

BIG i SM | INDEPENDENT INSURANCE AGENTS OF
NEBRASKA

**Properly Identifying and Addressing
the Risk of the Small or Hobby Farm**



Presented By:
Samuel T. Bennett CIC, AFIS,
CPRM, TRIP, CRIS, CPIA
samueltbennettcic@gmail.com

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Risk Management and the Ag Client

Steps in the Risk Management Process:

Recognize the importance of the application process in ***identifying*** risk of the ag client

The first and most important step in the risk management process is ***identification***. The effective agent has mastered the art of identifying exposures

Acord Applications are an EXCELLENT tool in walking a client through the process of ***identifying*** risk. As risk is uncertainty, any tool that reduces uncertainty reduces risk



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Important tools to effectively *identify* risk



Applications

Questionnaires

Checklists

Plat books

County assessor records

Secretary of state entity filing records

Internet tools

3



Recognize the importance of proper *analysis* of the risks that have been *identified*

Understand the activities in which your clients are engaged

Use both quantitative and qualitative strategies

Experience is a superior tool in this step

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Recognize the importance of consistent and effective **control** techniques in managing risk

Avoidance is often not an option

The goal is to reduce frequency and severity

Simple steps

- ✓ Smoke detectors
- ✓ Fire extinguishers
- ✓ Rules regarding who can use items that move under their own power, when and where

More thorough steps

- ✓ Central station alarms
- ✓ Lock-out protocols
- ✓ Monitoring systems

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Recognize that risk which poses the greatest financial detriment must be **financed**

Insurance

- ✓ Proper coverage forms
- ✓ Proper endorsements
- ✓ As the agent, you must understand what you sell

Risk transfer tools

- ✓ Properly written contracts
- ✓ Liability waivers
- ✓ Hold harmless agreements
- ✓ Agreements to indemnify

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Understand that the risk management plan must be *administrated*



A Plan Not Put Into Action Is A Dream A Plan Put Into Action Must Be Monitored Or Its Effectiveness Will Not Be Known

- ✓ Regular review of the plan
- ✓ Input from the agent and client
- ✓ Be willing to make changes as needed
- ✓ It is likely that the client will change over time - has their risk management plan evolved to meet their needs?

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Property and liability forms available for the agribusiness client are risk finance tools, typically developed for the ‘average’ risk in this industry. As insurance professionals, we understand that very few of the clients with whom we work are ‘average’ in every aspect of their lives and businesses. As such, it is imperative that we seek endorsements and/or additional coverage forms to fill gaps for those particular exposures that are other than ‘average’.



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LOSS CONDITION – VALUATION (For BOTH Covg A – Dwelling & Covg B – Other Private Structures Appurtenant To Dwellings)

1. Property

- a. The basis for loss settlement will be determined by the ratio of the Limit of Insurance applying to the destroyed or damaged Covered Property to its full replacement cost. When determining the full replacement cost, the values of the following will be disregarded:
- (1) Excavations, footings;
 - (2) Foundations; and
 - (3) Piers and other structures or devices that support all or part of Covered Property and are below the undersurface of the lowest basement floor; or, where there is no basement, those below the surface of the ground inside the foundation walls; also underground flues, pipes, wiring and drains.
- b. **If the Limit of Insurance on the damaged structure is at least 80% of its full replacement cost as of the time of loss, we will settle the loss based on the smallest of the following amounts:**
- (1) The cost to replace the damaged part of the structure with material of like kind and quality and for like use;
 - (2) The amount actually and necessarily spent to repair or replace the structure; or
 - (3) The applicable Limit of Insurance.

If the structure is rebuilt at a new premises, the cost described in Paragraph **B.1.b.** is limited to the cost that would have been incurred if the structure had been rebuilt at the original premises. The cost of repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

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LOSS CONDITION - VALUATION

1. Property

- c. **If the Limit of Insurance on the damaged structure is less than 80% of its full replacement cost as of the time of loss, we will settle on the basis of Paragraph (1) or (2) below, whichever is larger:**
- (1) The actual cash value, as of time of loss, of the damaged part of the structure; or
 - (2) A proportion of the cost to repair or replace the damaged part of the structure, without deduction for depreciation. This proportion will equal the ratio of the applicable Limit of Insurance to 80% of the cost of repair or replacement. The cost of repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- However, we will not pay more than the applicable Limit of Insurance, regardless of whether Paragraph (1) or (2) above applies.**

- d. If your loss qualifies for payment on a replacement cost basis, but the cost of repair or replacement is more than either \$5,000 or 5% of the applicable Limit of Insurance, the only basis on which we will settle pending completion of repairs or replacement is actual cash value, as of time of loss, of the damaged part of the structure.

In case of such a loss you can make an initial claim for payment on the actual cash value basis, and later make a supplementary claim for replacement cost payment. If you elect to exercise this option, you must notify us of your intention within 180 days of the occurrence of the loss.

The cost of repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

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3. Valuation – Property Other Than Improvements And Betterments (Coverage G - Farm Property-Barns, Outbuildings And Other Farm Structures Coverage Form)

- a. If the Replacement Cost Basis option is **not** expressly indicated in the Declarations, we will, in the event of loss or damage to Covered Property, **settle at the actual cash value**, as of the time of loss, of the destroyed or damaged part of the structure, but we will not pay more than the amount necessary for repair or replacement.

The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

- b. If the Replacement Cost Basis option **is** expressly indicated in the Declarations, loss valuation will be determined as provided below:

(1) The basis for loss settlement will be determined by the ratio of the applicable Limit of Insurance for the specific building or structure to the full replacement cost of the destroyed or damaged Covered Property. When determining the full replacement cost, the values of the following will be disregarded:

(a) Excavations, footings;

(b) Foundations; and

(c) Piers and other structures or devices that support all or part of Covered Property and are below the undersurface of the lowest basement floor; or, where there is no basement, those below the surface of the ground inside the foundation walls; also underground flues, pipes, wiring and drains

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3. Valuation – Property Other Than Improvements And Betterments (Coverage G - Farm Property-Barns, Outbuildings And Other Farm Structures Coverage Form)

- (2) If the Limit of Insurance on the damaged building or structure is at least 80% of its full replacement cost as of the time of loss, we will settle the loss based on the smallest of the following amounts:

(a) The cost to replace the damaged part of the building or structure with material of like kind and quality and for like use;

(b) The amount actually and necessarily spent to repair or replace the building or structure; or

(c) The applicable Limit of Insurance.

If the structure is rebuilt at a new premises, the cost described in Paragraph **B.3.b.(2)** is limited to the cost that would have been incurred if the structure had been rebuilt at the original premises.

The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

- (3) If the Limit of Insurance on the damaged building or structure is less than 80% of its full replacement cost as of the time of loss, we will settle on the basis of (a) or (b) below, whichever is larger:

(a) The actual cash value, as of time of loss, of the damaged part of the building or structure; or

(b) A proportion of the cost to repair or replace the damaged part of the building or structure, without deduction for depreciation. This proportion will equal the ratio of the applicable Limit of Insurance to 80% of the cost of repair or replacement. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

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**3. Valuation – Property Other Than
Improvements And Betterments
(Coverage G - Farm Property-Barns,
Outbuildings And Other Farm
Structures Coverage Form)**

However, we will not pay more than the applicable Limit of Insurance, regardless of whether Paragraph (a) or (b) above applies.

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Important Farm Property Endorsements

**FP 04 04 Dwelling and Farm Building Replacement Cost
Protection (Including Ordinance Or Law Coverage)**

Available to modify which coverage forms?

**FP 00 14 Farm Property – Barns, Outbuildings, and
Other Farm Structures Coverage Form**

**FP 00 12 Farm Dwellings, Appurtenant Structures
and Household Personal Property Coverage Form**

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Important Farm Property Endorsements

FP 04 04 Dwelling and Farm Building Replacement Cost Protection (Including Ordinance Or Law Coverage)

What does it do?

- Replaces the Valuation Loss Condition
- Adds Ordinance or Law Coverage
- Allows for a coverage amount for Increased Reconstruction or Repair Costs Not Related To Ordinance Or Law

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- A Schedule is required in order to indicate:
 - (1) “Insured Location” Number
 - (2) Building Number and Description
 - (3) Amount of Coverage –
 - Section B.2. Demolition Cost
 - Section B.3. Cost to Reconstruct in Compliance With Ordinance or Law
 - ***Section C – Increased Reconstruction or Repair Costs Not Related To Ordinance Or Law***

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- The terms of this endorsement apply separately to each building shown in column (2) of the Schedule
- If you are a tenant, coverage is for additions, alterations, fixtures, improvements or installations made or acquired at your expense to that part of the building used exclusively by you
 - A. Replacement Cost Coverage
 - Replacement Cost replaces Actual Cash Value for the Building(s) in the Schedule
 - *Even if Insurance To Value is not maintained*
 - Regardless of what is indicated in the Declarations as to loss settlement on the Scheduled Building

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This endorsement allows for:

Page 9

- Ordinance or Law Coverages
 - Coverage 1 – Loss to Undamaged Portion of Building
 - Loss must be due to a Covered Cause of Loss
 - Loss must affect a building in the Schedule
 - We will pay for loss in value of undamaged portions
 - In order to comply with any ordinance or law that:
 - Requires demolition of undamaged parts
 - Regulates construction or repair, zoning or land use requirements
 - *Is in force at the time of loss*
- This coverage is included in the Limits of Insurance*

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- Ordinance or Law Coverages
 - Coverage 2 – Demolition Cost
 - Covered Cause of Loss
 - Scheduled building
 - We will pay for the costs you incur for demolishing and clearing the site of undamaged parts of the building, when demolition is a consequence of a requirement to comply with a building, zoning or land use ordinance or law **in force at the time of loss**

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- Ordinance or Law Coverages
 - Coverage 3 – Cost To Reconstruct In Compliance With Ordinance Or Law
 - Covered Cause of Loss
 - Scheduled building
 - We will pay for the increased costs you incur to:
 - Repair or reconstruct damaged parts of the building
 - Reconstruct or remodel undamaged portions of the building, whether or not demolition is required
 - ***When the increased cost is a consequence of a requirement to comply with a building, zoning or land use ordinance or law in force at the time of loss***

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- Page 9
- Ordinance or Law Coverages
 - Coverage 3 – Cost To Reconstruct In Compliance With Ordinance Or Law – We Will **NOT** Pay
 - If the building is not repaired, reconstructed or remodeled
 - Costs incurred due to ordinances or laws required to be complied with before the loss that you did not comply with
 - Contractor’s error due to negligence or inadequate knowledge
 - If the building is a dwelling, it must be reconstructed to same number of families
 - If the building is not a dwelling, it must be reconstructed for the same use
 - Increased costs associated with reconstructing on a new site

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- Coverage 4 – Increased Reconstruction Or Repair Costs Not Related to Ordinance or Law
 - Covered Cause of Loss
 - Scheduled building
 - If reconstruction or repair costs exceed the Limit of Insurance and ***ARE NOT*** related to ordinance or law, we will pay those excess costs
 - However:
 - We will not pay any excess costs if the building is not repaired, reconstructed or remodeled, and
 - If the current building is a “dwelling”, for only the same number of families
 - If the current building is not a “dwelling”, for only similar occupancy as the current building

Pages 9 & 10

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- Amount of Coverages - Ordinance or Law Coverages and Increased Reconstruction Or Repair Costs Not Related To Ordinance Or Law
 - The amount(s) of coverage shown in column 3 of the Schedule applies to the total of all costs found in this endorsement
 - The Amount of Coverage does not represent the value of the building and is not part of the Limit of Insurance that applies to the building
 - Costs related to “pollutants” are excluded

Pages 9 & 10

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Important Farm Property Endorsements

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FP 04 21 Debris Removal Increased Limit Of Insurance

Available to modify which coverage forms?

- FP 00 12 Farm Dwellings, Appurtenant Structures and Household Personal Property Coverage Form
- FP 00 13 Farm Personal Property Coverage Form
- FP 00 14 Farm Property – Barns, Outbuildings, and Other Farm Structures Coverage Form
- FP 00 90 Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions

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Important Farm Property Endorsements

FP 04 21 Debris Removal Increased Limit Of Insurance

What does it do?

- Allows for an increase in the Debris Removal limit found in the Farm Property Program

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A. Additional Coverages

1. Debris Removal

- a. We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- b. Except as provided in Paragraph d. below, the most we will pay under this Additional Coverage is 25% of:
 - (1) The amount we pay for the direct physical loss of or damage to Covered Property; plus
 - (2) The deductible in this policy applicable to that loss or damage.
- c. This Additional Coverage does not apply to costs to:
 - (1) Extract "pollutants" from land or water; or
 - (2) Remove, restore or replace polluted land or water.

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A. Additional Coverages**1. Debris Removal**

d. Debris removal expense is included in the Limit of Insurance applying to the damaged property.

But if:

- (1) The amount payable for the sum of direct physical loss or damage and debris removal expense exceeds the applicable Limit of Insurance; or
- (2) The debris removal expense exceeds the amount payable under the 25% limitation in Paragraph **b.** above; an additional 5% of the Limit of Insurance applying to the damaged property will be available to cover debris removal expense.

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- Debris Removal Increased Limit Of Insurance
 - Information that must be placed in the endorsement Schedule
 - “Insured Location” No.
 - Location
 - Increased Debris Removal Limit
 - The additional limit (5% of the applicable Limit of Insurance) is *increased* by the amount shown in the Schedule

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Important Farm Property Endorsements

FP 04 36 Replacement Cost – Household Personal Property

Available to modify which coverage form?

FP 00 12 Farm Dwellings, Appurtenant Structures and
Household Personal Property Coverage Form

What does it do?

Replaces the Valuation Loss Condition of Actual Cash Value for
some Household Personal Property items with Replacement Cost
Coverage

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COVERAGE C - HOUSEHOLD PERSONAL PROPERTY

LOSS CONDITION - VALUATION

In the event of loss of or damage to covered
household personal property, we will settle at actual cash
value as of time of loss, but we will not pay more than
the amount necessary for repair or replacement.

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- **Replacement Cost - Household Personal Property**
 - Note that some personal property items are revised to replacement cost – without deduction for depreciation and other specific personal property remains at ACV
 - These items remain at ACV
 - Antiques, fine arts, paintings and similar irreplaceable rare or antique articles
 - Memorabilia, souvenirs, collectors' items and similar articles whose age or history contribute to their value
 - Articles not maintained in good or workable condition
 - Articles that are outdated or obsolete and are stored or not used

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- Page 15
- **Replacement Cost - Household Personal Property**
 - The most that will be paid in any one occurrence is the ***LEAST OF:***
 - Amount actually spent to repair or replace the Covered Property
 - ***400% of the Actual Cash Value of the Covered Property at time of loss***
 - The applicable ***Special Limit of Insurance***

ACV will be paid until the property is actually replaced

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Important Farm Property Endorsements

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FP 04 61 Scheduled Personal Property

Available to modify which coverage forms?

- FP 00 12 Farm Dwellings, Appurtenant Structures and Household Personal Property Coverage Form
- FP 00 90 Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions
- FP 10 60 Causes of Loss Form – Farm Property

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FP 04 61 Scheduled Personal Property

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What does it do?

- Manifests a specific Limit of Insurance for certain kinds of Personal Property as shown in Schedule A of the endorsement
- Extends specific limits of coverage for specific newly acquired property
- Removes the value of these scheduled items from the Coverage C limit
- Changes Covered Causes of Loss from Broad Form Named Peril to Risks of Direct Physical Loss, subject to exclusions
- Eliminates deductible
- Subjects covered property to a specific valuation in the event of a loss

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3. Special Limits Of Insurance Under Coverage C

- a. \$200 on gold other than goldware, "money", platinum other than platinumware and silver other than silverware;
- b. \$1,500 on letters of credit, manuscripts, passports and "securities". This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists. This limit includes the cost to research, replace or restore the information from the lost or damaged material;
- c. \$2,500 on watercraft, including their equipment, furnishings, outboard engines or motors, and trailers;
- d. \$1,500 on trailers or semitrailers not used with watercraft nor for farming operations;
- e. \$2,500 on "business property" on the "insured location";
- f. \$1,500 on "business property" off the "insured location". However, this limit does not apply to antennas, tapes, wires, records, discs or other media that:
 - (1) Are used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
 - (2) Are in or upon a motor vehicle or other motorized land conveyance;

**Not In Your
Outline**

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3. Special Limits Of Insurance Under Coverage C **Not In Your Outline**

g. In the event of loss by theft:

- (1) \$2,500 on furs, jewelry, precious and semiprecious stones, and watches;
- (2) \$2,500 on goldware, goldplated ware, silverware, silverplated ware, platinumware, platinumplated ware and pewterware. This includes flatware, hollowware, tea sets, trays, trophies and the like; also other utilitarian items made of or containing silver, gold, platinum or pewter; and
- (3) \$3,000 on firearms and related equipment;

h. \$1,500 on portable electronic equipment that:

- (1) Reproduces, receives or transmits audio, visual or data signals;
- (2) Is designed to be operated by more than one power source, one of which is a motor vehicle's or motorized land conveyance's electrical system; and
- (3) Is in or upon a motor vehicle or other motorized land conveyance;

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3. Special Limits Of Insurance Under Coverage C**Not In Your Outline**

i. \$1,500 on portable electronic equipment that is used primarily in connection with the operation of the farm, while off the "insured location" and not in or upon a motor vehicle or other motorized land conveyance. The portable electronic equipment must:

- (1) Reproduce, receive or transmit audio, visual or data signals; and
- (2) Be designed to be operated by more than one power source, one of which is a motor vehicle's or motorized land conveyance's electrical system.

This limit applies to antennas, tapes, wires, records, discs or other media that are used with the portable electronic equipment;

j. \$250 on antennas, tapes, wires, records, discs or other media that are:

- (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
- (2) In or upon a motor vehicle or other motorized land conveyance.

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FP 04 61 Scheduled Personal Property

What does it NOT do?

Change loss settlement from ACV –

***This endorsement IS NOT AN AGREED
VALUE LOSS SETTLEMENT FORM***

If FP 04 36 Replacement Cost – Household Personal Property has been added, these items would be afforded Replacement Cost but ***NOT Agreed Value***

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Important Farm Property Endorsements

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FP 15 01 Disruption of Farming Operations (Income Loss And Expense Coverage)

Available to modify which coverage forms?

FP 10 60 Causes of Loss Form – Farm Property

FP 00 13 Farm Property - Farm Personal Property Coverage Form

FP 00 14 Farm Property - Barns, Outbuildings and Other Farm Structures Coverage Form

FP 00 30 Mobile Agricultural Machinery and Equipment Coverage Form

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Important Farm Property Endorsements

Page 22

FP 15 01 Disruption Of Farming Operations (Income Loss And Extra Expense)

What does it do?

Provides Business Income and Extra Expense Coverage

Schedule is used to activate coverage

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Disruption Of Farming Operations (Income Loss And Expense Coverage)

Pages 23 - 26

- Information required in the Schedule
 - “Insured Location” Number
 - Description Of Farming Operation(s)
 - Description Of Property
 - Limit Of Insurance
 - Percent Of Exposure Covered
 - Covered Causes Of Loss
 - Basic
 - Broad
 - Special
 - Extended Period Of Indemnity Option
 - Number Of Days



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Agritainment and Today's Ag Client*

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Agritourism is a field that is growing in popularity as producers try to diversify and increase profits. By combining agriculture and tourism, agritourism offers new sources of revenue but also presents potential problems and legal complications to agritourism operators.

Simply stated, agritourism could be thought of as the crossroads of tourism and agriculture. Stated more technically, agritourism can be defined as a form of commercial enterprise that links agricultural production and/or processing with tourism to attract visitors onto a farm, ranch, or other agricultural business for the purposes of entertaining and/or educating the visitors while generating income for the farm, ranch, or business owner.

*Source – National Ag Law Center www.nationalaglawcenter.org

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Agritainment and Today's Ag Client*

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Regardless of the exact definition or terminology, any definition of agritourism should include the following four factors:

- Combines the essential elements of the tourism and agriculture industries
- Attracts members of the public to visit agricultural operations
- Is designed to increase farm income
- Provides recreation, entertainment, and/or educational experiences to visitors

The term “agritourism” is often used interchangeably with “agri-tourism,” “agrotourism,” “farm tourism,” “agricultural tourism,” or “agritainment.”

*Source – National Ag Law Center www.nationalaglawcenter.org

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What Are Some Examples of Agritainment?



Corn Maze
 Petting Zoo
 Festivals
 Wedding Venue
 Pumpkin Patch
 Equestrian
 Demonstrations
 What Else?

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“Agritainment” & “Agritainment Property” According to the ISO Farm Property Program

C. Definitions

The following words and phrases have a special meaning throughout the Farm Property Coverage Forms:

1. "Agritainment" means an agricultural or aquacultural related activity or enterprise that is primarily operated on the "insured location":
 - a. For the purposes of tourism or entertainment; and
 - b. Engaged in for monetary or other compensation.
2. "Agritainment property" means property owned by an "insured" used primarily in connection with the operation of any "agrainment". "Agritainment property" does not include buildings, structures, land, water and growing crops (other than growing crops held for nursery stock and ready for sale).

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2. Property Not Covered

Under Coverage C, Covered Property does not include:
 k. "Agritainment property".

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Not In Your Outline

“Agritainment” According to the ISO Farm Liability Program

SECTION IV – DEFINITIONS

3. "Agritainment" means an agricultural or aquacultural related activity or enterprise that is primarily operated on the "insured location":

- a. For the purposes of tourism or entertainment; and
- b. Engaged in for monetary or other compensation.

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*This definition feeds an exclusion in
the Farm Liability Coverage Form*

2. Exclusions

This insurance does not apply to:

bb. Agritainment

"Bodily injury" or "property damage" arising directly or indirectly out of any "agrainment". This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "agrainment".

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Important Farm Property Endorsements

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FP 05 05 Agritainment – Property

Available to modify which coverage forms?

FP 10 60	Causes of Loss Form – Farm Property
FP 00 12	Farm Property - Farm Dwellings, Appurtenant Structures and Household Personal Property Coverage Form
FP 00 13	Farm Property - Farm Personal Property Coverage Form
FP 00 90	Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions

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Important Farm Property Endorsements

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FP 05 05 Agritainment - Property

What does it do?

Provides property coverage for specific
“agritainment property”

Schedule is used to activate coverage

2. Property Not Covered
Under Coverage **C**, Covered
Property does not include:
k. "Agritainment property".

FP 00 12 04 16 Page 3 of 8

2. Property Not Covered
Under Coverage **E**, Covered
Property does not include:
g. "Agritainment property".

FP 00 13 04 16 Pages 2 & 3 of 9

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Agritainment - Property

- Information required in the Schedule
 - “Insured Location” Number
 - Building Number
 - Location Description
 - Description of “Agritainment”
 - Covered Causes of Loss for “Agritainment Property”
 - Other than “livestock”, “poultry”, bees, fish, worms and other animals
 - Consisting of “livestock”, “poultry”, bees, fish, worms and other animals



C. Definitions

The following words and phrases have a special meaning throughout the Farm Property Coverage Forms:

- 8.** "Livestock" means cattle, sheep, swine, goats, horses, mules and donkeys.

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Agritainment - Property

- Information required in the Schedule
 - Limit of Insurance
 - For “agritainment property” consisting of “livestock”
 - For “agritainment property” consisting of machinery, vehicles and equipment
 - For “agritainment property” **other than** “livestock”, machinery, vehicles and equipment
 - Theft of “Agritainment Property” from part of an “insured location” Rented To Others is Provided (Yes or No)
 - Food Contamination Coverage does not apply (Yes or No)
 - Property Not Covered Page 30

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Agritainment - Property

- Information required in the Schedule
 - Loss Valuation Basis
 - Actual Cash Value
 - Replacement Cost
 - Designated Event Exclusion
 - Description/Name of Designated Event
 - Additional “Insureds” Page 31

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Important Farm Property Endorsements

FP 04 20 Foreign Objects In Machinery
Available to modify which coverage forms?

FP 10 60 - Causes of Loss Form – Farm Property

FP 00 13 – Farm Property - Farm Personal Property Coverage
Form

FP 00 30 – Mobile Agricultural Machinery and Equipment
Coverage Form

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Important Farm Property Endorsements

FP 04 20 Foreign Objects In Machinery

What does it do?

Provides coverage for specific farm machinery,
vehicles and equipment when damaged by
ingestion of foreign objects

Declarations are used to activate coverage

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FP 04 20 Foreign Objects In Machinery

1. We will not pay for loss or damage caused by or resulting from:
 - r. Any cause included in the following list if that loss or damage is sustained by farm machinery:
 - (2) Foreign objects being taken into any farm machine or mechanical harvester;

FP 10 60 04 16 Page 7 of 11

Why Is This Endorsement Necessary?

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2. Other Exclusions

- a. We will not pay for loss or damage caused by or resulting from:
 - (7) Any cause included in Paragraphs (7)(a) and (7)(b) if that loss or damage is sustained by covered property:
 - (b) Foreign objects being taken into any "mobile agricultural machinery and equipment";

FP 00 30 04 16 Page 6 of 11

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Additional property forms and endorsements to consider:

Sump Overflow Sewer Backup FP 04 02 04 16

Mobile Agricultural Machinery and Equipment Coverage Form
FP 00 30 04 16

Livestock Coverage Form FP 00 40 04 16

Farm Equipment Borrowed or Rented Without a Written
Contract FP 04 23

Spoilage Coverage – Perishable Farm Personal Property FP 04 24

Collision Resulting in Death of Livestock FP 04 56

Increased Limits for Structures Appurtenant to Dwellings FP 05 25

Equipment Breakdown Protection Coverage FP 05 60

Coverage for Damage Sustained Only by Tires in Collisions or
Overturn of Mobile Agricultural Machinery and Equipment FP 10 57

Peak Season FP 12 29

Coverage G – Damage to Below-Ground Foundations of Buildings or
Structures, and Related Consequential Expenses FP 14 01

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Important Farm Liability Endorsements

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FL 04 11 Basic Farm Premises Liability

Available to modify which coverage forms?

CG 00 01 Commercial General Liability Coverage Form

What does it do?

Used to make the GL similar to the FL for common “farm premises” exposures

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Subject to the provisions of this endorsement, insurance under the Commercial General Liability Coverage Form applies with respect to liability arising out of the ownership, use or maintenance of “farm premises”. The terms ownership, use or maintenance include operations necessary or incidental to ownership, use or maintenance.

"Farm premises" means the location identified as such in the Declarations and operated for "farming" purposes, and includes the following, provided they are not used or held for rental or for business purposes other than "farming":

- Buildings used as residences;
- Garages;
- Stables; and
- Individual or family cemetery plots or burial vaults.

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Important Farm Liability Endorsements

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FL 01 63 Amendatory Endorsement

Available to modify which coverage forms?

FL 00 20 Farm Liability Coverage Form

What does it do?

Adds an exception to the Pollution exclusion for BI & PD as a result of an agricultural fire under particular conditions

Adds Chemical Drift Liability Coverage

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Very important *exceptions* to the Pollution *exclusion* are added with this endorsement for Pollution exposures which are very common for many farmers:

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BI or PD caused by heat, smoke or fumes from a fire, if the fire:

Is set by the “insured” on the “insured location”; and

Is set for the purpose of burning off crop stubble or other vegetation and is consistent with normal and usual agricultural practice; and

Is not set in violation of an ordinance or law



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This endorsement adds a very important coverage – ***Chemical Drift Liability Coverage*** – but, please make note:

- The Insuring Agreement only affords protection for physical injury to crops or animals – coverage does not include BI or PD
Physical injury does not include indirect or consequential damages such as loss of market
- Injury must be caused by discharge, dispersal, release or escape INTO THE AIR, from the “insured location” of chemicals, liquids or gases used by the “insured” in normal and usual agricultural operations – but cannot be released from aircraft
- Coverage is subject to an Aggregate Limit of Insurance of \$25,000 (limit can be increased)
- Defense is in addition to the coverage limit

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Important Farm Liability Endorsements

FL 04 65 Farm Employers’ Liability And Farm Employees’ Medical Payments Insurance

Available to modify which coverage forms?

FL 00 20	Farm Liability Coverage Form
CG 00 01	Commercial General Liability Coverage Form

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FL 04 65 Farm Employers' Liability And Farm Employees' Medical Payments Insurance

What does it do?

- Provides payment for damages for legal liability as a result of BI sustained by a “farm employee” caused by an “occurrence” arising out of and in the course of employment
- Damages include care, loss of services or death as a result of the BI
- Medical Payments for a “farm employee” are available

MAKE A NOTE – THIS COVERAGE IS NOT SYNONYMOUS WITH WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY COVERAGES

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Please remember – A Workers Compensation and Employers Liability Insurance Policy has two distinct coverage parts. Part One – Workers Compensation Insurance protects the employer (named insured) for their statutory exposure as an employer in the employer – employee relationship. Part Two – Employers Liability Insurance protects the employer (named insured) for four very distinct exposures:

- Third party action over (NOT COVERED in FL 04 65)
- Care and loss of services (COVERED in the FL 04 65)
- Consequential bodily injury (NOT COVERED in FL 04 65)
- Dual capacity (NOT COVERED in FL 04 65)

All of these exposures are EXCLUDED in both the FL and GL

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Important Farm Liability Endorsements

FL 04 69 Custom Farming Liability Coverage

Available to modify which coverage forms?

FL 00 20	Farm Liability Coverage Form
CG 00 01	Commercial General Liability Coverage Form

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FL 04 69 Custom Farming Liability Coverage

What does it do?

- Provides BI and PD coverage for “Custom Farming” operations listed in the endorsement
- Removes several exclusions
- Make a note – This endorsement is auditable

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If this endorsement is made part of a policy containing the Farm Liability Coverage Form:

Exclusion 2.j. does not apply

Exclusion 2.r.5. does not apply

Exclusion 2.t. and 2.u. do not apply

2. Exclusions
This insurance does not apply to:
j. Custom Farming
"Bodily injury" or "property damage" arising out of the "insured's" performance of, or failure to perform, "custom farming" operations.
But this exclusion will apply only when your receipts from "custom farming" operations exceed \$5,000 for the 12 months immediately preceding the date of the "occurrence";
FL 00 20 10 06 Page 5 of 18

2. Exclusions
This insurance does not apply to:
t. Damage To Your Work
"Property damage" to:
(1) "Your work", arising out of it or any part of it; or
(2) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.
FL 00 20 10 06 Page 6 of 18

2. Exclusions
This insurance does not apply to:
r. Damage To Property
(5) Personal property in the care, custody or control of the "insured".
FL 00 20 10 06 Page 6 of 18

2. Exclusions
This insurance does not apply to:
u. Damage To Impaired Property Or Property Not Physically Injured
"Property damage" to "impaired property" or property that has not been physically injured, arising out of:
(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.
FL 00 20 10 06 Page 6 of 18


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Important Farm Liability Endorsements

FL 04 74 All-Terrain Vehicle Coverage

Available to modify which coverage forms?

FL 00 20	Farm Liability Coverage Form	
FL 04 12	Personal Liability Endorsement	

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FL 04 74 All-Terrain Vehicle Coverage

What does it do?

- Affords liability coverage for vehicles listed in the endorsement Schedule when away from an “insured location”
- Provides liability and medical payments coverages for an “insured’s” exposure for the Scheduled items associated with ownership, maintenance, use, “loading or unloading”, rented to an “insured”, entrustment and vicarious liability

What does it **NOT** do?

- Does not provide physical damage coverage

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Additional liability endorsements to consider:

Personal Liability Endorsement FL 04 12

Broad Farm Premises Liability FL 04 37

Additional Insured – Farm Liability FL 04 50

Animal Rides For Profit or Charity FL 04 41

Animals in Contests or Stunting Activities FL 04 40

Business Activities FL 04 43

Limited Farm Pollution Liability Endorsement FL 04 30

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Thank You For Attending

Questions?

samueltbennettcic@gmail.com