



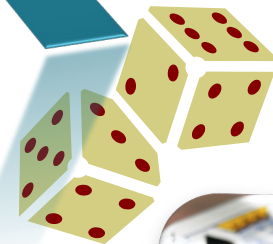
Risk Management Introduction

Agritourism Intensive 2021

Farmers Face Many Challenges!

- ◆ Markets
- ◆ Competition
- ◆ Transportation
- ◆ Labor Issues
- ◆ Others?

RISK



Slides courtesy of Ramiro Lobo,
UC Cooperative Extension, San Diego, CA

What is Risk?

- In general, risk is defined as...”the possibility of loss or injury.” (<http://www.merriam-webster.com>)
- Risk is...*the possibility of adversity or loss, and refers to “uncertainty that matters.”*

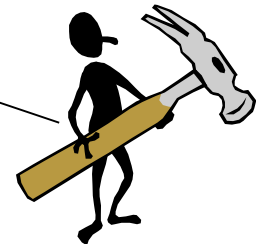
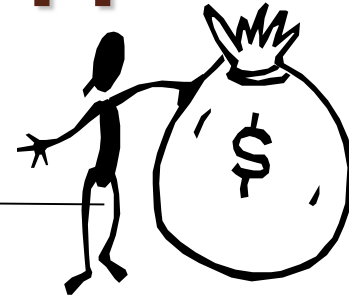
USDA/ERS Managing Risk in Farming: Concepts, Research and Analysis (1999)

What is Risk Management?

- Risk management is the process of choosing among alternatives to reduce the financial effects of risk or uncertainties
- A **conscious** effort of planning, organizing, directing, and controlling resources and activities.
- Requires the evaluation of tradeoffs between changes in risk, expected returns, entrepreneurial freedom and other variables

Risk management Approaches

- **Assume the risk**
- **Avoid the risk**
- **Reduce the risk**
- **Transfer the risk**



Premises Liability

- Premises liability is based on the notion of negligence
 - The failure to exercise the care that a ***reasonably prudent person*** would exercise in like circumstances

DUTY

BREACH

CAUSATION

+

DAMAGES

NEGLIGENCE

Negligence

- There are 4 parts to a cause of action for negligence (if they lack any one of these then you are safe!):
 - **Duty of Care**
 - Your responsibilities as a land owner; different in each situation
 - Typically the “reasonable person” standard
 - Duty of Care changes with the person
 - **Breach of Duty**
 - A failure on your part regarding your responsibilities
 - **Causation**
 - Your failure caused the “injury”
 - **Damages**
 - There must be an actual harm that can be redressed

Liability Issues

- 3 Categories of People on Your Premises
 - Trespasser (2 types)
 - Lowest duty of care
 - Licensee
 - Higher duty of care than trespasser, but less than invitee
 - Invitee
 - Highest duty of care

Liability Issues: Trespasser

- **Trespassers**

- Entered upon land without permission or invitation
- Knowledge of trespasser
 - No knowledge - no duty, no liability
 - Knowledge - duty not to affirmatively harm
 - A course of action which shows a deliberate intention to harm or utter indifference to, or conscious disregard of, the safety of others
- Example: Teenagers going out to your pond and fishing without your permission
 - Do you know about them? What can't you do about them?

TRESPASSERS - CRAIGSLIST

[fayetteville, AR craigslist](#) > [for sale / wanted](#) > [farm & garden](#)

Avoid scams and fraud by dealing locally! Beware any deal involving Western Union, Moneygram, wire transfer, cashier check, money order, shipping protection/certification/guarantee. [More info](#)

I need a mean bull (Siloam springs)

Date: 2012-03-07, 6:04PM CST

Reply to: see below [\[Errors when replying to ads?\]](#)

I am hoping to find an aggressive bull that is protective of his field . I am wanting a very aggressive one that will chase people off.

Call me or text im not particular on the breed

479-XXXXXXXXXX

Liability Issues: Licensee

- Licensee
 - Present for a non-commercial, non-business purpose with the consent of the possessor of the property, such as a social **guest** at someone's residence

Liability Issues: Licensee

- Your Duty:
 - Refrain from injuring the person through willful or wanton conduct
 - i.e., deliberate behavior such as setting booby traps
 - Warn of hidden dangers where the person does not know or is unlikely to know of the conditions or risks
- Example:
 - Someone asks for permission to hunt, walk, use land without a fee
 - Need to warn of the bull on the back 40 that isn't fenced in or of a huge snake population that you know of.

Liability Issues: Invitee

- Invitee
 - Person who is invited upon the premises in order to conduct business with the possessor
 - Came on the land for *your* benefit
 - Customers in store or shopping center
 - **Employees**
 - Students
 - Business visitor

Liability Issues: Invitee

• Your duty:

- Highest duty of care
- A general duty to use ordinary care to keep the premises reasonably safe for the benefit of the invitee.
- Typically you show these people the most concern anyways (i.e. “the customer is always right”)
- But what about employees?
 - What kind of concern are they typically shown? What kind of jobs do they typically perform?
 - This means making sure your employees have safe equipment, facilities, proper training, etc.

Review: Liability Issues

- 3 Categories of Entrants on the Premises
 - Trespasser
 - Duty not to affirmatively harm (i.e. no booby traps)
 - Licensee
 - Warn of hidden dangers where the person does not know or is unlikely to know of the conditions or risks and duty not to affirmatively harm
 - Invitee
 - A general duty to use ordinary care to keep the premises reasonably safe for the benefit of the invitee.

Agritourism Planning

- Reduce Risk by Planning for Safety
 - Integrating Safety Into Agritourism:
 - <https://safeagritourism.org/>
 - Walkthroughs
 - Communication
 - Checklists
 - Resources

Agritourism Planning

- Helpful hints:
 - Mark boundaries carefully
 - Set up an inspection schedule
 - Pros and Cons of this approach
 - Use information from the inspection to provide invitees with a written warning of the dangers.

Insurance

- Make the insurance agent aware of any changes and that they are covered by the policy (in writing)
 - If possible have them see the agritourism operation in person before buying a policy
 - Check in yearly to see if coverage has changed