

Is agritourism the future for farmers?

A [2019 survey](#) found just 24% of South African farmers are hosting some form of agritourism on their farms. That means there's massive opportunity for expansion in this area. Agritourism could help farmers use their farm resources to their fullest potential, generate additional income and preserve the land. Globally, the agritourism market should reach [USD 117.37 billion by 2027](#), with compound annual growth of 7.42% (between 2019-2027). It's an important way for farmers to diversify their businesses and safeguard their farms for the future.



Source: Jack Cross via [Unsplash](#)

Agritourism is defined as any tourist activity on a farm, linked to the farm's activities and attractions, from a restaurant or guesthouse to a farm shop. The definition includes activities like milking the cows or orchard walks. Primarily, it offers farmers an opportunity for increased income and a way to attract investment. It's also a pivotal means of ramping up employment in rural areas.

The advantages of diversifying – from improved cashflow and profit to the spreading of risk – outweigh the disadvantages. Hanlie Kroese, Segment Solutions Santam Agri says: "Diversification is one of the greatest ways to manage risk. Agritourism empowers farmers to use a farm to its fullest potential. It's also a critical way to connect farmers with the public. This counts more than ever in a time where consumers want to know where produce comes from – they're seeking to see the faces behind the farms. Agritourism is a way to give them a meaningful glimpse into this world."

Hanlie adds that agritourism does come with some risks, so should be carefully considered. "On the one hand, diverse enterprises mean you lower your risk. However, branching into different activities also invites a new risk landscape. It's crucial that farmers consider agritourism insurance, which covers business interruption, theft, and public liabilities."

Opening a guesthouse, for example, invites a host of potential problems, from burst geysers and broken appliances to damaged swimming pool pumps. Hanlie adds: "Once a farmer insures a guesthouse or lodge, Santam's Agri policy has been extended to automatically cover 'niggles' like this, which can add up to be extremely expensive."

Business interruption insurance

Kroese also presses the need for business interruption insurance. "Curveballs happen, and farmers need to protect the diverse enterprises they've invested in. Business interruption insurance is one of the best ways to guard against the unexpected.

Another big concern for farmers is obviously theft. "Farmers are opening their farms – their homes – to others, which can feel overwhelming. Proper theft cover can help provide peace of mind. Santam provides up to R10,000 cover for loss or damage to buildings and covers guests' and customers' personal effects for up to R5,000 for any one item. We do the same for the personal effects of the insured, and the insured's partner, director, and employees."

Public liability must be another major consideration, as the tourism sector is very vulnerable to liability claims. Adequate liability insurance is therefore essential. "Our liability cover includes damage to visitors' and guests' property on a farmer's premise, plus damage to third party vehicles using the farm's parking facilities. It even includes damage caused by animals – in various circumstances.

Kroese concludes: "Opening new enterprises on a farm is an extremely worthwhile pursuit but must be done with due care and consideration. All these extras come with new risks, which is why investing in the right insurance is key."

For more, visit: <https://www.bizcommunity.com>