



# Protecting Your Agritourism Operation



**Lorie Graham**

CPCU, ARe, ARM, ALCM, ARP, AM, AU, ARC, AIAF

**Senior Underwriting & Corporate Risk Manager  
American Agricultural Insurance Company**

# Agritourism and Recreational Services

- **2007 Census**
  - 23,350 farms indicated agricultural recreational services
  - Valued at over \$566 million
  - 15.6% of farms indicate receipts of over \$25,000
  - 80% increase from 2002



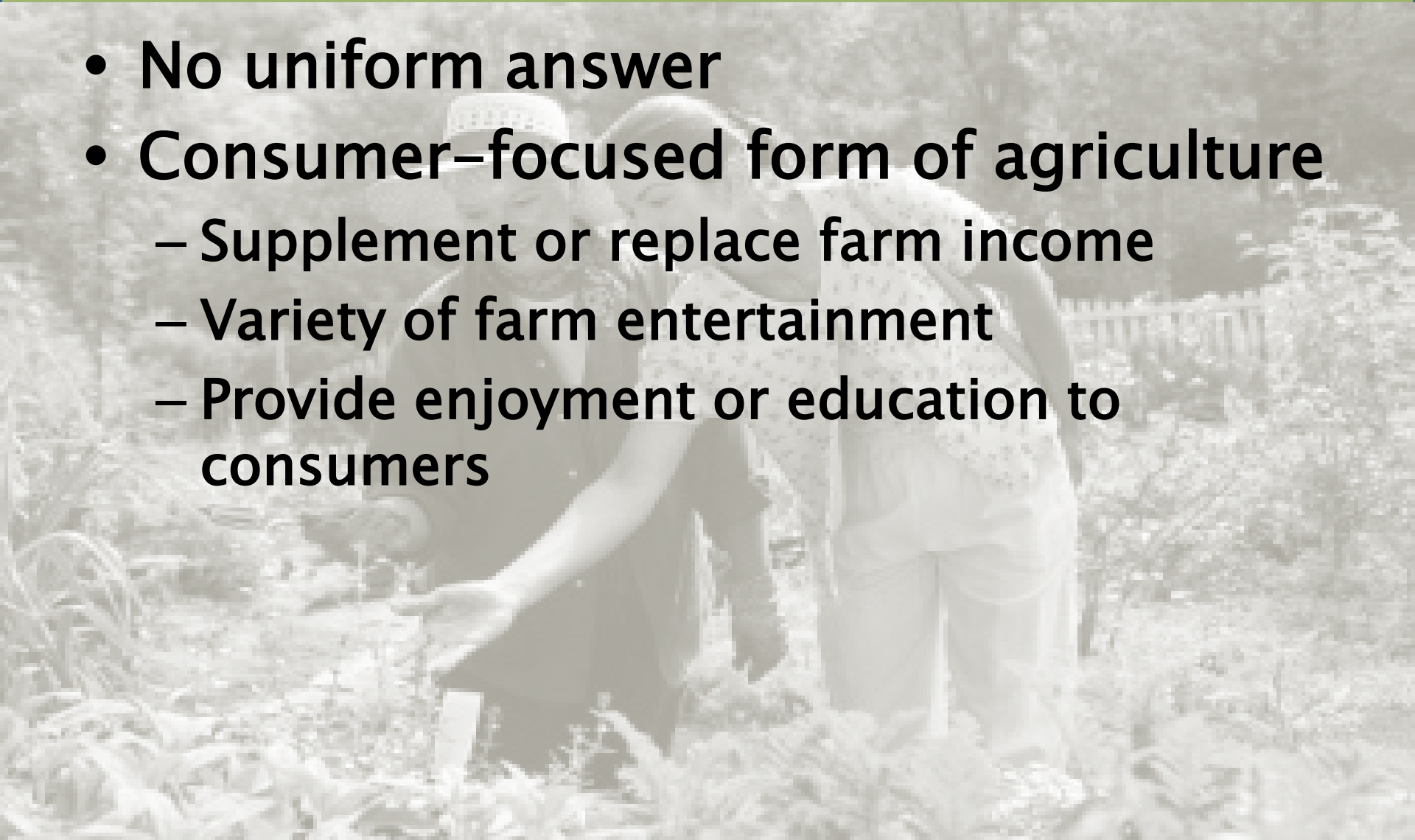
# Arkansas Travel Economy

- **Travel Spending**
  - 5.7 billion
- **Employment (direct jobs)**
  - 62,400
- **Payroll**
  - 1.1 billion

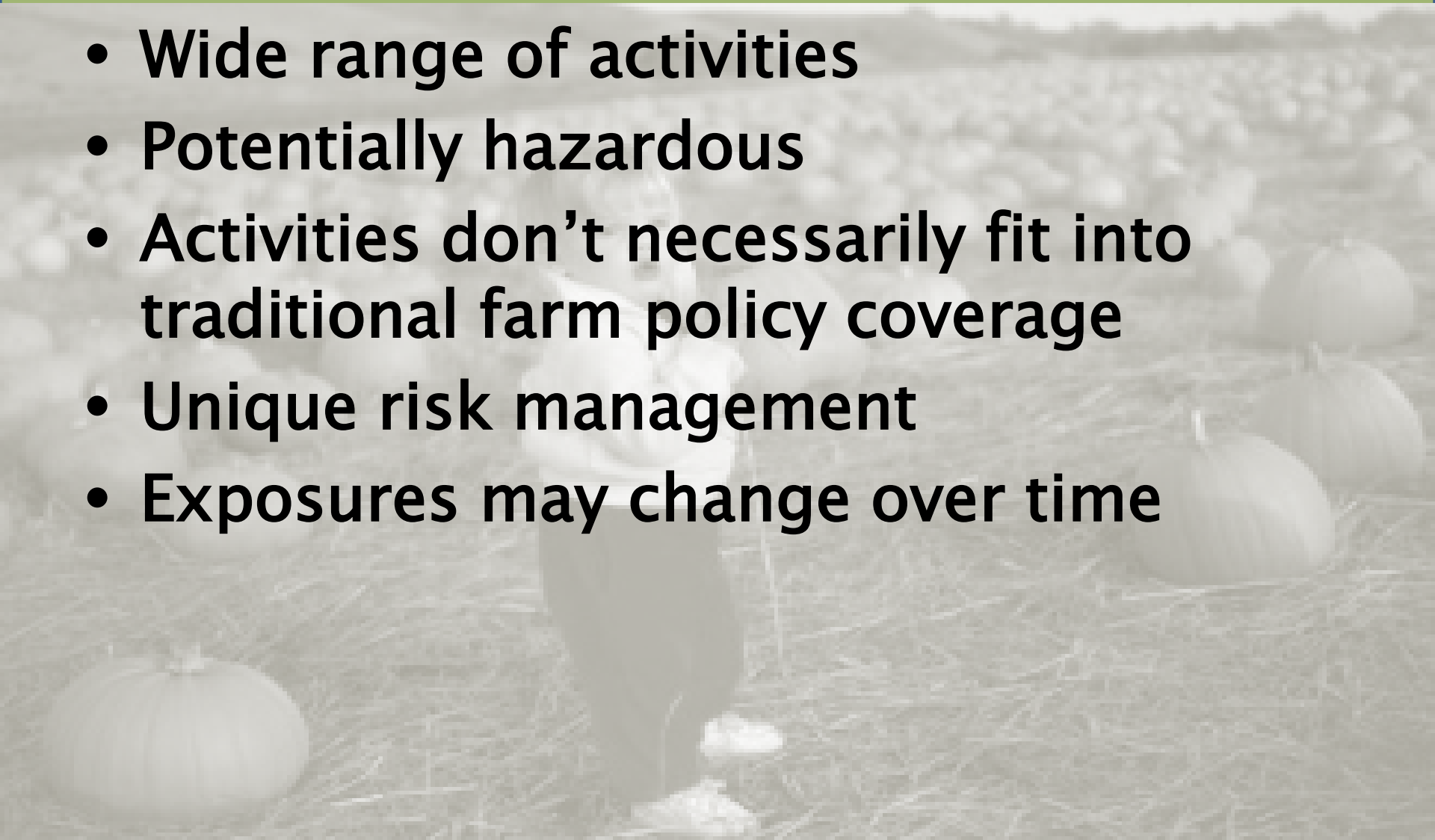
Source: United States Travel Association

# What is Agritourism?

- No uniform answer
- Consumer-focused form of agriculture
  - Supplement or replace farm income
  - Variety of farm entertainment
  - Provide enjoyment or education to consumers



# Hazards of Agritourism

- **Wide range of activities**
  - **Potentially hazardous**
  - **Activities don't necessarily fit into traditional farm policy coverage**
  - **Unique risk management**
  - **Exposures may change over time**
- 
- A person wearing a white long-sleeved shirt and dark pants is standing in a field of pumpkins. The person is looking down at something on the ground. The pumpkins are scattered around, and the background shows a field of more pumpkins under a bright sky. The image is slightly faded and serves as a background for the text.

# Insurance Availability

- **Narrowly defined niches ensure**
  - Expertise
  - Product applicability
- **Limited specific data available for ratemaking**
- **Highly hazardous activities require specialized products**

# Farm or Commercial Insurance Product?

- **Farm policy (depends on...)**
  - Company
  - Nature of activities
  - Extent of activities
- **Commercial policy**
  - Better suited to many agritourism activities and insurance needs
  - Broader range of rating classes for unique exposures

# Standard Farm Policy Limitations

- **Traditional farm policy**

- Farming means:

The operation of an agricultural enterprise, and includes the operation of roadside stands, on your farm premises, maintained solely for the sale of farm products produced principally by you. Unless specifically indicated in the Declarations

- Farming does not include:

- a. Retail activity other than that described above;

- b. Mechanized processing operations.

- c. **Business Pursuits**

- "Bodily injury" or "property damage" arising out of or in connection with a "business" engaged in by an "insured". This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

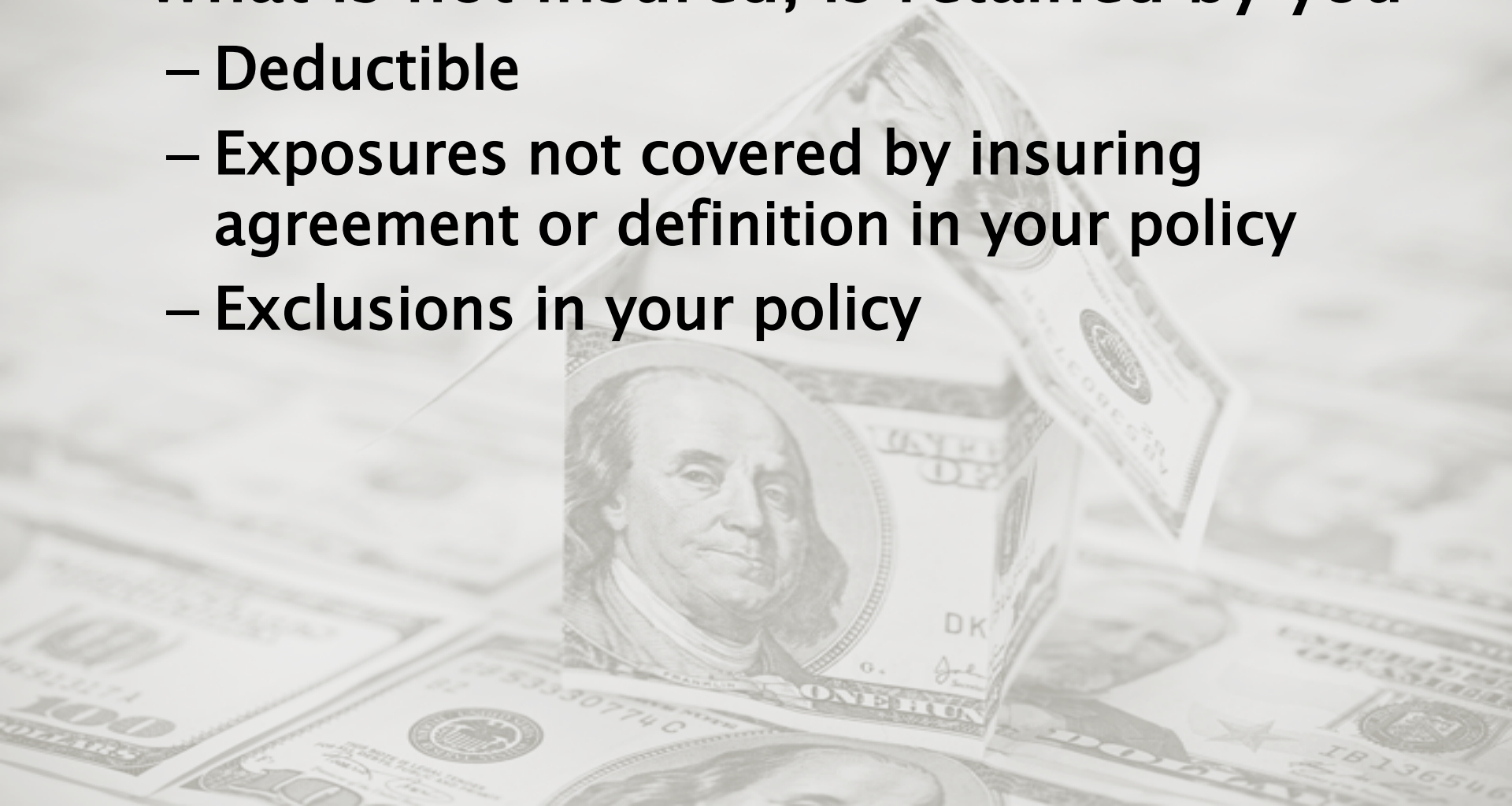
- Business means:

- "Business" means a trade, profession, occupation, enterprise or activity, other than "farming" or "custom farming", which is engaged in for the purpose of monetary or other compensation.

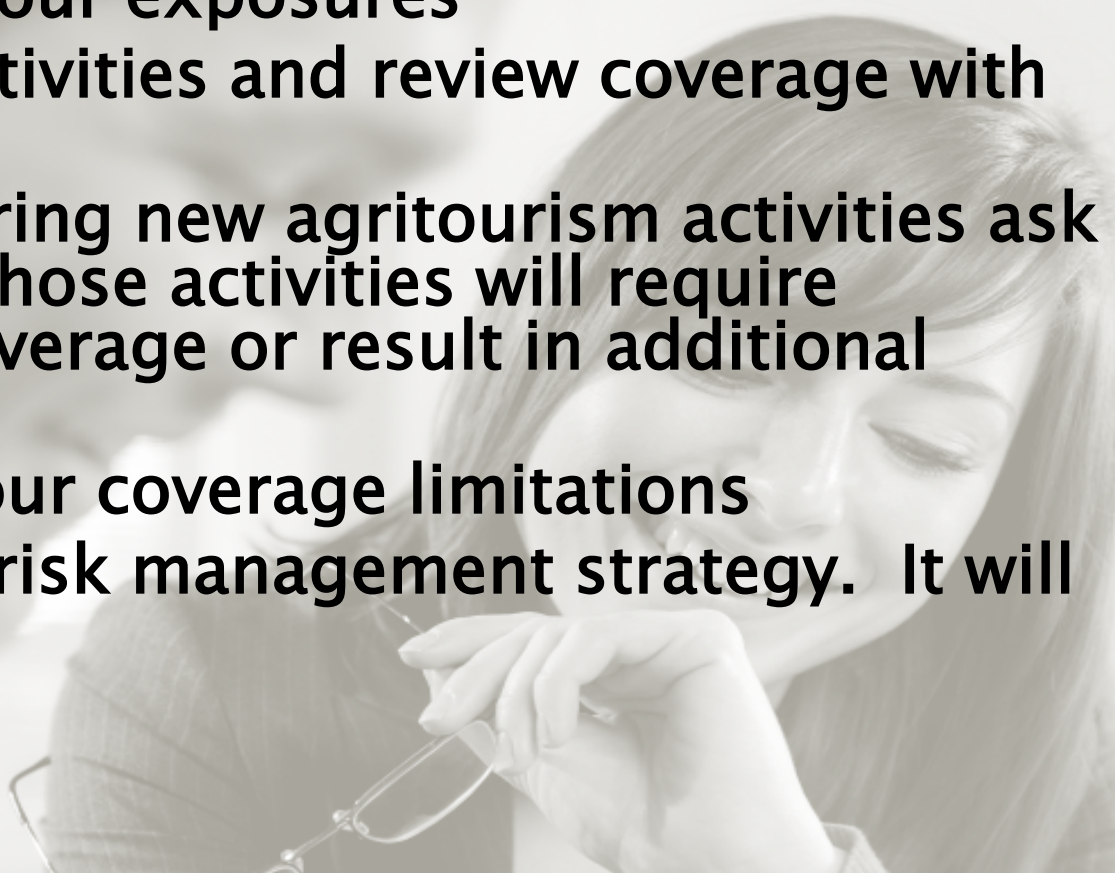


# Retained Risk

- **What is not insured, is retained by you**
  - **Deductible**
  - **Exposures not covered by insuring agreement or definition in your policy**
  - **Exclusions in your policy**



# Review Your Coverage Regularly

- Assess all of your exposures
  - Disclose all activities and review coverage with your agent
  - When considering new agritourism activities ask your agent if those activities will require specialized coverage or result in additional premium.
  - Understand your coverage limitations
  - Evaluate your risk management strategy. It will impact your:
    - Insurability
    - Premium
    - Retained risk
- 
- A grayscale photograph of a woman with long dark hair, wearing a dark blazer over a light-colored top. She is holding a pair of glasses in her right hand and looking down at them with a thoughtful expression. The background is blurred, showing other people in a professional setting.

# Exposure Management

- **Guests may not understand exposures that are very familiar to farm operator**
- **Traditional agricultural employees may not understand exposures to consumers**
- **Guests may not follow instructions**
- **Consequences can be severe**

# Exposure Management

- **Site Safety**
  - Physical Hazards
  - Attractive nuisance
- **Product/Service**
  - Specific to product/service offered
- **Employee Procedure**
  - Safety protocol
  - Training
  - Accountability
- **Emergency Response**
  - Accidents
  - Weather
  - Evacuation

# Structures

- Steps
- Doorways
- Restrooms
- Fixtures
- Maintenance



# Access

- Driveways
- Parking
- Walkways

Clearly accessible and safe



# Security

- Identification of staff
- Off-limit areas
- Parking areas staffed and marked

A black and white photograph of a 'NO TRESPASSING' sign. The sign is rectangular with a white border and is mounted on a metal gate with vertical bars. The text 'NO' is in large, bold, white capital letters, and 'TRESPASSING' is in smaller, bold, white capital letters below it. The sign is secured with four metal fasteners at the corners. The background is slightly blurred, showing the gate and some outdoor elements.

**NO  
TRESPASSING**

# Animal Control

- Dogs/pets
- Livestock/wildlife
- Petting zoos

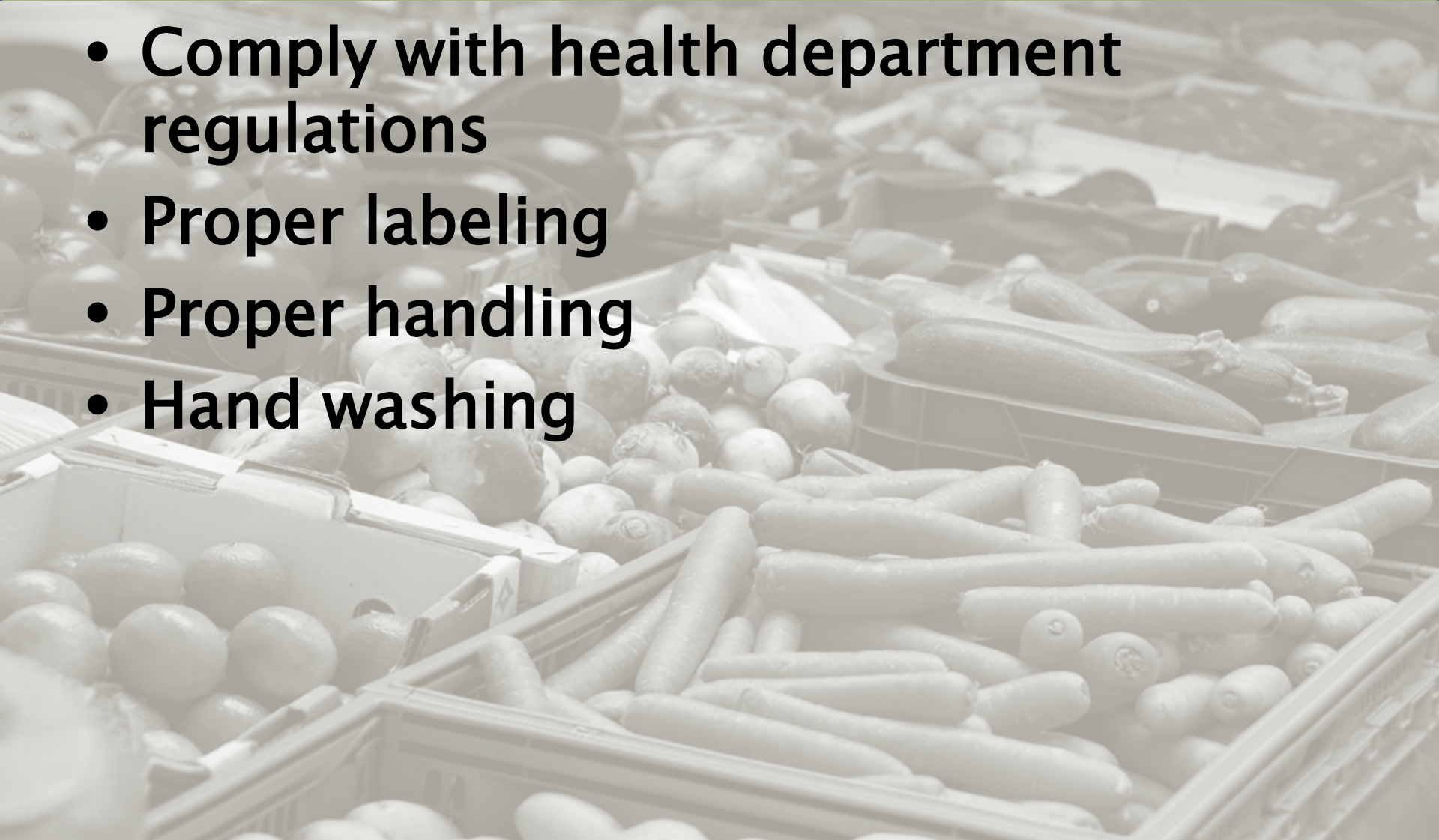
Proper fencing and hand washing facilities





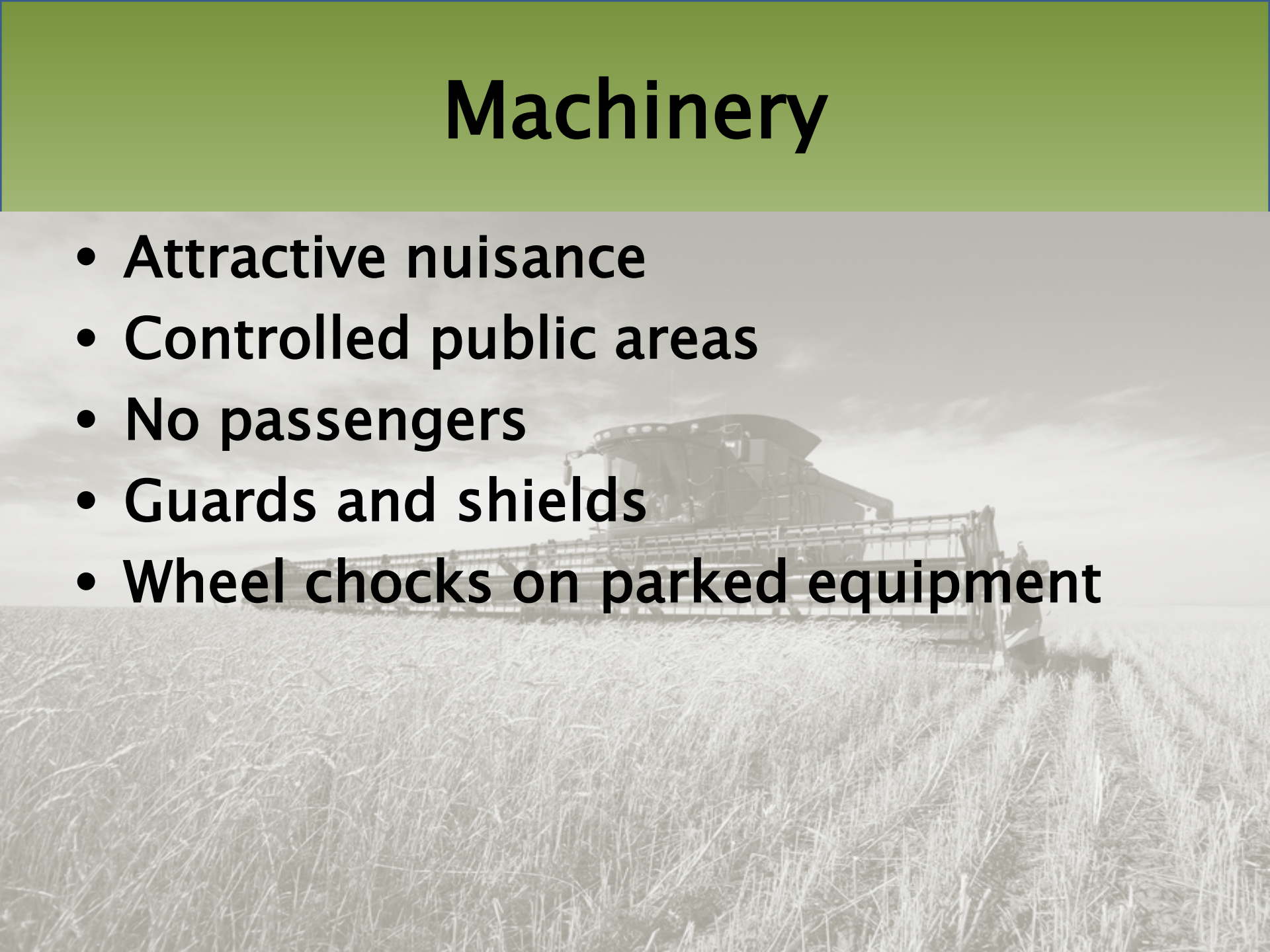
# Food Safety

- **Comply with health department regulations**
- **Proper labeling**
- **Proper handling**
- **Hand washing**



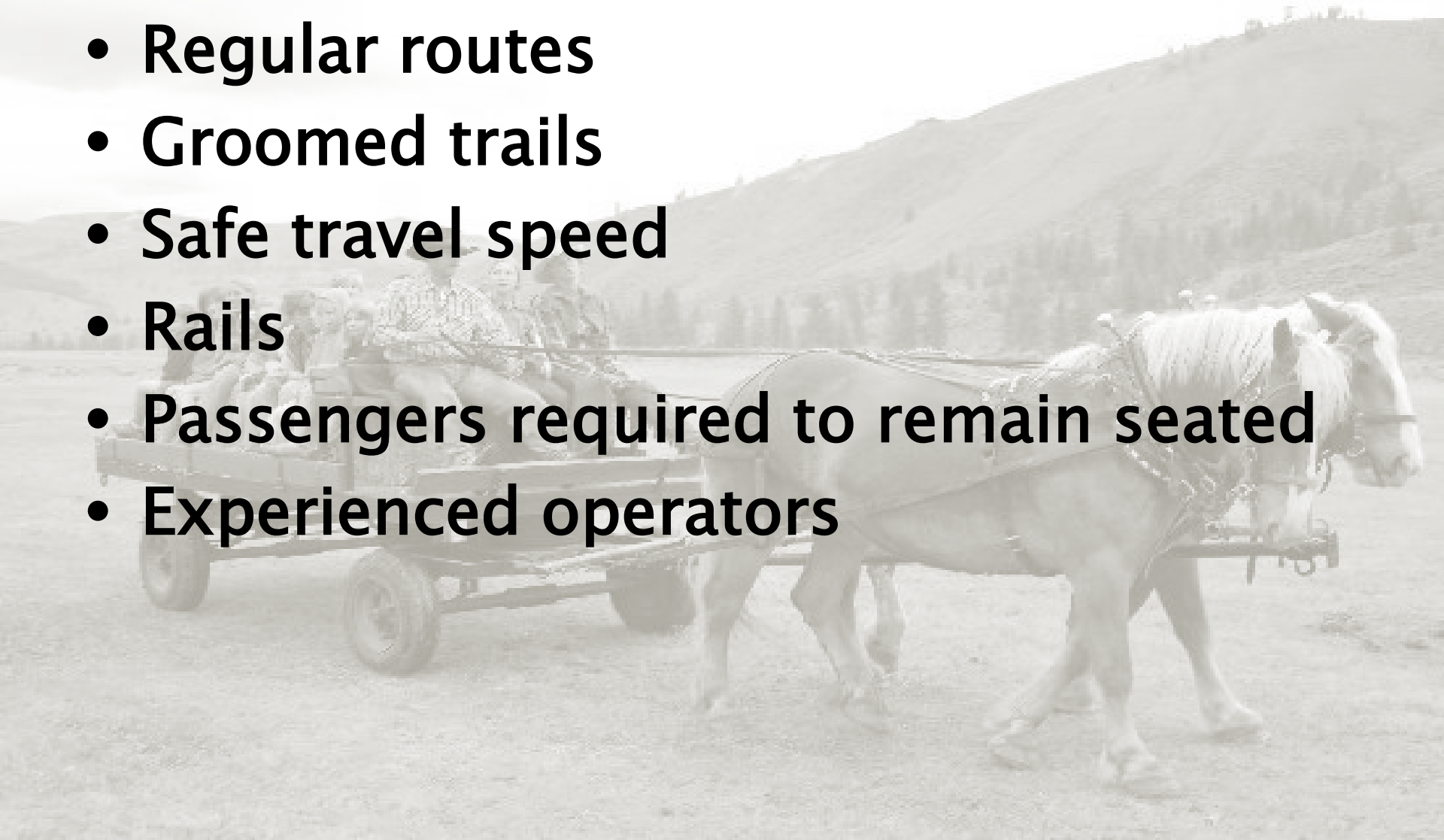
# Machinery

- **Attractive nuisance**
- **Controlled public areas**
- **No passengers**
- **Guards and shields**
- **Wheel chocks on parked equipment**



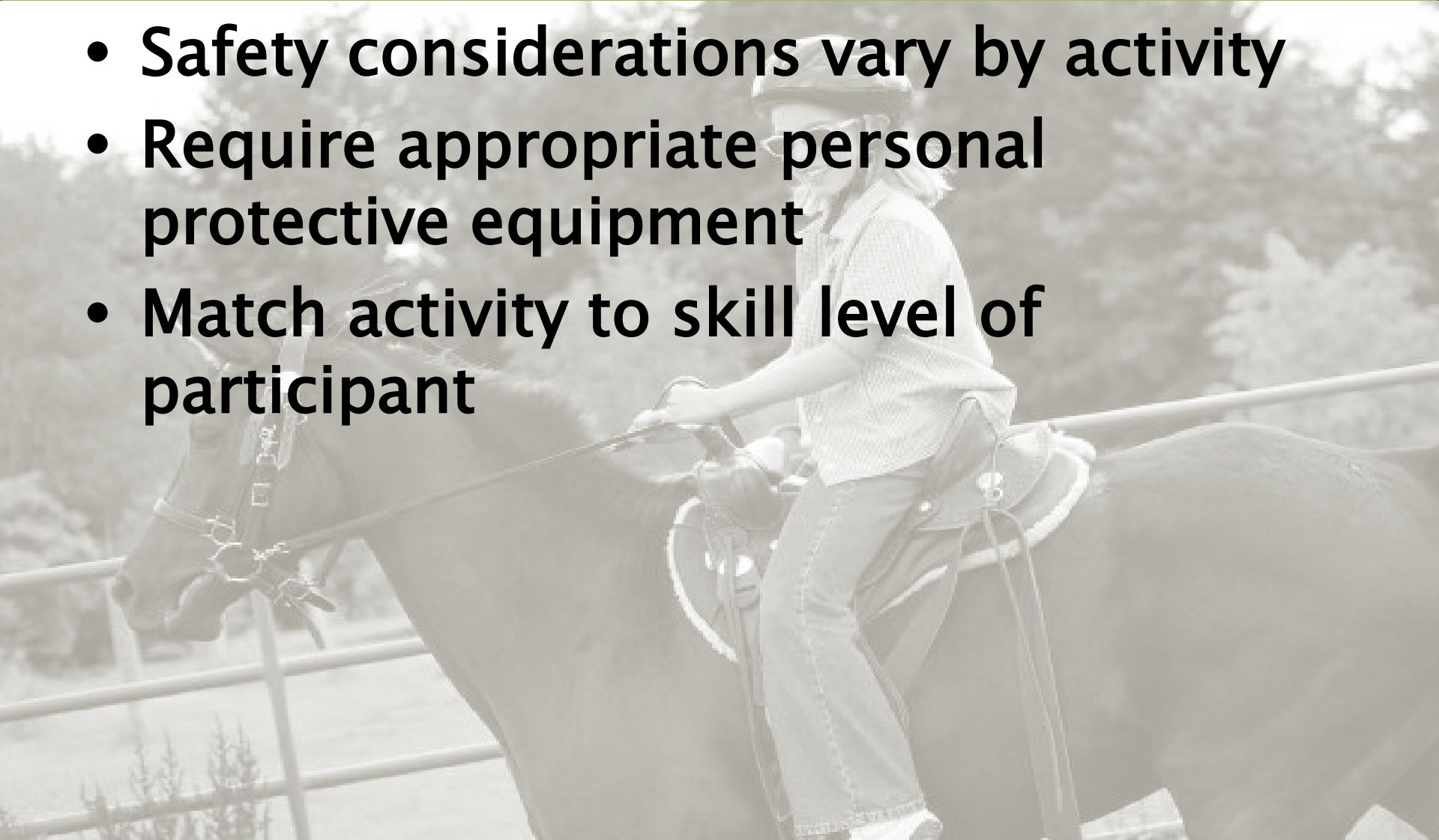
# Transportation

- Regular routes
- Groomed trails
- Safe travel speed
- Rails
- Passengers required to remain seated
- Experienced operators



# Recreational Activities

- **Safety considerations vary by activity**
- **Require appropriate personal protective equipment**
- **Match activity to skill level of participant**



# Attractive Nuisance

- Safeguard or eliminate
- Require child supervision
- Exercise higher degree of care
- Examples
  - Pools
  - Old appliances
  - Construction materials
  - Pens or cages
  - Hay storage
  - Grain bins
  - Grain wagons
  - Tractors or machinery
  - Barns
  - Bodies of water
  - ATVs
  - Bee hives

# Weather Related Emergencies

- Severe thunderstorm
- Tornado
- Heavy rain
- Flash flood
- Heat and cold

Stay informed, provide and practice emergency response, designate shelters, train staff

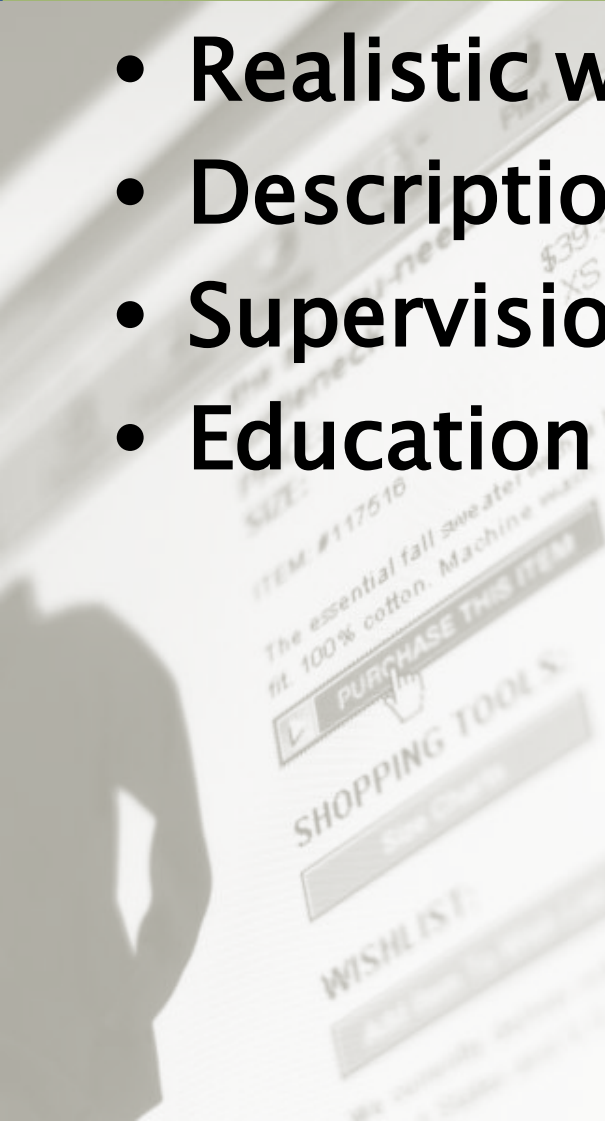
# Injury Response

- **First aid station**
- **Employee training**
- **Provide supplies**
- **Inform customers**



# Managing Expectations

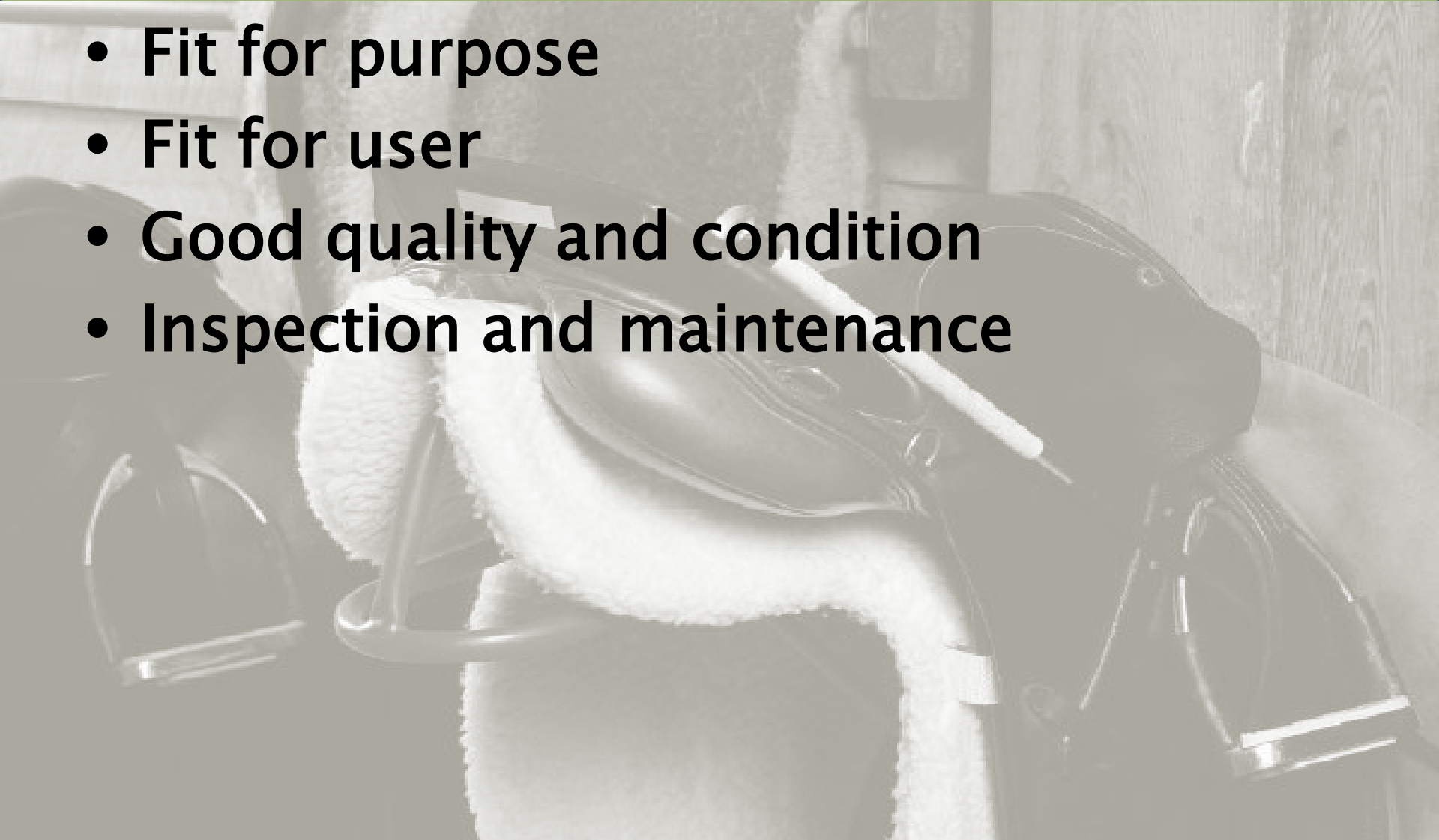
- Realistic website presentation
- Description of activities
- Supervision
- Education





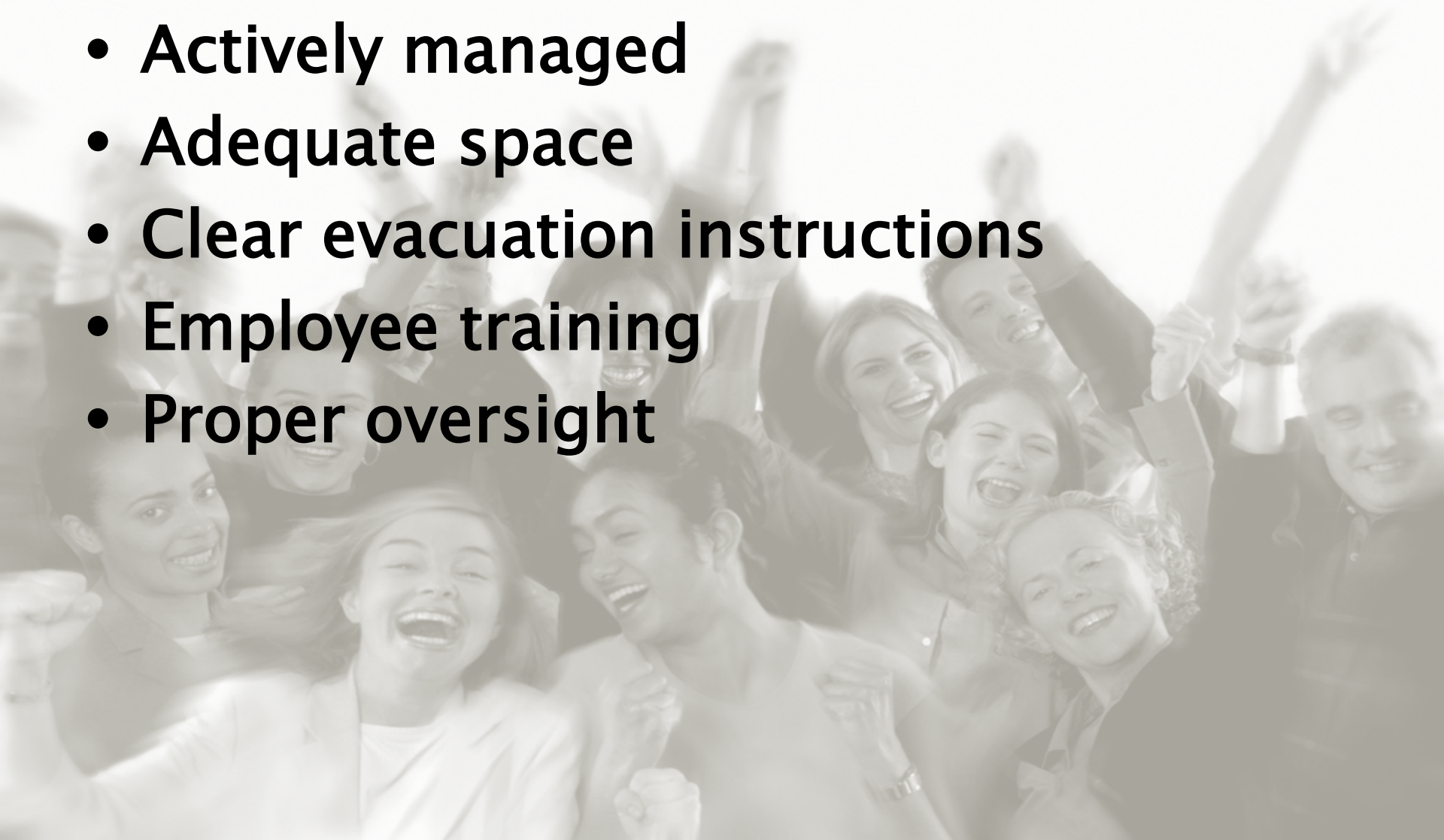
# Providing Equipment

- **Fit for purpose**
- **Fit for user**
- **Good quality and condition**
- **Inspection and maintenance**



# Crowd Control

- **Actively managed**
- **Adequate space**
- **Clear evacuation instructions**
- **Employee training**
- **Proper oversight**



# Recreational Land Use Statutes

- Arkansas code 18-11-302 to 307
- Duty of care
- Waivers for participants
  - Formal release, waiver and indemnity
- Make potential hazards known to guests
- Give special attention to premise hazards

# Protect Your Agritourism Venture

With a combination of risk management  
and insurance

