Making the Most of Your Market Insurance Policy & Minimizing Market Liability Risk
What makes farmers markets unique?
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Defining Market Liability Insurance

- Market liability insurance provides financial assistance to your market in the event that a claim is brought against the market, and/or any parties affiliated with the market.
Importance of Market Liability Insurance

- Protects the market, board, property owners, from customers or other potential claimants.
- Helps markets focus on risk assessment, food safety, and good operating practices.
Covering Legal Costs

- Even if you are not at fault, claims can require significant legal fees.
- An insurance company has the duty to defend the insured. The insurance company will decide whether they want to contest or settle the claim. Generally, legal fees are not deducted from the policy’s limit.
- Without an insurance provider’s help, these fees can often be disastrous for a market.
Purchasing an appropriate and cost effective insurance plan begins with understanding the needs of your market.

Identify the different areas where your market is exposed to risk, and be sure to purchase an insurance policy that provides adequate coverage.
Finding a “Good Policy”

- A good policy takes the unique operating system of your market into account. These include factors such as sales amount, and attendance.
- Obtain your policy using proper insurance ratings.
- Make sure you are dealing with a reputable broker.
Example: CFMA Insurance Program

- The Colorado Farmers Market Association provides an insurance policy to markets that are interested.
- A statewide policy is significantly less expensive for the individual markets.
  - What you want in your policy
    - Prolocation Aggregate Limit of Coverage
    - Comprehensive Coverage
    - Extended Liability Coverage, Contractual Liability
Issues to Consider When Purchasing Insurance

- Not all insurance policies are created equal
- Be sure to understand what kind of coverage your market needs, and to find an insurance policy that provides adequate coverage
- If a claim is filed against you, and your policy does not cover the type of claim that was filed, then your insurance policy will not provide protection
Know your Market

- Ask yourself what kind of coverage you need, and make sure your policy has that type of coverage.
- What kinds of vendors are at market?
  - If your market sells: meat, eggs, dairy products, and/or prepared foods, be sure that those foods are covered.
- What kind of weather can I expect?
- Are there tents at market?
- Is there a parking lot?
- Will there be special events, such as pony rides?
- How will pet injuries be covered? Both injuries caused to pets, and injuries caused by pets.
Exposures to Risk

Farmers Markets, like other businesses, are exposed to certain risks.

Understanding these risks is important when shopping for insurance.

The following are an example of risks associated with farmers markets, but is not an all inclusive list.
Property

- The physical environment of a farmers market provides multiple exposures to risk
- The most common are injuries related to tents, and trip and fall
- Money and products
Liability

- Liability policies cover third parties damaging the market, or the people to whom the market causes injury.
- In the event that a shopper is injured at market, even if the market and its staff were not directly responsible, they still can be held liable.
The Limits of Market Liability

- A good market liability insurance policy will protect your market from the most common forms of risk exposure.
- However, there are certain types of risks that markets are exposed to that are rarely covered by market liability policies.
- The most important ones to consider are insurance policies that cover loss of revenue, and injuries suffered by market volunteers or employees.
Loss of Revenue

- Acts of God, typically in the form of adverse weather, can cause a significant loss of income due to decreased foot traffic, or even market cancellation.
- Farmers markets that hold special events which typically generate a significant amount of income, should consider insurance for that particular day.
- An adequate insurance policy will provide financial assistance in the event that bad weather, or other similar circumstances, would cause a significant loss of revenue.
Workers Compensation

- Employee injuries are not covered through market liability, but will have to be covered under a workers compensation policy.
- Typically, states have their own workers compensation state fund, about which you can find more online.
As mentioned, markets expose themselves to a variety of risks. These risks can be mitigated by taking certain precautions.
Examples of Mitigating Market Risk

- Hold harmless agreements
- Ongoing risk assessment
- Preparing markets for weather conditions
- Canceling the market during hazardous conditions
- Requiring that vendors list the market as additional insured on their policies
Mitigating Market Risk, Cont’d

- Ensuring that vendors follow food safety practices and obtain required licenses before the market season starts.
- Requiring vendors to sign the market rules
- Enforcement of market rules
- Develop procedures for removal of a vendor who will not follow market rules
- Create an emergency checklist with phone numbers for police, fire, etc. and for insurance representative, as well as a procedure sheet for use in case of an incident that might trigger a claim.
Hosting a Farmers Market

- Many farmers markets pay rental fees to a host site where the market is located.
- Since the host site is often exposed to risk by allowing the market to rent the property, the host will often require the market to have insurance and list the host as an additional insured.
NGO Markets and City Markets

- Typically, different polices are required depending upon the organization that sponsors the market.
- NGO sponsors may have different requirements than city sponsors.
- Always check with your sponsor to determine what type of an insurance policy will meet their requirements.
- Oftentimes, umbrella organizations can add the market to their insured activities without additional cost.
State Specific Regulations

- Different states often have unique insurance requirements depending upon their policies and regulations.
- Always check with your state to determine what type of insurance coverage will be acceptable.
Currently, the state obtains insurance for markets recognized by the Maryland Department of Agriculture.

The operating relationships between the property owner and market operator will determine the insurance minimums to reach mutual satisfaction, within the constraints of state, county, or municipal regulations.
State Specific Regulations: Colorado

- Governmental Immunity
  - Organizations that wish to sponsor an event must prove to their relevant municipality they have a limit of coverage, where they name that municipality for $600,000.
Additional Insured

• An additional insured is a person or organization that enjoys the benefits of being insured under an insurance policy, in addition to whoever originally purchased the insurance policy.
• There may or may not be an additional cost associated with an additional insured.
Examples of Additional Insured

- Adding the property owners to individual vendor policies.
- Adding both the market operator and the vendors to the property owners.
- Adding the property owner and a lessor to the market policy.
Additional Resources

- Introduction to Insurance Tip Sheet
  http://farmersmarketcoalition.org/resources/index2.php?option=com_resource&task=show_file&id=6214

- Farmers Market Manager FAQs on Insurance:
  www.farmersmarketcoalition.org/managerfaq

- Incident Report Form

- Nonprofit Risk Management Center
  http://www.nonprofitrisk.org/
Coming up Next…

- Protecting Board Members & Learning the Nitty Gritty of Statewide Insurance Programs (April 5, 1 pm ET)
  - Featuring Jeff Cole, Mass Farmers Markets; Mellisa Kaufman, Jester Insurance; Bill Otto, MN Farmers Market
- Health Insurance Survey: we need as many market managers and producers to participate as possible!

FMC Members will receive registration information via email soon!
Farmers markets are good for everyone. Join us to make them even better.

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