

## Farm Property: Back to Basics...and Beyond



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## Overview



- This workshop will cover only a couple of the types of insurance products available to insure property. Specifically, we will be looking at the Farm Property Forms which are designed primarily for “on premises” types of exposures

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## What Does a Farm Operation Entail?



- The farm policy is designed to cover exposures normally assumed to be part of a “farming” operation
- A normal farming operation is considered to be utilizing farm property for an agricultural enterprise



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## What Does a Farm Operation Entail?



- Farm operations typically involve
  - Cultivation of soil
  - Production of crops
  - Raising of livestock
  - Incidental operations such as operating a roadside stand “on the farm premises” which sells ONLY farm products produced on the farm



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## What Does a Farm Operation NOT Entail?



- Any other retail activity
- Mechanized processing
- Other.....
- Discussed in greater detail in Liability course
- Review specific company eligibility



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## AFIS Exam Preparation



- As we go through these materials, it is our goal to not only teach insurance coverages but more importantly to provide you with the methodology for reviewing insurance policies.
- For testing purposes, you should review the textbook and practice questions available online from IRMI



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## What This Course Will Cover



- **Farm Declarations**
- **FP 00 12** —Farm Property Form—Farm Dwelling, Appurtenant Structures and Household Personal Property
- **FP 00 13** —Farm Personal Property Form
- **FP 00 14** —Farm Property Barns, Outbuildings et al
- **FP 00 90** — Farm Property – Other Farm Provisions Form - Additional Coverages, Conditions, Definitions
- **FP 10 60** - Cause of Loss Forms
- Endorsements including Farm Disruption

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## Farm Forms Reference



- For a complete listing of ISO Farm Forms refer to [www.iso.com](http://www.iso.com)
  - This site requires a subscription in order to access the form information
- For a complete listing of AAIS Farm Forms refer to [www.aaisonline.com](http://www.aaisonline.com)
  - This site requires a subscription in order to access the form information

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## Review of Application/Declarations



- The information on the application **MUST** be evidenced on the Declarations
- The policy refers back to the declarations for coverage—it is “dec” driven
- Review Application/Dec

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## ISO Policy Structure



**ISO Farm  
Property  
Policy**

**Common Policy  
Declarations**

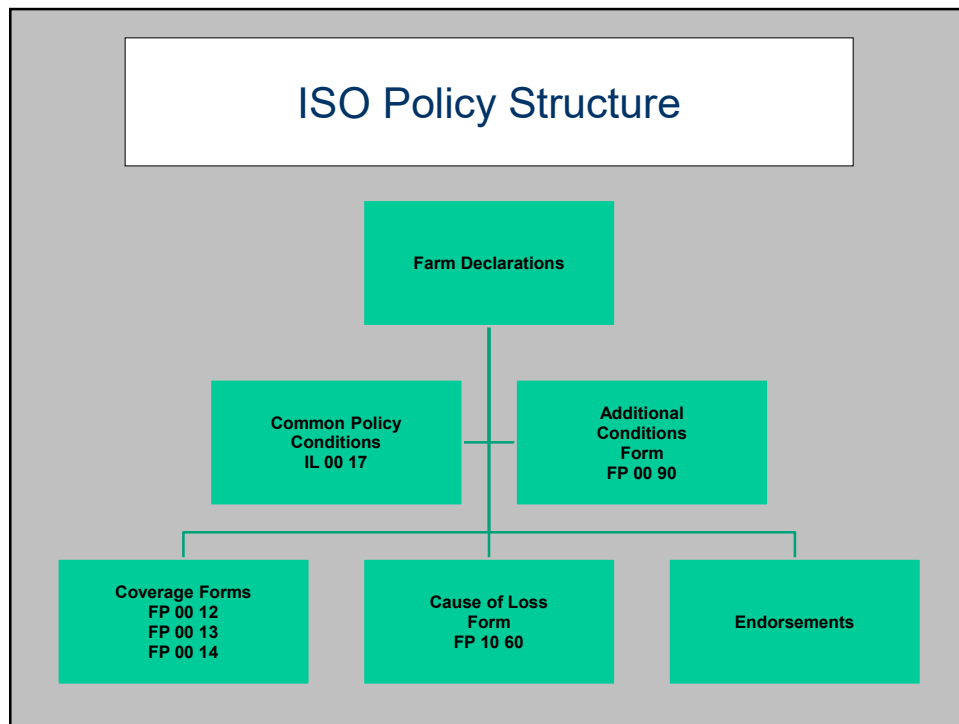
**Common Policy  
Conditions**

**Farm Property  
Declarations**

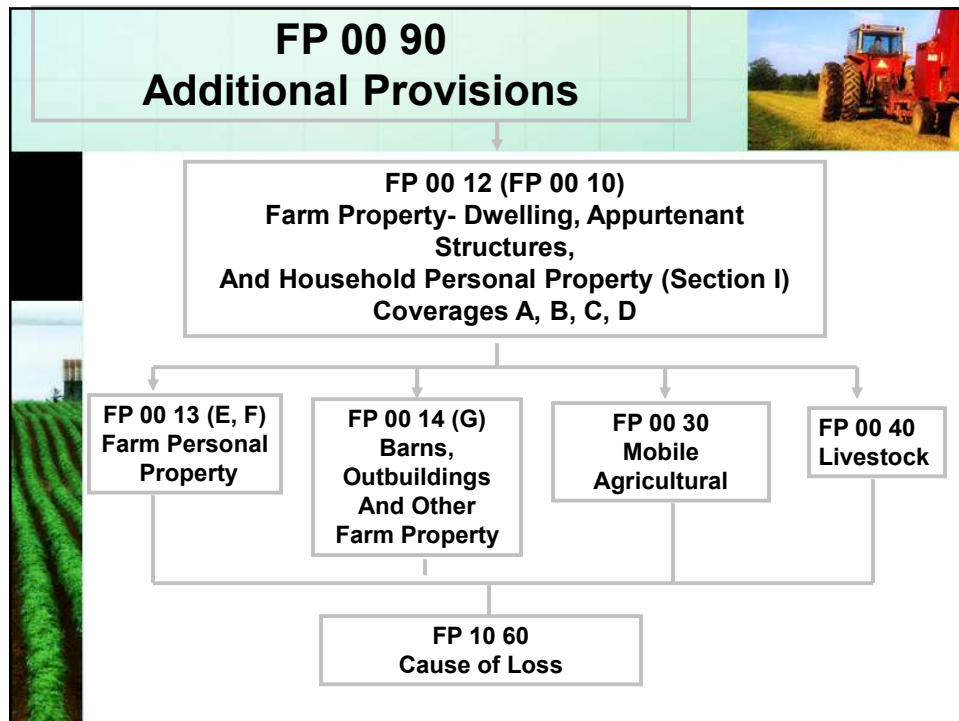
**Farm Property Coverage  
Forms**

**Endorsements**

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## Farm Personal Property Coverage



- There are three ISO forms that can be used to insure farm personal property:
  - FP 00 13 Farm Property – Farm Personal Property Coverage Form
  - FP 00 30 Mobile Agricultural Machinery and Equipment Coverage Form or
  - FP 00 40 Livestock Floater
- We will not be reviewing the last two



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## Common Policy Conditions

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## Common Policy Conditions



- The word “common” refers to the application of the form to ALL of the coverage parts both Property and Liability
- The form provides policy procedure issues

IL 00 17

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## Common Policy Conditions



- Cancellation
- Changes
- Examination of Your Books and Records
- Inspections and Surveys
- Premiums
- Transfer of Your Rights and Duties Under This Policy

Form IL 00 17

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## ISO Common Policy Conditions First Named Insured



- Notifying the insurance company of policy cancellation
- Receiving any notice of cancellation sent by the insurance company
- Making changes to the policy with the insurance company's consent
- Paying the insurance premium
- Receiving any insurance premium refund

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## Named Insured



- "You" in the policy refers to the Named Insured (Page 1 – FP 00 12)
- In property insurance, parties are named and covered on the contract if they have insurable interest
  - Ownership
  - Contractual Transfer

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## Named Insured



- Caution:
  - Name the insured correctly
  - Name the insured completely
  - Name the various parties as their interest may appear
  - If they are NOT named there is no coverage
  - Mortgagees/Loss Payees/Lenders Loss Payees

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## Covered or Not Covered



When we look to determine if a claim is covered we must consider the following elements:

- Who—is the insured
- What—property was damaged
- Where—did the loss occur
- How—did the loss occur
- When—did the loss occur

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**FP 00 12**



**Farm Property Forms**

**Farm Dwellings,  
Appurtenant Structures and Household  
Personal Property**

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**FP 00 12 Coverage Parts**  
(Like a Homeowners Policy)  
Dec Driven

Covers the residential exposures associated with the farm under four coverages:

- A. Dwellings
- B. Other Private Structures Appurtenant to Dwellings
- C. Household Personal Property
- D. Loss of Use

ISO Farm Property Form FP 00 12

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## Defined Words

- The definitions for words in quote marks are NOT in the coverage forms
- The definitions are on the Farm Property—Other Farm Provisions Form—Additional Coverages, Conditions, Definitions (FP 00 90)

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## COVERAGE A—DWELLING

- We will pay for direct physical loss of or damage to Covered Property at the “insured location” described in the Declarations, or elsewhere as expressly provided below, caused by or resulting from any Covered Cause of Loss

ISO Farm Property Form FP 00 12

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## “Insured Location” FP 00 90



- “Insured location” means any location, including its private approaches, described in the Farm Property Declarations



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## Covered Property



1. The following are Covered Property under Coverage A of this Coverage Form:
  - a. Each “dwelling: owned by you and for which a Limit of Insurance is shown in the Declarations. The “dwelling” may be located on or away from the “insured location”;
  - b. Structures attached to covered “dwellings,” except structures attached only by a fence, utility line or similar connection;

FP 00 12, Page 1, A-1

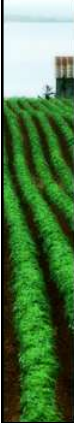
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## "Dwelling"



- "Dwelling" means a building used principally for family residential purposes, and includes mobile homes and modular and prefabricated homes.
- "Dwelling" does not mean a building used in such agricultural operations as storage of farm produce, "livestock" or "poultry"



Farm Provisions FP 00 90 Page 6

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## Covered Property



- c) Materials and supplies on the "insured location" intended for use in building, altering or repairing the covered "dwellings" or their attached structures; and



FP 00 12, Page 1, A-1

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## Covered Property



- d) If not otherwise covered in this policy, building and outdoor equipment used principally for the service of the covered "dwelling", its grounds or structures appurtenant to it, including equipment temporarily away from the premises.

FP 00 12, Page 1, A-1

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## Property Not Covered



- a. Land (including land on which the dwelling is located).
- b. Water
- c. Trees, shrubs, plants and lawns, except to the extent provided for in the applicable Coverage Extension in Section II of this Coverage Form

FP 00 12, Page 1, A-2

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## B. Coverage A Conditions LOSS CONDITION VALUATION



- 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.

FP 00 12, Page 1, B, 1

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## B. Coverage A Conditions LOSS CONDITION VALUATION



- When determining full replacement cost the values of the following will be disregarded (Does NOT mean they are not covered—just that they will not be factored in when determining “full Replacement Cost” in the event of underinsurance)
  - (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...

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## LOSS CONDITION VALUATION



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 or like kind and quality for like use
- (2) The amount actually and necessarily spent to repair or replace the structure, or
- (3) The applicable limit of insurance.

FP 00 12, B, Page 2, b

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## LOSS CONDITION VALUATION



c. **If the Limit of Insurance on the damaged structure is less than 80%** settlement will be based on the larger of:

- 1) ACV
- 2) 80% application

DID (amount carried) x Amount of Loss = Payment  
SHOULD (RC x 80%)

FP 00 12, B, Page 2, c

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## LOSS CONDITION VALUATION

### Example



$$\begin{array}{r} \$100,000 \\ \hline \$200,000 \times 80\% = \$160,000 \end{array}$$

$$\begin{array}{r} \$100,000 \\ \hline \$160,000 \end{array}$$

$$10/16 = 5/8 = 63\%$$

63% of loss amount (\$40,000) = \$25,200 -  
Deductible

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## LOSS CONDITION VALUATION



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 the time of loss...If the loss qualifies for replacement cost, notification of the intent to repair must be within 180 days of loss

FP 00 12, B, Page 2, d

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## LOSS CONDITION VALUATION



- 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
- **Ordinance or Law Endorsement**



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## Ordinance Or Law Endorsement (FP 04 04)



- This endorsement can be added to the Farm Dwelling form to re-define the Replacement Cost provision to include Ordinance or Law Coverage.



FP 04 04 Dwelling and Farm Building R. C.  
(Including Ordinance or Law)

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## Coverage B - Other Private Structures Appurtenant to Dwellings



FP 00 12 Coverage B

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## Covered Property



Coverage is provided for other structures owned by the insured that are appurtenant to (meaning "pertaining to") the dwelling.

- Separated from the dwelling by a clear space, or
- Attached to the dwelling only by a fence, utility line or similar connection

FP 00 12 Pg 2 A. 1

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## Property Not Covered



- a) Land
- b) Water
- c) Structures (other than private garages) that you rent or hold for rental to any person who is not a tenant of the covered "dwelling"
- d) **Structures (other than private garages) that you use principally for farming purposes**
- e) Any structures shown in the Declarations under the heading Other Property Not Covered.

FP 00 12 Pg 3 A. 2

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## Limits of Insurance



- a. The coverage on Other Private Structures is:
  - 10% of the limit of insurance that applies to Coverage A—Dwellings
    - This coverage is in addition to the Coverage A Limit
    - FP 05 25 Increased Limits on Appurtenant Structures

FP 00 12 Pg 3 A. 3a

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## Other Structures Coverage B Conditions



- Coverage B is subject to the Valuation Loss Condition show in in Paragraph B. under Coverage A (80% requirement)
- Note: While the 10% is automatic it may not be enough and there is a requirement to value clause



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## Coverage B Conditions



Building and structures insured under Coverage B are insured on a replacement cost basis the same as Coverage A:

- 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.



FP 00 12 Pg 3 B

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## Coverage C Household Personal Property

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### Coverage



- A. We will pay for direct physical loss of or damage to Covered Property at the “insured location” described in the Declarations, or elsewhere as expressly provided below, caused by or resulting from any Covered Cause of Loss.



FP 00 12, Coverage C, A, Pg 3

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## Household Personal Property of “Insureds” Away From the “Insured Location”



- Under Coverage Extensions (B) there is coverage for personal property anywhere in the world, provided it is owned or used by you or members of your family ....” for 10% of the limit of household personal property

FP 00 12, Coverage Extensions Pg 6, B

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## Coverage



### 1. Covered Property

All of the following are Covered Property under Coverage C of this Coverage Form, provided a Limit of Insurance is shown in the Declarations.

Household personal property, meaning:

- a. Household personal property owned or used by you or members of your family who reside with you, while such property is on the “insured location”; and

FP 00 12, Coverage C, A,1 Pg 3

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## Coverage



- b. After a loss and at your request, household personal property of others while the property is
  - (1) In the part of the “dwelling” you occupy; or
  - (2) On the grounds appurtenant to that “dwelling” if you own it.

FP 00 12, Coverage C, A,1 Pg 3

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## Property Not Covered



- a. Articles separately insured
- b. Aircraft and aircraft parts
- c. Trees, shrubs, plants and lawns (Coverage Extension)
- d. Animals, birds and fish
- e. Business property except under Special Limits
- f. Magnetic media
- g. “Farm personal property” other than office fixtures, furniture and office equipment
- h. Any motor vehicle or motorized land conveyance, except those used to service dwelling grounds, handicapped
- i. Credit cards, electronic fund transfer cards
- j. Contraband
- k. “Agritainment property”

FP 00 12, Coverage C, A,2 Pg 3

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## Special Limits of Insurance



- \$200 gold, money, and silver
- \$1,500 letters of credit, valuable papers
- \$2,500 watercraft and their trailers
- \$1,500 other trailers
- \$2,500 business property on insured location
- \$1,500 business property off insured location
- \$2,500 furs, jewelry, stones and watches by theft
- \$2,500 gold ware, silverware, pewterware by theft
- \$3,000 firearms and related equipment by theft
- \$1,500 electronic apparatus in vehicles
- \$1,500 electronic apparatus used for business off-premises

FP 00 12, Coverage C, A.3 Pg 4 51

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## Coverage D Loss of Use

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## Loss of Use



1. Your Additional Living Expense
2. Fair Rental Value
3. Loss and Expense Due to Emergency Prohibition Against Occupancy

If civil authority prevents access and use to an insured dwelling or appurtenant structure due to a covered loss to a neighboring property, coverage will apply for 3 weeks

Limit is declarations driven (usually 20% of Coverage A)

FP 00 12-Coverage D- Pg 5

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## Coverage Extensions



- A. Trees, Shrubs, Plants and Lawns subject to a maximum of 5% of Coverage A or 10% of Coverage C if there is no Coverage A
  - Within 250 feet of the covered "dwelling"
    - This coverage is limited to \$500 for any one tree, shrub, plant or lawn.
    - This coverage is subject to limited named perils.
    - Additional Coverage
    - No business or farming purposes

FP 00 12-Coverage Extensions- Pg 5

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## Coverage Extensions



### B. Household Personal Property of “Insureds” Away From the “Insured Location”

- Owner or tenant
- Part of limit
- 10% of limit for Household Personal Property
- Exception is repairs or newly acquired

### C. Refrigerated Products – Not “Farm Personal Property (\$1,000)

### D. Building Additions and Alterations (10% of C)

FP 00 12-Coverage Extensions- Pg 5,6

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## Additional Coverages



### A. Removal of Fallen Trees (\$1,000/\$500)

- More than 250’ from the covered “dwelling” – due to a Covered Cause of Loss
- Within 250’, only for
  - Fire or lightning
  - Explosion
  - Riot or Civil Commotion
  - Aircraft
  - Vehicles (not a resident)
  - Vandalism or
  - Theft

FP 00 12-Additional Coverages - Pg 7,8

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## Additional Coverages



- B. Credit Cards (\$500)
- C. Water Damage (Special causes of loss)
- D. Grave Markers(\$5,000 Basic or Broad only)



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## FP 00 13 Farm Personal Property Coverages E and F

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## Farm Property Categories



- In the FP 00 12, there was only coverage for “household personal property” with exclusions for farm
- The Farm Property – Farm Personal Property Coverage Form (FP 00 13) can be used to provide scheduled coverage or unscheduled (blanket) coverage on farm personal property.

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## Farm Personal Property Coverage Form FP 00 13



- Farm Property Categories
  - Coverage E - Scheduled Farm Personal Property Coverage
  - Coverage F - Unscheduled Farm Personal Property Coverage

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## Coverage E: Scheduled Farm Personal Property



### A. Covered Property

All of the following are Covered Property under Coverage E of this Coverage provided a Limit of Insurance is shown in the Declarations for the specific type of property

FP 0013 Pg 1-2

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## Coverage E: Scheduled Farm Personal Property



- Coverage E – Scheduled Farm Personal Property Coverage includes 16 listed classes of property (a-p), each with its own provisions and conditions
- The definitions of property insured may limit the property both in scope and in terms of the limits applicable

FP 0013 Pg 1-2

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## Covered Property



- a. Grain, threshed seeds and beans, ground feed, silage, and manufactured and blended "livestock" feed *in buildings or structures* or in (if outside) in sacks, wagons or trucks
- b. Grain in stacks, shocks, swaths or piles *in the open*, but for this property fire and lightning, vandalism, vehicles and theft are the only Covered Causes of Loss
- c. Hay, straw and fodder:
  - (1) In buildings or structures; and
  - (2) In stacks, windrows or bales, but for this property fire or lightning, windstorm or hail, vandalism, vehicles and theft are the only Covered Causes of Loss.

FP 0013 Pg 1-2

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## Covered Property



- Under Special Limits of Insurance Under Coverage E provision, if a specific limit per stack is not indicated in the declarations, the limit for hay, straw or fodder in the open is limited to \$10,000 for any one stack.
- A stack means hay, straw or fodder in one area separated by a clear space of **100 feet** or more from any other hay, straw or fodder in the open.

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## Covered Property



d. Farm products, materials and supplies shown in the Declarations. These include farm materials and related packing materials and containers usual to the operations of a farm, but not hay, grain or any growing crops.

e. "Poultry" (excluding turkeys unless specified):

- (1) In the open; or
- (2) In any building designated for "poultry" in the Declarations.

But for this property, the Basic or Broad Covered Causes of Loss are the only Covered Causes of Loss.

FP 0013 Pg 1-2

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## Covered Property



f. Trays, boxes and box shook, each item or set in the proportion that its value bears to the total value of all trays, boxes and box shook covered under this Coverage Form.

g. Computers and related software used principally as aids in farm management. But an item of software is Covered Property only up to the amount required to replace it as a prepackaged program, or in unexposed or blank form, whichever is greater.

FP 0013 Pg 1-2

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## Covered Property



h. Miscellaneous equipment, usual or incidental to the operation of a farm (including machinery, vehicles, tools, and supplies of all kinds), covered under a single Limit of Insurance shown for Miscellaneous Equipment in the Declarations

Under Special Limits of Insurance Under Coverage E provision, the limit on one item of miscellaneous equipment is \$3,000.

Note that under the Miscellaneous equipment there are 11 categories of farm equipment **NOT** included in this category. Many of these categories would fall under paragraph "j" as described in the declarations.

FP 0013 Pg 1-3

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## Miscellaneous Equipment Does NOT include



1. Threshing Machines, Tractors
2. Automobiles...
3. Liquefied petroleum...
4. Bulk milk tanks, feed tanks....
5. Brooders
6. Fences, wind chargers, windmills, ...
7. Outdoor radio or TV Equipment
8. Irrigation equipment
9. Portable buildings...
10. Household personal property
11. Property more specifically described

FP 0013 Pg 1-2

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## Covered Property



- i. Farm machinery, vehicles and equipment that you borrow or rent, whether or not under a written contract, except while on the premises of its owner. The borrowed or rented property must be:
  - (1) Usual or incidental to farming operations;
  - (2) In your care, custody or control; and
  - (3) Property in which you have no interest as owner or lienholder.
- j. Farm machinery, vehicles and equipment which are individually described and specifically covered in the Declarations, while on or away from the "insured location", except while in the custody of a common or contract carrier.

FP 0013 Pg 2

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## Covered Property



- k. "Livestock" on or away from the "insured location", but for this property the Basic or Broad Covered Causes of Loss are the only Covered Causes of loss.  
But we do not cover "livestock" while:
  - (1) In the custody of a common or contract carrier
  - (2) At public stockyards, sales barns or sales yards; or
  - (3) At packing plants or slaughterhouses.

FP 0013 Pg 2

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## Special Limits of Insurance



Refer to "special limits" for clarification on livestock

The most we will pay for loss of or damage to any one head of "livestock" (other than animals individually described and specifically covered under this coverage) is the least of the following amounts:

- (1) 120% of the amount obtained by dividing the total insurance on the class and type of animal involved by the number of head of that class and type owned by you as of the time of loss (then multiply by 1.20).
- (2) The actual cash value of the animal destroyed or damaged.
- (3) \$2,000

Each horse, mule or head of cattle under one year of age as of time of loss will be counted as 1/2 head.

FP 0013 Pg 3D—Special Limits

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## Covered Property



- I. Bees, but for this property the Basic or Broad Covered Causes of Loss are the only Covered Causes of Loss.
- m. Worms, but for this property the Basic or Broad Covered Causes of Loss are the only Covered Causes of Loss.
- n. Fish, but for this property the Basic or Broad Covered Causes of Loss are the only Covered Causes of Loss.
- o. Other animals, but for this property the Basic or Broad Covered Causes of Loss are the only Covered Causes of Loss.
- p. Portable buildings and portable structures that you own

FP 0013 Pg 2

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## Property Not Covered



Under Coverage E, Covered Property does not include:

- a. Growing crops, trees, plants, shrubs or lawns;
- b. Household personal property or property usual to a "dwelling";
- c. Magnetic recording or storage media for electronic data processing, such as cell, disc, drum, film and tape, over or above their replacement value:
  - a. (1) As prepackaged software programs; or
  - b. (2) In unexposed or blank form;
 whichever is greater.
- d. Any permanent fixtures within or attached to a building;
- e. Outdoor radio or television equipment
- f. Contraband
- g. "Agritainment property"

FP 0013 Pg 2—Property Not Covered

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## Special Limits of Insurance Under Coverage E



- a. Per stack limit if not shown in declarations - \$10,000
- b. Poultry limit per bird – cash market value
- c. Miscellaneous equipment - \$3,000 per item
- d. Head of livestock – least of 120%, ACV or \$2,000

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## LOSS CONDITIONS



### 1. Portable Buildings

- Proportion that the applicable Limit of Insurance shown in the Declarations bears to the value of all portable buildings and structures owned.

### 2. Pro Rata Distribution

- Applicable only to Grain, Hay, Straw, Fodder, Farm Machinery, Vehicles and Equipment and Poultry in Unheated Buildings.
- Pro Rata only applies if Scheduled “farm personal property” is covered at more than one “insured location”
- The Limit of insurance for any category of covered “farm personal property” will apply at any one “insured location” in the proportion that the value of Covered Property in that category at that location bears to the value of all Covered Property in that category at all “insured locations”

FP 00 13 Conditions Pg 3

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## ADEQUATE INSURANCE



- |                                      |           |
|--------------------------------------|-----------|
| • Total value at four locations      | \$130,000 |
| • Limit of insurance for category    | \$150,000 |
| • Loss at location #4                | \$ 12,000 |
| • Value of property at location #4   | \$ 45,000 |
| $\$45,000/\$130,000 = 34.6\%$        |           |
| $34.6\% \times \$150,000 = \$51,900$ |           |
| • \$12,000 minus \$250 deductible    | \$11,750  |

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## INADEQUATE INSURANCE



- Total value at two locations \$18,000
  - Location #1 - \$10,000
  - Location #2 - \$ 8,000
- Limit of insurance for category \$15,000
- Loss at location #2 \$ 7,500
  - Value of property at location #2 \$ 8,000
  - $\$8,000/\$18,000=44.4\%$
- Limit available for loss at location #2 ( $44.4\% \times 15,000$ )=\$6,660
- Loss = \$7,500 minus \$500 deductible=\$7,000

Insured is left "holding the bag" for \$840 (\$340 + \$500)

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## LOSS CONDITIONS



3. Livestock, Poultry, Bees, Fish, Worms and Other Animals
  - "loss means death or destruction caused by Covered Cause of Loss"
4. Valuation for Farm Personal Property
  - ACV
  - No ISO Replacement Cost Option
  - Functional Replacement Cost is available (FP 04 79)
5. Coverage Territory
  - US, Puerto Rico and Canada

FP 00 13, #3,4,5 Page 4

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## F—Unscheduled Farm Personal Property



- Pays for direct physical loss of or damage to Covered Property at the "insured location" or elsewhere as expressly provided...caused by or resulting from any Covered Cause of Loss
- All of the following are Covered Property under Coverage F provided a limit is shown in the declarations for the specific type of property

FP 00 13 Page 4

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## Covered Property



- a. All items of "farm personal property" on the "insured location," except for property specified under paragraph 2. Property Not Covered. But for "livestock" only Basic and Broad Causes of Loss
- b. The following items of "farm personal property" away from the "insured location":
  - (1) Grain, ground feed, fertilizer, fodder, hay herbicides, manufactured and blended "livestock" feed, pesticides, silage, straw, threshed beans and threshed seeds except while being stored or processed in commercial drying plants, manufacturing plants, public elevators, seed houses or warehouses.
  - (2) "Livestock," except while:
    - a) in transit by common or contract carrier
    - b) at public stockyards, sales barns, or sales yards, or
    - c) at packing plants or slaughterhouses
- c. Farm machinery, equipment, implements, tools and supplies (except excluded property and property in the custody of a common carrier).

FP 00 13 Page 4

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## Property Not Covered



- There are 19 classes of excluded property.
- In most cases, the property is excluded from the blanket coverage because it is more appropriately insured under some other form of insurance or because the property is subject to different underwriting considerations.

FP 00 13 Page 5 81

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## Property NOT Covered



- a. Household or Personal Property
- b. Magnetic recordings...
- c. "Livestock"
- d. "Poultry", bees, fish, or worms
- e. Racehorses
- f. Warehoused items
- g. Trees, plants, shrubs or lawns
- h. Tobacco, cotton, vegetables, root crops, potatoes, bulbs, fruit or nursery stock
- i. Crops in the open
- j. Contents of chicken fryer or broiler houses
- k. Automobiles...
- l. Fences; windmills or windchargers or their towers
- m. Bulk milk tanks
- n. Outdoor radio or TV equipment
- o. Portable buildings ...
- p. Irrigation Equipment
- q. Property Separately Described
- r. Cotton pickers and harvester thresher combines
- s. Contraband
- t. "Agritainment property"
- u. Anything else shown in the declarations as not covered

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## Special Limits Of Insurance



The most we will pay for loss of or damage to any one head of "livestock" is:

- a. \$1,000 on any horse, mule or head of cattle under one year of age as of time of loss; and
- b. \$2,000 on any head of "livestock" not included under a. above.

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## Special Limits Of Insurance



- If it becomes necessary to impose the penalty provided for in the last sentence of the Coverage F Loss Condition - Coinsurance (see B.2. below), no amount used as the actual cash value of an animal will exceed the applicable Limit of Insurance specified above

FP 00 13 Page 5

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## Loss Conditions



1. Livestock—death or destruction by covered Cause of Loss
2. Coinsurance  
Must maintain insurance on unscheduled "farm personal property" to at least 80% of its ACV
3. Valuation - ACV
4. Coverage Territory--same

FP 00 13 Loss Conditions Page 5,6

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## Coverage Extensions



- A. Property in the Custody of a Common or Contract Carrier
- B. Covered Property Away From the "Insured Location"
- C. Replacement Machinery, vehicles and Equipment Newly Purchased
- D. Additional Machinery, Vehicles and Equipment Newly Purchased
- E. Additional Acquired Livestock
- F. Thirty-Day Additional Limit on Borrowed or Rented Farm Machinery, Vehicles , Equipment
- G. Farm Products In The Open – Coverage Against Certain Causes of Loss

FP 00 13 Pages 6-9

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## Additional Coverages



### Two Additional Coverages Apply to Coverage E

- A. Cost Of Restoring Farm Operations Records
- B. Extra Expense



FP 00 13 Pg 8

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## Farm Property — Barns, Outbuildings and Other Farm Structures Coverage FP 00 14 Coverage G

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## Farm Other Structures vs. Appurtenant Structures



- Use of the structure
- Insured may have a private garage but if it is being used to store grain it is now a Farm Property Other Structure and must be covered on an FP 00 14
- The question must be asked of the insured and if there is a change, there must be notification
- The intent of this form is to add in additional categories of covered property that were not covered in either the FP 0012 (Personal Property) or FP 0013 (Farm Personal Property). This form deals with Farm buildings/structures.

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## Coverage G – FP 00 14



- We will pay for direct physical loss of or damage to Covered Property at the “insured location” described in the Declarations, or elsewhere as expressly provided below, caused by or resulting from any Covered Cause of Loss.

FP 00 14 Page 1

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## Covered Property



- a. Farm buildings and structures other than “dwellings”, including attached sheds and permanent fixtures;
- b. Silos individually described;
- c. Portable buildings and structures;
- d. Fences (except field and pasture fences), corrals, pens, chutes and feed racks;
- e. Outdoor radio and TV equipment;
- f. Improvements and betterments; and
  - Use Interest
  - See Loss Conditions
- g. Building materials and supplies.

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## Property Not Covered



- a. Land
- b. Water
- c. Field or pasture fences
- d. Foundations, if below ground, of buildings or structures
  - a. Foundations NOT excluded on FP 00 12 coverage
- e. Pilings, piers, wharves or docks; or
- f. The cost of excavations, grading, filling or backfilling
- g. Private power and light poles, except as provided in the Coverage Extensions

FP 00 14 Page 1

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## Loss Conditions



1. Fences, Corrals, Pens, Chutes, Feed Racks
2. Portable Buildings and Portable Structures
3. Valuation – Property Other Than Improvements and Betterments
4. Valuation – Improvements and Betterments
5. Valuation – Glass Replacement

FP 00 14 Pages 1-3

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## Loss Conditions



1. Fences, Corrals, Pens, Chutes, Feed Racks

The most we will pay in any one occurrence of loss of or damage to covered fences, corrals, pens, chutes and feed racks is the proportion that the applicable Limit of Insurance shown in the Declarations bears to the value of all covered fences, corrals, pens, chutes and feed racks you own as of the time of loss

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## Loss Conditions



### 2. Portable Buildings and Portable Structures

- Most paid is the proportion that the applicable Limit of Insurance shown in the Declarations bears to the value of all portable buildings and portable structures .



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## Loss Conditions



### 3. Valuation—Property Other Than Improvements and Betterments

- Replacement cost option must be indicated on declarations otherwise ACV. Building Ordinance costs excluded
- When determining full replacement cost excavations, foundations and piers will not be included.



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## Loss Conditions



### 4. Valuation—Improvements and Betterments

Value must be shown on the declarations

Examples:

- Farmer will lease a hay shed and lessee could put in racks
- Insured leases a dairy and they have to put in their own tanks
- Improvements and betterments are additions, alterations, fixtures, or installations made part of the described building, but do not include items that may be legally removed by an “insured”. If you are a tenant, we cover your use interest in the improvements and betterments you make at your expense to a building you do not own at the “insured location”;

FP 00 14 page 3

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## Tenant Improvements and Betterments



- If repaired or replaced at the expense of the tenant, actual cash value will be paid
- If repaired or replaced by others for the use of the insured, nothing is paid
- If not repaired or replaced, the unamortized use value is paid

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## Coverage Extensions



### A. Private Power and Light Poles

We will pay up to **\$1,000** in any one occurrence as an additional amount of insurance for direct physical loss of or damage to private power and light poles, outside wiring and attachments. . . . the \$1,000 Limit applies in excess of any applicable Deductible.

If specific private power and light poles are shown in the Declarations, the Limits of Insurance shown for them will be in addition to the \$1,000 Limit.

FP 00 14 Page 3

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## Coverage Extensions



### B. New Construction

1. We will pay up to \$100,000 for direct physical loss of or damage to new, permanent farm structures at the "insured location" including materials and supplies for use in their construction.

2. This Coverage Extension applies only:

- a. To structures that are not otherwise covered under this or any other policy; and
- b. To loss caused by aircraft, explosion, fire, lightning, riot or civil commotion, smoke, vandalism, vehicles, windstorm or hail.

Coverage applies for a period of 60 days

An additional premium is payable.

The coverage is part of and not in addition to the applicable Limit of Insurance.

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## Additional Coverages



### A. Extra Expense

- Limit must be shown in the declarations
- Pays the actual and necessary expenses incurred to resume normal farming operations interrupted by a covered cause of loss.
- Coverage is not limited to the expiration of the policy
- There is no deductible applicable

### B. Water Damage

FP 00 14 Page 4 101

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## FP 00 90—Farm Property— Other Farm Provisions Form- Additional Coverages, Conditions, Definitions

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## FP 00 90



- There are three general sections of the form
    - A. Additional Coverages
    - B. Farm Property Conditions
- GENERAL CONDITIONS



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## Additional Coverages



1. Debris Removal (example follows)
2. Reasonable Repairs
3. Damage to Property Removed for Safekeeping
4. Fire Department Service Charge
5. Collapse
6. Pollution Clean Up and Removal



FP 00 90 Pages 1,2

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## 1. Debris Removal



Coverage for debris removal is limited to 25% of the amount paid for direct loss plus the deductible under the policy.

If debris removal exceeds this limit, an additional 5% of the Limit of Insurance applicable to the damaged property is available for debris removal.

FP 00 90 Page 1 105

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## 1. Debris Removal



- Direct Loss = \$10,000 with a \$500 deductible
- Building Limit = \$100,000
- Insurer pays \$9,500 for a direct loss (\$10,000 - \$500)
- Insurer will pay \$2,875 for debris removal  
(25% of \$9,500 = \$2,375 + \$500 = \$2,875)

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## 5. Collapse



- When coverage is written for Broad or Special Causes of Loss, the additional coverage Collapse applies.
  - Replaces "Collapse" peril that was used until early 1980s.
  - "Collapse" is not a cause of loss, it is a result and attempting to treat it as a cause led to unacceptable interpretations.

### a. With respect to buildings:

- (1) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- (2) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse;

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## 5. Collapse



- (3) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building;
- (4) A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

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## 5. Collapse



Collapse is covered only when caused by

1. The “specified causes of loss” or breakage of building glass, as insured against.
2. Hidden decay.
3. Hidden insect or vermin damage.
4. Weight of people or personal property.
5. Weight of rain that collects on a roof.
6. Defects in materials or methods used in construction, only if the collapse occurs during the course of construction.

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## 6. Pollutant Clean Up and Removal



- Regardless of the Covered Cause of Loss applicable to property, the Pollution Clean Up and Removal Coverage is limited to “specified causes of loss”.
  - fire, lightning,
  - aircraft, explosion,
  - riot, civil commotion, smoke,
  - vehicles, windstorm or hail,
  - vandalism, malicious mischief, or
  - leakage or accidental discharge from automatic fire protection system.

\$10,000 aggregate limit

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FP 00 90 Page 6 110




1. Abandonment	7. Pair, Sets or Parts
2. Appraisal	8. Other Insurance and Service Agreement
3. Duties in the Event of Loss or Damage	9. Recovered Property
4. Insurance Under Two or More Coverages	10. Transfer of Rights of Recovery Against Others to Us
5. Legal Action Against Us	11. Unoccupancy and Vacancy (example follows)
6. Loss Payment	

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## 11. Unoccupancy And Vacancy

- If a building or structure is “vacant” or “unoccupied” beyond a period of 120 consecutive days, the Limits of Insurance applicable to the building or structure and its contents will be automatically reduced by 15%, unless we extend the period of “vacancy” or “unoccupancy” by endorsement made a part of the applicable Coverage Form.
- Also, on the Cause of Loss Form FP 10 60 there are exclusions for loss caused by vandalism, sprinkler leakage (unless the system has been protected against freezing), building glass breakage, water damage, and theft or attempted theft when building is vacant for more than 30 days.

FP 00 90 Page 5

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## Unoccupancy And Vacancy



11. "Unoccupancy" or "unoccupied" means the condition of:
  - a. A "dwelling" (except while being constructed) not being lived in; or
  - b. Any other building or structure (except while being constructed) not being used even if it contains furnishings or other property customary to its intended use of occupancy.
12. "Vacancy" or "vacant" means the condition of a building or structure (except while being constructed) not containing sufficient furnishings or other property customary to its intended use or occupancy.

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## General Conditions



1. Concealment, misrepresentation, or fraud
2. Control of property
3. Liberalization
4. Mortgageholders
5. No Benefit to Bailee
6. Policy period

FP 00 90 Page 5-6

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## Definitions



1. "Business Property"
2. "Dwelling"
3. "Farm personal property"
4. "Insured"
5. "Insured location"
6. "Livestock"
7. "Money"
8. "Pollutants"
9. "Poultry"
10. "Securities"
11. "Unoccupancy"
12. "Vacancy"
13. "Specified Causes of Loss"



FP 00 90 Pages 6-7 115

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## Causes of Loss



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## Covered Causes of Loss

- Basic
- Broad
- Special
- Earthquake
- Special Causes of Loss is not available for livestock, bees, worms, fish, and Other Animals.

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## Cause of Loss Form

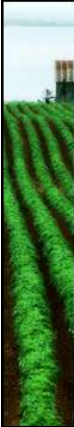
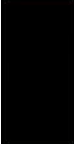
- This Cause of Loss Form combines the choices of Basic, Broad and Special. The declarations page will indicate the cause of loss chosen
- Earthquake Cause of Loss is a separate form.

FP 10 60 Pages 1-9

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## Basic Causes of Loss



1. Fire or lightning
2. Windstorm or hail
3. Explosion
4. Riot or civil commotion
5. Aircraft
6. Vehicles
7. Smoke
8. Vandalism
9. Theft
10. Sinkhole collapse
11. Volcanic action
12. Collision - Coverages E & F Only\*
13. Earthquake Loss to "Livestock"
14. Flood Loss to "Livestock"

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## 12. Collision Coverages E and F Only



Under this cause of loss we will not pay for loss or damage:

- (1) To tires or tubes unless the damage is coincidental with other damage to the farm machinery or implement;
- (2) Caused by foreign objects taken into any farm machine or mechanical harvester;

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## 12. Collision Coverages E and F Only



### b. Causing Death of Covered Livestock

We will pay for loss of covered "livestock" caused by:

- (1) Collision or overturn of a vehicle on which the "livestock" are being transported. Collision means accidental contact of that vehicle with another vehicle or object; or
- (2) "Livestock" running into or being struck by a vehicle while the "livestock" are crossing, moving along or standing in a public road.



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## 12. Collision Coverages E and F Only



### c. Causing Damage to Other Farm Personal Property

We will pay for loss of or damage to covered "farm personal property" (other than that described in (1) or (2) above) in or upon a motor vehicle, caused by collision or overturn of that vehicle. Collision means accidental contact of the motor vehicle with another vehicle or object.



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## Broad Causes of Loss



15. Electrocution of Covered Livestock
16. Attacks on Covered Livestock by Dogs or Wild Animals
17. Accidental Shooting of Covered Livestock
18. Drowning of Covered Livestock
19. Loading/Unloading accidents
20. Falling Objects
21. Weight of Ice, Snow, or Sleet
22. Sudden and Accidental Tearing Apart
23. Accidental Discharge or Leakage of Water
24. Freezing of Plumbing
25. Sudden and Accidental Damage from Artificially Generated Electricity



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## General Exclusions



1. Ordinance or Law
2. Earth Movement
3. Government Action
4. Intentional Loss
5. Nuclear Hazard
6. Off-Premises Services
7. War and Military Action
8. Water



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## CURRENT ISSUES IN PROPERTY INSURANCE



- The marketplace for property insurance
- Alternative risk funding
  - Deductibles
  - Retentions
- Parametric cover
- Bird flu (H5N1)
- Underinsurance of farm property



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