



Harvesting Our
Potential™

Addressing
Liability
and Insurance
Concerns

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General Liability Issues



- What is Your Legal Relationship?
- What Laws are Applicable to this Relationship?
- What Are the Liability Concerns Arising from a Mentorship?
- How can I Limit these Liability Concerns?

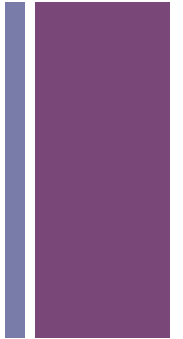
+ Legal Relationships

- What is your legal relationship?
 - Employee: Exchanging labor for pay
 - Intern: Primary focus is on education
 - Six part test
 - Volunteer: Absolutely no obligation to work & nothing in return
- Mentee does not have a legal definition, but may be categorized as one those above depending on the circumstances.

+ Legal Relationships

■ Intern Six Part Test

1. Similar to training in an educational environment
2. For the benefit of the intern
3. Does not displace employees
4. No immediate advantage to the employer
5. Not entitled to job at the end
6. Both understand that intern is not entitled to wages.



+ Wage Laws

- Minimum Wage (\$7.25, IA and Federal)
 - Small farm exemption (< 500 “man days”/calendar quarter)
 - Man day > 1 hour of agricultural labor/day
 - Ag Labor = ? (sales?, transportation?, processing?)
 - If non-ag labor is performed, min. wage is due for that entire week.
 - Family members exception
 - Parents, spouses, and children. That’s it.
 - IA starting wage = \$6.25 for 1st 90 days, if under 20.
 - NE starting wage = 75% for 1st 90 days, if under 20.
 - Room & Board = Cannot exceed the cost or value, whichever is lower.
 - **Document** in the signed Mentor Agreement.
- IA ag labor is exempt from overtime.
 - Ag Labor = ?, again.
 - Again, non-ag labor results in overtime for the week.

+ Rate of Pay

■ Average Intern Hourly Wage Rates, by Class

■ Class Average

■ Freshman \$13.91

■ Sophomore \$15.36

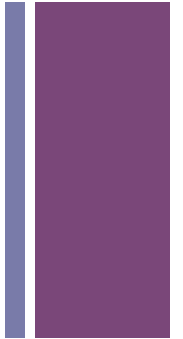
■ Junior \$16.82

■ Senior \$17.57

■ Source:

2012 Internship & Co-op Survey, National Association of Colleges and Employers. Data are for bachelor's degree students.

■ These are national rates and for all types of college internships.



+ Workers Compensation

- When is it required?
 - Iowa
 - The cash payroll in the prior year exceeds \$2,500.
 - Includes interns and volunteers.
 - Nebraska
 - Every employer with at least one employee.
 - Volunteers are not included.
 - Agricultural exceptions:
 - Only employ family members.
 - Exempt unless more than 10 full-time employees are used each working day for 13 weeks (Weeks do not have to be consecutive.).
- Even if not required it may be beneficial.
 - Can prevent suits from injured parties (or their insurance company).
 - Provides security for workers.



+ Required Posters

- Available at <http://www.iowaworks.org/reqposters.htm>
- Unemployment Insurance
 - Required of all businesses
- Safety and Health Protection
 - Required of all employers
- Iowa Minimum Wage
 - Required of all employers required to pay minimum wage
- Work Related Injuries and Illnesses
 - Required of businesses with more than 10 workers
- Smokefree Workplace
 - Recommended



+ Paperwork and Reporting

- Apply for and receive an Employer ID Number (EIN).
- Register with state Dept. of Revenue. <https://www.idr.iowa.gov/CBA/start.asp>
- W4 and IA W4
 - Ensures correct income tax withholding
 - Employer will need an Employer Identification Number
- I9
 - Documents verification of the identity and employment authorization of each employee.
 - Employee's must present a variety of documentation, including:
 - Passport, Employment Authorization Document, Driver's license or state ID card, Voter Registration, Military ID, SS Card, Birth Certificate, etc.
- Register for an Unemployment Insurance Account - www.MyIowaUI.org
- Register with IA DHA for child support withholding - <http://dhs.iowa.gov/>
- Reporting of Quarterly Tax Return, W-2s, & IA Income Tax Withholding.
 - Google Agricultural Employers Tax Guide



What are the Liability Concerns?



- Someone gets hurt on your farm.
- Someone gets hurt off your farm but in carrying out your farm business.
- A product causes someone injury.
- A worker is in an auto accident while on farm business.



How to Protect Against Liability?



- Don't be Negligent.
- Adhere to applicable labor laws discussed above.
- Provide waivers and warnings but don't rely exclusively on them.
- Have Safety Plans and follow them.
- Understand LLCs and how to move assets
- Obtain the right insurance.



Obtain the Right Insurance



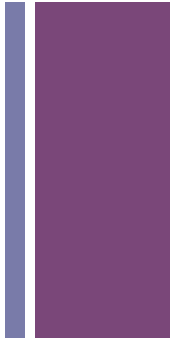
- **Farm Liability Coverage**
 - Generally for the premises
- **Commercial Liability Coverage**
 - For retail and manufacturing/processing
- **Commercial Ag**
 - Specifically developed for value-added ag
- **Products Liability Coverage**
 - Can protect against food poisoning
- **Automobile Insurance**
 - Personal, Commercial, Non-owned

+ Tell Your Insurance Agent:

- What you are doing.
- How you are doing it.
- Who will be on your property.
- In what role are they on your property.
- In what activities will they be engaged.
- What activities extend beyond the premises of the farm.
- Who will be operating automobiles.
- Who owns the automobiles used.

Be Specific!

Review Policy Coverage and Exclusions!





Review Definitions and Exclusions



- Look for the definition of farming.
- Look for the definition of business or business pursuits
- Look for definitions of any words that dictate policy coverage.
- What specific activities are excluded.
- Pay particular attention to off-farm activities, value-added products, and agri-tourism.



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