



# Risk Management and Liability in Agritourism

Farmers and ranchers are legally responsible (*liable*) for the well-being of their customers and employees. Considering safety and minimizing risk are important parts of business planning.

To protect your agritourism business, it is important to create a risk management plan. Some of the main areas of risk and negligence include site safety risk, product risk, employee related risk, and financial risk. To ensure the well-being of your business, it is recommended that you avoid certain activities, use liability waivers, purchase insurance, practice good management techniques, train employees, and pay attention to the legal structure of your business.

## Checklist for Managing Risk

- Contact State or Local Agritourism Organizations and Key Consultants**  
Key consultants to determine your needs are lawyers, insurance agents, financial managers, and accountants. See backside for available resources and technical assistance.
- Understand Local and State Health and Safety Laws and Regulations**  
See AgMRC Zoning and Health Considerations Checklist (<http://www.agmrc.org>).
- Inventory Areas of Possible Risk**
  - Site Safety: Consider physical site hazards including visitor activities and attractive nuisances such as farm equipment likely to attract children
  - Product: Consider what you are selling or producing and any health or safety regulations or considerations
  - Employee related: Know your employees and know what will be required on-site to safeguard their health and safety
  - Financial: Consider current record-keeping, billing processes, assets and debts
- Develop a Risk Management Plan**
  - Site Safety
    - a. Post rules for customers and conduct regular inspections
    - b. Post and implement employee rules and regulations
  - Product
    - a. Establish a labeling protocol for products
    - b. Establish a protocol based on state regulations for handling products
  - Decide on the right type and amount of insurance coverage
    - a. Business liability
    - b. Product liability
    - c. Workers' compensation
  - Consider using preventative measures like waivers or product warnings if warranted.

## Resources

### National Resources

#### USDA Risk Management Education Agency

Develops educational materials for 50 states.  
[http://www.csrees.usda.gov/nea/economics/in\\_focus/farm\\_if\\_risk.html](http://www.csrees.usda.gov/nea/economics/in_focus/farm_if_risk.html), 202-720-7441

#### Digital Center for Risk Mgmt Education

<http://www.agrisk.umn.edu/>  
National Ag Risk Library at the University of Minnesota, St Paul, MN, Toll-free 800-234-1111

### Regional Risk Management Education Centers

#### Northeast Center for Risk Mgmt Education

<http://www.necrme.org/>  
University of Delaware, Phone 302-831-6540

#### North Central Risk Mgmt Education Ctr

<http://www.farmdoc.uiuc.edu/ncrisk/>  
University of Nebraska, Phone 402-472-2039

#### Southern Region Risk Mgmt Education Ctr

<http://srrme.tamu.edu/>  
Texas A&M University, Phone 254-968-4144

#### Western Center for Risk Mgmt Education

<http://westrme.wsu.edu/>  
Washington State Univ., Phone 509-477-2168

### State Resources

Your State's: Department or Agency of Agriculture, State Agritourism Organization, Department of Marketing or Tourism, University Cooperative Extension Service, and directories from the National Association of Resource Conservation and Development Councils (<http://www.rcdnet.org/>), and Natural Resources Conservation Service <http://www.nrcs.usda.gov/technical/RESS/altenterprise> (2004 Alternative Enterprises and Agritourism Liaisons Directory and Economic and Rural Community Development Directory).

### Health and Safety Guidelines

**National Institute for Occupational Safety & Health, Centers for Disease Control & Prevention (NIOSH)** <http://www.cdc.gov/niosh/topics/agriculture/>  
Toll-Free: 800-35-NIOSH 800-356-4674

#### NIOSH Agricultural Research Ctrs.

<http://www.cdc.gov/niosh/agctrhom.html>

#### National Safety Council

Farm safety & workplace fact sheets  
<http://www.nsc.org/library/facts.htm> 630-285-1121

#### The National Children's Center for Rural and Agricultural Health and Safety

Under Resources  
<http://www.marshfieldclinic.org/nfmc/>  
Toll-free 800-662-6900

### Risk Management Planning

#### "Farming for Profit and Sustainability Resource Manual" and "Taking the First Step: Farm & Ranch Alternative Enterprise & Agritourism Resource Evaluation Guide:"

*Natural Resources Conservation Service (NRCS)-Alternative Enterprises & Agritourism*  
<http://www.nrcs.usda.gov/technical/RESS/altenterprise/resmanual.html>  
202-720-2307

#### "Don't Break A Leg... Managing Risks on Your Small Farm," "Managing Marketing Risks" and other Risk Management Articles.

*The Small Farms Program-Cornell University*  
<http://www.smallfarms.cornell.edu/pages/resources/businessmanage/risk.cfm>  
607-255-9227

**Articles on Risk Management Planning-**  
*USDA Alternative Farming Systems Info Center*  
<http://afsic.nal.usda.gov/>  
National Education Library 301-504-6559  
DC Reference Center 202-720-3434

### Insurance Information

**North American Farmer's Direct Marketing Association** -member's liability insurance list  
<http://www.nafdma.com/> 62 White Loaf Road, Southhampton, MA 01073, 413-529-0386

**"Understanding Farmers Comprehensive Personal Liability Policy: A Guide for Farmers, Attorneys and Insurance Agents."** *National Ctr for Agricultural Law, Research, & Information, University of Arkansas, School of Law*  
<http://www.nationalaglawcenter.org/readingrooms>  
479-575-7646

**"The Legal Guide for Direct Farm Marketing"**  
*Des Moines, IA: Drake University*  
<http://www.iowafoodpolicy.org/legalguide.htm>  
515-271-2947

### Glossary of Terms

**Liability:** Legal responsibility of the business owner for the well-being of its customers

**Insurance:** Used to recover and/or manage the outcomes of business practices and risks

**Waiver/Disclaimer:** An agreement to forgo one's right to a legal claim

**Negligence:** The failure to exercise the care that a reasonable person would exercise

**References:** **Agritourism and Nature Tourism in California**, Univ. of California Agriculture & Natural Resources Pub No. 3484; **In the Eyes of the Law: Legal Issues Associated with Direct Farm Marketing**, Univ. of Minnesota Tourism Ctr.



**Agricultural Marketing Resource Center**  
1111 NSRIC, Iowa State University, Ames, IA 50011-3310  
866-277-5567, [AgMRC@iastate.edu](mailto:AgMRC@iastate.edu), <http://www.agmrc.org>