

Chapter 6

Risk Assessment and Management

Disclaimer

The information contained in this chapter is deemed correct and accurate to the best of the ability of the author, based on information utilized at the time of the review. This chapter is for educational purposes only and is not an interpretation of any laws.

Chapter Overview

By engaging in agritourism, you are taking on several types of risk. Although liability is likely the first one thought of — and an important risk to consider — other types of risk are also important to bear in mind. It is important to assess and manage risk to increase your potential for success.

This chapter will help you

- Identify the types of risk agritourism enterprises may face
- Understand Tennessee liability laws
- Assess risk specific to your enterprise
- Identify methods to manage your risk
- Learn basic insurance concepts

Types of Risk¹

Risk is the uncertainty regarding the likelihood or magnitude of loss, damage or injury.

Six main categories of risk may be relevant to agritourism enterprises. Legal risk is perhaps the most commonly recognized risk, but you also



face human resources risk, business interruption risk, production risk, marketing risk and financial risk when you operate an agritourism business.

• **Legal Risk** — An agritourism enterprise carries several forms of legal risk. You are responsible for following all laws and regulations relevant to your enterprise. Like traditional farming operations, agritourism enterprises should take precautions to follow environmental protection laws and regulations,² although the additional activities of an agritourism enterprise may present additional environmental concerns. Agritourism operations also risk injuring customers or employees while they are at the place of business or when customers are utilizing products purchased from the enterprise. If an injury occurs, you and/or your agritourism enterprise may be required to pay damages to the injured party as well as expenses for legal counsel in the event of a lawsuit.

• **Human Resources Risk** — Death, divorce, disability and disagreement are often referred to as the four Ds of human resources risk. Commitment to the agritourism enterprise by everyone involved with the operation is important. For the people responsible for management and daily operation, it is critical.

Employee turnover can also be costly as it takes time and financial resources to find, hire and train new employees.

• **Business Interruption Risk** — An agritourism operation risks loss of income from business interruptions. Your operations may be slowed or halted due to hazardous weather, natural disasters or any number of other interruptions.

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¹Adapted from Green, Joanna. Cornell Small Farms Program. *Don't Break a Leg: Managing Risk on Your Small Farm*. Available online at http://hortmgt.aem.cornell.edu/pdf/risk_mgt/smallfarms/Dont_break_a_leg.pdf. Accessed May 5, 2005.

²USDA, RMA. *Introduction to Risk Management*. Revised December 1997. Available online at <http://www.rma.usda.gov/pubs/1997/riskmgmt.pdf>. Accessed April 25, 2005.

- **Production Risk** — Agritourism enterprises that incorporate or rely on the production of agricultural commodities, specialty crops or livestock face production risks. Weather conditions, disease or pests may decrease or eliminate yields. Biosecurity may be compromised by increased traffic, which increases the potential for disease or pathogens to spread among crops, livestock or products.
- **Marketing Risk** — In most cases, marketing is not simply “build it and they will come.” What happens if people do not come? Marketing risk may include not being able to attract enough customers, attracting more customers than you can accommodate for a quality experience or the negative effects of a new source of competition.
- **Financial Risk** — Business start-up and operation costs may require significant capital, which is oftentimes financed by taking on debt. Financial risk can include meeting cash flow needs, obtaining affordable debt capital and maintaining or growing equity in the agritourism enterprise. In addition, the increased number of people and vehicles may increase the risk of having personal property damaged or stolen.

Each of these risks has the potential to be very costly to your business. The planning

and operations of an agritourism enterprise should, therefore, include risk assessment and the development and implementation of a risk management plan.

Liability Laws in Tennessee

Liability is one kind of legal risk of major concern to many agritourism entrepreneurs; therefore, it requires some additional discussion. Of course, no owners want to have a customer or employee injured on their premises or by utilizing their products at some other location. All agritourism entrepreneurs should be diligent about keeping customers and employees safe. Agritourism entrepreneurs certainly do not want to be taken to court to pay damages for an injury. In addition, they do not want to be taken to court for a fraudulent or frivolous claim.

Tennessee law has at least two main sections relevant to liability risk for agritourism entrepreneurs. The first section relates to landowner liability, and the second section applies to liability with equine activities. Remember that laws are often amended or repealed, and new



Agritourism enterprises face business interruption and financial loss due to the negative effects of Mother Nature. In September 2004, several Tennessee operations with corn mazes were damaged by wind and rain from the remnants of Hurricane Ivan. The Rippavilla corn maze in Spring Hill was blown down before it opened for the season. According to the Columbia Daily Herald, Rippavilla had projected approximately \$70,000 in gross revenue from the corn maze.



Pictures provided by Rippavilla and Celeste Blackburn of the Columbia Daily Herald.

bills are signed into law. It is important to stay informed of changes in the law.

Landowner Liability Law

Title 70 chapter 7 of Tennessee Code Annotated addresses landowner liability. The law relates to the duty of care owed by landowners to others using the land or premises for recreational purposes. Although the law does not specifically mention agritourism, it does address the use of land or premises for “recreational activities” by listing specific activities that could be agritourism-related.

Section 70-7-102, effective until July 1, 2006, indicates landowners typically do not owe others a duty of care with a few exceptions that may be relevant to agritourism operations.

1. The landowner is liable in the event he or she is grossly negligent in failing to warn of a dangerous condition (70-7-104).
2. A landowner is also liable if a third party is injured by a person given permission by the landowner to engage in recreational activity on the premises.
3. Finally, a landowner is liable when a person to whom the landowner “owes a duty of care” is injured. Unfortunately, a simple definition of “a person to whom the landowner owes a duty of care” does not exist, as it is based on a variety of written and case law.

Until May 2004, another subsection of 70-7-104 existed, which added landowner liability when a consideration or fee was paid to the landowners by persons engaging in recreational activities. The subsection was deleted in May 2004 as part of the Tennessee Off-Highway Motor Vehicle Act.³ The deletion of this subsection has received some attention, and additional changes to the law may be made in the future to reenact the exception in some form. In addition, the law without this subsection has not been tested in court. Therefore, it is difficult to determine how the deletion of the subsection will affect court rulings.

³Tennessee Public Acts, Chapter 622, 2004. Available online at <http://www.state.tn.us/sos/acts/103/pub/pc0622.pdf>. Accessed April 25, 2005.

⁴LexisNexis. Accessed online at <http://www.michie.com/>. Accessed April 25, 2005.

⁵Skateboarding was added as an amendment to 70-7-102 as part of Public Acts, 2004, Chapter 952 signed on June 15, 2004. The amendment will be effective through July 1, 2006.

The applicable sections of Tennessee Code Annotated title 70 chapter 7 are printed below.⁴

70-7-102. Landowner's duty of care

The landowner, lessee, occupant, or any person in control of land or premises owes no duty of care to keep such land or premises safe for entry or use by others for such recreational activities as hunting, fishing, trapping, camping, water sports, white water rafting, canoeing, hiking, sightseeing, skateboarding,⁵ animal riding, bird watching, dog training, boating, caving, fruit and vegetable picking for the participant's own use, nature and historical studies and research, rock climbing, skeet and trap shooting, skiing, off-road vehicle riding, and cutting or removing wood for the participant's own use, nor shall such landowner be required to give any warning of hazardous conditions, uses of, structures, or activities on such land or premises to any person entering on such land or premises for such purposes, except as provided in § 70-7-104.

70-7-104. Conditions under which liability unaffected

This part does not limit the liability that otherwise exists for

- (1) *Gross negligence, willful or wanton conduct that results in a failure to guard or warn against a dangerous condition, use, structure or activity; or*
- (2) *Injury caused by acts of persons to whom permission to hunt, fish, trap, camp, hike, sightsee, cave, or any other legal purpose was granted, to third persons or to persons to whom the person granting permission, or the landowner, lessee, occupant, or any person in control of the land or premises, owed a duty to keep the land or premises safe or to warn of danger.*

Title 70 chapter 7 also allows in section 105 for a person 18 years of age or older who is paying a fee to camp, fish, hunt, hike, train dogs or cut firewood on a premises to waive the landowner's duty of care in writing. A written waiver signed by agritourism customers engaged in these or other activities may provide an added level of protection for landowners. The waiver itself may provide an opportunity for agritourism operators to reiterate to customers the existence of inherent risks of activities as well as rules of the operation

they must follow for safety purposes. Title 70 chapter 7 section 105 is printed below.

70-7-105. Waiver of landowner's duty of care

Any person eighteen (18) years of age or older entering the land of another for the purpose of camping, fishing, hunting, hiking, dog training, or cutting or removing firewood for such person's use for a consideration may waive in writing the landowner's duty of care to such person for injuries that arise from camping, fishing, hunting, hiking, dog training, or cutting or removing firewood for such person's use, if such waiver does not limit liability for gross negligence, or willful or wanton conduct, or for a failure to guard or warn against a dangerous condition, use, structure or activity.

Equine Activity Liability Law

Title 44 chapter 20 of Tennessee Code Annotated applies to liability with equine activities. The law defines equine activities as

- (A) *Equine shows, fairs, competitions, performances, or parades that involve any or all breeds of equines and any of the equine disciplines, including, but not limited to, dressage, hunter and jumper horse shows, grand prix jumping, three-day events, combined training, rodeos, driving, pulling, cutting, polo, steeplechasing, English and western performance riding, endurance trail riding and western games, and hunting;*
- (B) *Equine training or teaching activities, or both;*
- (C) *Boarding equines;*
- (D) *Riding, inspecting, or evaluating an equine belonging to another, whether or not the owner has received some monetary consideration or other thing of value for the use of the equine or is permitting a prospective purchaser of the equine to ride, inspect, or evaluate the equine;*
- (E) *Rides, trips, hunts, or other equine activities of any type, however informal or impromptu, that are sponsored by an equine activity sponsor; and*
- (F) *Placing or replacing horseshoes on an equine.*

The law does not apply to the horse racing industry. For applicable activities, the law recognizes equine activities have certain inherent risks of injury or death to participants. The law does not hold equine professionals or event sponsors liable for these inherent risks for injuries.

Some exceptions to this protection are included in the law as well. Liability is not limited if the equine professionals or event sponsors

- (1) (A) *Provided the equipment or tack, and knew or should have known that the equipment or tack was faulty, and such equipment or tack was faulty to the extent that it did cause the injury; or*
(B) *Provided the equine and failed to make reasonable and prudent efforts to determine the ability of the participant to engage safely in the equine activity and determine the ability of the participant to safely manage the particular equine based on the participant's representations of the participant's ability;*
- (2) *Owns, leases, rents, or otherwise is in lawful possession and control of the land or facilities upon which the participant sustained injuries because of a dangerous latent condition which was known to the equine activity sponsor, equine professional, or person and for which warning signs have not been conspicuously posted;*
- (3) *Commits an act or omission that constitutes willful or wanton disregard for the safety of the participant, and that act or omission caused the injury; or*
- (4) *Intentionally injures the participant.*

The law requires that signs with warnings be posted and maintained in visible locations where the activities are conducted. The law also requires that the letters in the warning sign be black and at least one inch in height. In addition, written contracts must contain the warning. The signs and contracts must read

Under Tennessee Law, an equine professional is not liable for an injury to or the death of a participant in equine activities resulting from the inherent risks of equine activities, pursuant to Tennessee Code Annotated, title 44, chapter 20.

Risk Assessment

The first step to reducing and managing risk is to recognize which particular risks are associated with your agritourism enterprise. Risk assessment should be a continuous process because new risks may arise at any time. Use the *Risk Identification Exercise* to document the specific risks your agritourism enterprise may face.

Risk Identification Exercise

Consider the types of risk discussed earlier in the chapter and think about what specific risks your agritourism enterprise may face in each category. Describe the risks in the space provided.

| Legal Risk |
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| Human Resources Risk |
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| Business Interruption Risk |
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| Production Risk |
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| Marketing Risk |
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| Financial Risk |
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The risk assessment process also involves estimating the likelihood that a risk will result in loss, damage or injury as well as the potential magnitude of the loss. You will be able to accomplish this phase of the risk assessment process later in the chapter with the *Risk Assessment and Management Worksheet*.

Risk Management

Simply identifying risks does not diminish or eliminate them. A risk management plan should be developed and implemented to help reduce or eliminate potential risks. Risk may be managed using four general methods:⁶

1. Avoid risk
2. Reduce risk
3. Transfer risk
4. Accept risk

You can **avoid risk** simply by choosing not to engage in agritourism activities altogether. By using the risk assessment process, you may also decide that a specific agritourism activity has more risk associated with it than you want to take on. Therefore, you can decide not to offer that activity.

You can **reduce risk** by implementing preventative measures and procedures. For agritourism enterprises, customer and employee safety is one area where risk reduction can be effective. A proactive approach to safety for customers and employees should be a major priority. Safety considerations for agritourism enterprises are discussed in detail in Chapter 7.

Another method for managing risk is to **transfer risk** to another party. The most common way is through insurance coverage. An insurance company accepts risk on your behalf in return for compensation in the form of premiums. In return, the company will reimburse you for damages, if incurred, according to the details of your policy.

You may not be able to reduce or transfer all risk associated with

some kinds of agritourism activities and still decide to offer the activity. In this case, you have decided to **accept risk** and should take action to prepare for loss or damages in other ways. For example, you can create an emergency fund to pay for expenses you might incur as a result of the risk.

Certain risk management methods are more suited to managing specific risks based on the expected severity and frequency of damage, loss or injury. The *Risk Management Method Matrix* illustrates which methods logically relate to severity and frequency combinations. If an event is expected to occur only occasionally and the potential for injury, damage or loss is low, then inexpensive risk reduction strategies and steps to accept risk may be logical. If the severity of losses will be high with a low frequency of occurrence, more intensive risk reduction and acceptance strategies may be necessary. If the expected severity is low but the frequency is high, once again reduction of risk as well as risk transfer is recommended. With both high severity and frequency, you may also reduce and transfer risk or decide that the activity is too risky and avoid it altogether.

| Risk Management Method Matrix | | |
|-------------------------------|--------------------|---------------------------|
| | Low Severity | High Severity |
| Low Frequency | Reduce or Accept | Reduce or Accept |
| High Frequency | Reduce or Transfer | Reduce, Transfer or Avoid |

Some strategies to help reduce, transfer or accept risk in an agritourism enterprise are listed below. Check the items which may be applicable to your agritourism operation.

Reduce

- Familiarize yourself with laws and regulations and follow requirements relevant to your operation.
- Develop and implement safety measures and procedures for customers and employees.
- Develop and implement an emergency response plan.
- Develop and implement an incident reporting system to preserve contact information for injured parties and witnesses, incident-site photos and other relevant information.
- Develop and implement safe food handling procedures.
- Train employees in proper operational procedures.
- Make hand-washing facilities available for employees and customers.
- Get first-aid training and require employees to get training.
- Purchase and make available first-aid supplies, fire extinguishers and a weather radio.

⁶Kratzer, Connie. "Insuring Against Catastrophes." *Cashing in on Business Opportunities*. June 2003. Southern Rural Development Center.

- Place lists of emergency phone numbers with directions to your operation at all phones.
- Seek assistance from professionals such as lawyers, accountants, production specialists and regulators when needed.

Transfer

- Obtain property insurance.
- Obtain liability insurance.
- Obtain health and disability insurance.
- Obtain crop insurance.
- Learn and follow insurance requirements and claim procedures.
- Require customers to sign lease or rental agreements for appropriate activities (such as fee-hunting or equipment rental).
- Require vendors and independent contractors to maintain current licenses and insurance while operating on your property.
- Require customers to sign hold harmless agreements or liability waivers.

Accept

- Develop a business analysis and management system.
- Choose a beneficial business structure for your agritourism enterprise.
- Monitor market conditions.
- Create an emergency fund to pay for insurance deductibles and unplanned, necessary repairs.

Now that you have listed potential risks and have read about different methods and strategies to manage risk, use the *Risk Assessment and Management Worksheet* on page 64 to further assess your risks and develop risk management strategies for each.

Hold Harmless Agreements

Hold harmless agreements or liability waivers signed by customers or the legal guardians of minor customers may be one method to manage risk for some enterprises, especially high-risk activities. A hold harmless agreement indicates that the person signing the agreement will not hold an individual or business liable for damage or injury sustained at a location or during an activity.

Many questions exist about the effectiveness of hold harmless agreements in managing risk. These agreements may not prevent liability claims or lawsuits and do not decrease your obligations to create a safe environment for your customers. If used, hold harmless agreements should not be the sole method of risk management but, rather, used in combination with other methods such as liability insurance. The agreements may provide an opportunity for you to formally remind customers of risks they are taking in visiting the enterprise and provide further evidence of your diligence in informing and caring for your customers.

Ultimately, you should consult with your insurance agent and lawyer to determine if hold harmless agreements are an appropriate risk management strategy for your operation. If appropriate, your lawyer should also be able to draft an agreement to fit the specific needs of your enterprise.

Risk Assessment and Management Worksheet

1. Refer to the *Risk Identification Exercise* you completed on page 61. List the risks you identified on that worksheet in the numbered rows under the column heading *Potential Risks*. (You may need to make additional copies of the worksheet.)
2. Rate the likelihood that each of the potential risks will result in actual loss, damage or injury on a scale of 1 (Low Risk) to 5 (High Risk) by circling the corresponding number under the column heading *Likelihood of Injury*.
3. For each potential risk, rate the magnitude of the potential loss, damage or injury on a scale of 1 (Small Risk) to 5 (Large Risk) by circling the corresponding number under the column heading *Magnitude of Potential Loss*.
4. Develop appropriate strategies to avoid, reduce, accept and/or transfer each of the risks identified.
5. Finally, estimate the cost of your planned risk management strategies. Reassess activities and potential risks where costs are too great.

Risk Assessment and Management Worksheet

| Potential Risks | Likelihood of Injury | Magnitude of Potential Loss | Methods to Avoid, Reduce, Accept and/or Transfer Risk | Estimated Cost of Risk Management Methods |
|-----------------|----------------------|-----------------------------|---|---|
| | Low– High | Small– Large | | |
| 1. | 1 2 3 4 5 | 1 2 3 4 5 | | |
| 2. | 1 2 3 4 5 | 1 2 3 4 5 | | |
| 3. | 1 2 3 4 5 | 1 2 3 4 5 | | |
| 4. | 1 2 3 4 5 | 1 2 3 4 5 | | |
| 5. | 1 2 3 4 5 | 1 2 3 4 5 | | |
| 6. | 1 2 3 4 5 | 1 2 3 4 5 | | |
| 7. | 1 2 3 4 5 | 1 2 3 4 5 | | |
| 8. | 1 2 3 4 5 | 1 2 3 4 5 | | |
| 9. | 1 2 3 4 5 | 1 2 3 4 5 | | |
| 10. | 1 2 3 4 5 | 1 2 3 4 5 | | |
| 11. | 1 2 3 4 5 | 1 2 3 4 5 | | |
| 12. | 1 2 3 4 5 | 1 2 3 4 5 | | |

Insurance Concepts

Insurance is a method used to manage risk by transferring it to another individual or entity. Insurance is defined as “a legal contract whereby risks are transferred from one party to another in exchange for a premium.”⁷

Several types of insurance may be relevant to agritourism enterprises, including:

1. Commercial or general liability
2. Product liability
3. Special events liability
4. Property and loss
5. Health and disability
6. Crop

Insurance purchased for your farm operation may not be adequate to manage the risk from your agritourism enterprise. For example, a general farm liability policy may not include liability coverage for agritourism activities or products since revenue is earned through non-production agriculture activities.

Another example relates to property insurance. Property insurance coverage on your tractor as part of your general farm policy may not be in effect during a time when you will use that tractor for income-generating agritourism activities. If the tractor were to be damaged while you were conducting a hayride, the damage may not be covered by your existing insurance. Be sure to check with your insurance agent to make sure you have adequate coverage for both production agriculture and agritourism uses.

When searching for and obtaining insurance, you should contact the carrier for your other insurance policies, such as your farm policy. Since that company has a history with you, it may be more likely to provide coverage for your agritourism activities. It may be beneficial, however, to compare similar policies from other companies every couple of years to be sure you have the policy that best meets your needs at the most economical price.

Many insurance companies have little or no experience with agritourism enterprises and, therefore, may be reluctant to provide coverage. Although agritourism in its earliest form began in the 1800s, very little information is available on which to evaluate potential risks. When the risk cannot be quantified, companies cannot accurately set premiums or the price for coverage to ensure that they will be able to cover claims and maintain a profitable business. Insurance companies may decide not to write a policy for agritourism enterprises in order to avoid financial risk for their companies. Companies may also decide to reduce financial risk by offering policies to certain types of enterprises or for a limited number of enterprises. As the industry continues to grow, the demand for liability insurance products for agritourism is increasing; and as more information becomes available about risk exposure, it is likely that more insurance companies will offer options for coverage.

When considering insurance coverage as a risk management strategy, it is helpful to understand some specific terminology and concepts. The following table lists some common insurance terms with general definitions.

| Common Insurance Terms and Definitions | |
|--|---|
| Term | Definition |
| Policy | Written contract for insurance coverage. |
| Coverage | The dollar amount available from the insurance company to meet liabilities or cover damages as defined in the policy. |
| Premium | The price paid to the insurance company for the policy. |
| Deductible | The amount specified in an insurance policy that the insured party must pay out of pocket. It relieves the insurer of responsibility for an initial specified loss. |
| Covered Peril | Something that imperils or causes risk of injury or loss that is eligible for coverage. |
| Excluded Peril | Something that causes risk of injury or loss that is not eligible for coverage. Usually, perils not specifically listed as covered are assumed to be excluded. |
| Claim | A request for payment for damages or loss sustained. |
| Exposure | The potential for damages or loss. |

⁷Barnett, Barry. *Risk and Insurance Principles*. Available online at http://www.agecomsstate.edu/Aquaculture/workshop_1/Insurance_Principles.pdf. Accessed October 2, 2003.

| Insurance Policy Evaluation Worksheet⁸ | |
|---|--|
| Insurance Company Name | |
| Contact Name | |
| Phone Number | |
| Date | |
| | |
| Is the company licensed to sell insurance in Tennessee? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Does the agent understand my enterprise or proposed enterprise? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| What is the amount of coverage? | \$ |
| Is the premium a set fee? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Is the premium based on a percentage of gross sales or on client days? | <input type="checkbox"/> % Sales <input type="checkbox"/> Days |
| How much is the premium? | \$ / |
| Is there a deductible? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| If yes, how much is the deductible? | \$ / |
| Does the insurance apply to | |
| my premises and operations liability? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| my products and operations liability? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| my contractual liability to others? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| my personal liability to others (libel, slander, invasion of privacy)? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| my personal injury liability to others (libel, slander, invasion of privacy)? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| my advertising injury to others? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| my property liability damage to others? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| incidental medical malpractice liability resulting from my helping an injured person? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| non-owned watercraft liability? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| host liquor liability? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| court costs for defense? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Are court costs covered above the liability coverage limit or included in liability policy limit? | <input type="checkbox"/> Above <input type="checkbox"/> Included |
| Are there any specific exclusions to the policy? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Are my employees insured under this policy? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Do I have to belong to an association to purchase this insurance? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| If yes, what is the cost of membership? | \$ / |
| Notes | |
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⁸Insurance Policy Evaluation Worksheet adapted with permission from Keith, Diana, Holly George and Ellie Rilla. 2002. *Agritourism and Nature Tourism in California: A How-To Manual for Farmers and Ranchers*. University of California Small Farms Center.

Chapter Review

Agritourism introduces entrepreneurs to many types of risk. It is important to be able to assess and manage these risks effectively. Some key points to remember from this chapter are as follows

- Risk assessment and management is a continuous process.
- Risk to agritourism enterprises may include legal risk, human resources risk, business interruption risk, production risk, marketing risk and financial risk.
- Liability is one type of legal risk of major concern to many agritourism entrepreneurs.
- Risk may be managed by avoiding risk, reducing risk, transferring risk or accepting risk.

Additional Resources

The **Tennessee Department of Commerce and Insurance, Consumer Insurance Services** can tell you if a company is licensed to sell insurance in Tennessee. This agency is also responsible for the investigation and mediation of insurance claims and other insurance related disputes as well as education of the public on insurance issues. Contact the agency at (615) 741-2218 or 1-800-342-4029 (inside Tennessee).

Managing Risks and Liability at California Certified Farmers Markets was written by Desmond Jolly and Chris Lewis and published by the University of California Small Farms Center. Although written for California, many of the concepts in the publication are relevant to Tennessee markets. The publication is available online at <http://www.sfc.ucdavis.edu/pubs/brochures/rmafmall0504.pdf>.

The **United States Department of Agriculture Risk Management Agency** (RMA) has many publications available on the Web site at <http://www.rma.usda.gov/pubs/>. Two publications of particular interest may be **Building a Risk Management Plan: Risk Reducing Ideas That Work** (August 1998. 16 pp. Stock No. MP-36) and **Introduction to Risk Management** (December 1997. 20 pp. Stock No. MP-35.) To order a paper copy, write to FSA-KCMO Warehouse, 9420 Troost, Kansas City, MO 64131-3055, or fax your order to: 1-816-363-1762.

The **National Ag Risk Education Library** at <http://www.agrisk.umn.edu/> has links to publications on various topics related to risk. Look for the sections on agritourism and recreational use.

The **Horticultural Business Information Network** produced by the University of Tennessee Extension contains a large collection of resources for direct marketers and green industry firms. The network can be accessed by visiting <http://www.utextension.utk.edu/hbin/>.

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