

Insurance Notes from Maine Federation of Farmers' Markets

"Product liability" insurance is purchased by each individual vendor, rather than by the whole market.

"Commercial General Liability" insurance is often purchased by a market as a whole to protect one vendor from suits against another, since they are both in the same organization. Many markets have this latter type, costing around \$250 from Farm Family, for example.

Most markets require members to purchase product liability, or general liability insurance. Often product liability insurance is included in regular insurance for a farm, and the cost is based on "exposure", or the calculated likelihood of a problem as figured by the insurance company. Many homeowner insurance policies allow for the inclusion of a "rider" for product liability for, say, selling cukes in a wheelbarrow at the end of the driveway. Many small growers of produce can use this because they are at about that scale.

In any case, it wouldn't hurt to talk to several insurance agents about it, including, but not limited to, the agent who issued your homeowner's policy. Many agents have no clue about what attending a farmers' market entails, thus are unlikely to quote a good rate. Often a rider on an existing policy is far less expensive than a whole new policy. The important thing is to look around for the best quote.

There is no State law requiring insurance for market members. Some markets require product liability insurance from each vendor. Such insurance is usually called "Commercial General Liability Insurance". The reason for a market requiring it is based on one or more of the following reasons:

1. The landlord (town, church, grange, etc.) may require it (because *their* insurance company does).
2. The market rules may require it, independently of being required by the market's landlord. Some do, some don't. Those markets who don't usually have a sponsor whose insurance policy covers the organization's activities.
3. The carrier (insurance company) for the market's overall insurance policy may require it (or at least strongly recommend it).
4. It's a good idea for each and every vendor to be insured, generally.

Such insurance requirements may sometimes apply only to food vendors simply because the human consumption of food is fraught with possibilities of mishap. However, someone selling photographs at market may be just as likely to have their tent blow over onto a baby stroller as is a food vendor. And anyone can trip over a poorly set up display, regardless of its contents. Liability is a broad subject.

All that being said, the *cost* of an individual vendor's insurance is closely tied to the products they are offering for sale. Hence, dairy or meat vendors may have to pay a higher insurance rate than veggie vendors, simply due to the more hazardous nature of their products. A photograph vendor's policy may cost less, since their liability has almost nothing to do with their product and is only related to their presence at market.

It's a good idea for all to be insured. Suppose I am a carved wooden statue vendor setting up next to you, a veggie and herb vendor. And suppose that I am not insured and that you are. Then a rather infirm old gentleman trips over one of my statues and requires medical attention. He may sue me to recover the medical costs, but if I have no insurance and am not very rich, his lawyers will certainly go after you because you are part of the same market. This explains why it is in everyone's interest that everyone in a market be insured.

"Artisans", in farmers' market parlance this often means bread, cheese, ice cream and sauerkraut makers and such who should get product liability insurance, whereas "crafters" is the term used for folks who make things not meant for eating. Insurance agents have told me that sometimes a waiver will hold up in court, and sometimes it will not. Clearly, most crafters don't need "product" liability insurance, but they may very well need "general liability" insurance, which would cover an errant wind-blown tent or a collapsing-on-customers display.