk of an accident
- Each risk results in a cost
- Each cost must be weighed against the potential income
- Balance cost (of insurance) against income as part of the business plan
- As activities are added, notify agent in writing
Stay on the farm, make some money and most of all, have some fun!