

The Importance of Liability Insurance for Farmers

By Brenda and Paul Sullivan

In today's litigious society, being adequately insured should be a farmer's top priority and, very basically, the purpose and need for insurance is to protect the farmer from financial ruin.

As a farmer/producer/vendor you are exposed to two types of risk:

1. General Liability
2. Product Liability

General Liability:

These are the risks that are an inherent part of being a vendor at a market, which include:

- Trip and fall (i.e. - an injury resulting from tripping over a tent stake or other object).
- Unsecured equipment (i.e. an individual is injured when a gust of wind blows a tent onto him/her; display or table collapses onto someone causing injury etc.)

In the event of a claim, a farmer could not only be financially responsible for the individual's injuries but also for associated legal fees, which are often substantial. Bottom line, depending on the circumstances and the severity of the involved injuries, you could easily be exposed for significant damages that could extend into the six – seven \$ figure range.

Therefore, without sufficient liability insurance, a farmer /vendor could sustain significant losses, including the potential loss of their property / assets.

Product Liability:

These risks are associated with the sale of your products at the market. Typically, the greatest risk involves food with the most common example being food poisoning.

Why do Markets require their farmers/ producers/vendors to carry liability insurance?

When a claim is made, a frequent reality is that the “kitchen sink” mentality is applied – i.e. in addition to the individual farmer / vendor, the Market itself is sued as well as the Market Manager and sometimes even the host town / county / State.

If a farmer doesn't have insurance, the Market and/or Market Manager would then bear the resulting financial responsibility for any claim. Given the all-volunteer nature of most Markets, this reality would significantly dampen the desire for anyone to volunteer as a Manager or Board of Director member.

That's why in the State of Connecticut, all state certified Farmers' Markets require every vendor to have a \$1 million liability insurance policy, which includes product and general liability insurance. Farmers should contact the Department of Agriculture in their own state to confirm the specific minimum liability insurance requirements for Farmers Markets.

Note: Private markets on private property may not necessarily require that farmers / vendors carry liability insurance although it's still a good idea to do so.

Food Safety:

By engaging in food safety training, a farmer can demonstrate a pro-active level of responsibility for their products.

In some states like Connecticut, food safety training is strongly recommended for all general produce farmers and is legally mandated if a farmer is selling any processed foods like jams, jellies, pickles etc.

In addition, completing food safety training / obtaining certification from a nationally recognized organization like SafeServ might lower a farmer's /vendor's insurance premium. While there is no guarantee an insurer will offer a premium discount, food safety training is still an excellent investment.

What is a Certificate of Liability Insurance and why do Farmer's Market Managers require a market's legal address to be listed in the Certificate Holders Section?

Below is a sample copy of a "Certificate of Liability Insurance". When a Market Manager requests a Certificate of Insurance naming the market as "Certificate Holder", this is the document they are referring to. Every insurance agent will be familiar with this document as it's standardized throughout the insurance industry. An agent will customarily send a copy to you and/or the Market Manager at no additional cost. If they do charge for this, we recommend you seek insurance elsewhere.

It's important that the Certificate Holder section of the document list the legal address of the venue you are attending. The Market Manager will always look for this as well as for your policy amounts and the expiration date.

The sections that need to be filled out are highlighted in red. However, other sections may also require completion depending on the type and amount of insurance a farmer/vendor may have.

Brenda Sullivan is the owner of Thompson Street Farm in South Glastonbury CT and the President/Market Master and one of the founding members of the Glastonbury Farmers Market Coalition Inc. Prior to starting her SPIN Farm, she was a Legal Assistant in the Legal Department at one of Connecticut's largest Banks and her duties included working with a litigation attorney preparing cases for trial, many of which were insurance claims.

Brenda is married to Paul Sullivan, Vice President /Sr. Claim Consultant in the Risk Control and Claim Advocacy Practice at an International Insurance Brokerage Firm. In their respective careers, they have seen some pretty crazy claims made, many of which resulted in large settlements, even when liability was questionable.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
7/2/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME:	PHONE:	FAX:
	IAC, No. Ext.:	IAC, No.:	
	E-MAIL ADDRESS:		
Insurance agency's name and address	INSURER(S) AFFORDING COVERAGE		
	INSURER A:		
	INSURER B:		
	INSURER C:		
	INSURER D:		
	INSURER E:		
	INSURER F:		

Insurance Agents contact information

COVERAGES CERTIFICATE NUMBER: CL13591.0145 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

TYPE	TYPE OF INSURANCE	INSURER	POLICY NUMBER	POLICY EFF. DATE (MM/DD/YYYY)	POLICY EXP. DATE (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PER <input type="checkbox"/> LOC		Policy number	Dates policy starts and ends		EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (See endorsement) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP/ODG \$ 2,000,000
A	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					
A	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED. RETENTION \$ 10,000					
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below					OTH-ER \$ ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

Farmers insurance limits.

Explains what kind of insurance the farmer has.

Sample Document

CERTIFICATE HOLDER	CANCELLATION
Name and legal address of the Farmers Market/Fair or event you are attending.	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE
	Document must be signed by insurance agent