## Table of Contents

**Agribusiness Risk and Insurance**

**Contributing Authors**

**Agribusiness and Farm Insurance**

- Basics of Farming and Farm Insurance
  - Farm Insurance
    - What Is a Farm
    - Triggering Events
    - Types of Farm Policies
  - Farm Property Exposures and Insurance
    - Farm Property Exposures
      - Real Property Exposures
      - Personal Property Exposures
    - Farm Property Coverages
      - Coverage A—Dwellings
      - Coverage B—Other Private Structures Appurtenant to Dwellings
      - Coverage C—Household Personal Property
      - Coverage D—Loss of Use
      - Coverage E—Scheduled Farm Personal Property
      - Coverage F—Unscheduled Farm Personal Property
      - Coverage G—Other Farm Structures
  - Other Farm Property Provisions
  - Farm Property Underwriting Considerations
    - Construction
    - Occupancy
    - Protection
    - Exposure
    - Causes of Loss
Valuation

Coinsurance

Farm Liability Exposures and Insurance

Farming Defined

Who Is Insured?

Farm Liability Coverages

Coverage H—Bodily Injury (BI) and Property Damage (PD) Liability

Coverage I—Personal and Advertising Injury Liability

Coverage J—Medical Payments

Farm Liability Underwriting Considerations

Named Insured

Insured Locations

Insured Vehicles

Farm Operations

Farm Vehicle Exposures and Insurance

Farm Vehicle Exposures

Mobile Equipment Defined

Farm Auto Exposures

Farm Auto Underwriting Considerations

Drivers and Driving Records

Vehicle Classifications

Farm Auto Insurance

Covered Auto Symbols

Business Auto Coverage

Physical Damage Coverage

Farm Umbrella Liability

Agribusiness and Farm Property Risks and Insurance

Farming Operations

Policy Forms Used

Declarations-Driven Coverage

Policy Structure
Common Policy Declarations
Common Policy Conditions
Naming the Insured(s)
Ensuring Coverage for a Claim
ISO Farm Property Forms
   Key Rules
Farm Property Coverages
Farm Property—Farm Dwellings, Appurtenant Structures, and Household Personal Property Coverage Form—FP 00 12
Section I—Coverages
   Dwellings—Coverage A
   Other Private Structures Appurtenant to Dwellings—Coverage B
   Household Personal Property—Coverage C
   Loss of Use—Coverage D
   Insuring Tenants
Section II—Coverage Extensions
   Trees, Shrubs, Plants, and Lawns
   Household Personal Property of “Insureds” Away from the “Insured Location”
   Refrigerated Products—Not Farm Personal Property
Section III—Additional Coverages
   Removal of Fallen Trees
   Credit Cards and Electronic Fund Transfer Cards or Other Access Devices, Forgery, Counterfeit Currency
   Water Damage
   Grave Markers
   Other Additional Coverages
Section IV—Other Provisions
Farm Property—Farm Personal Property Coverage Form—FP 00 13
Coverage E—Scheduled Farm Personal Property
   Special Limits of Insurance under Coverage E
Property Not Covered

Loss Conditions

Coverage F—Unscheduled Farm Personal Property

Property Not Covered

Special Limits of Insurance under Coverage F

Conditions

Coverage Extensions

Additional Coverages

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

Coverage G—Barns, Outbuildings, and Other Farm Structures

Loss Conditions

Fences, Corrals, Pens, Chutes, Feed Racks

Portable Buildings and Portable Structures

Valuation—Property Other Than Improvements and Betterments

Valuation—Improvements and Betterments

Valuation—Glass Replacement

Coverage Extensions—Section II

Private Power and Light Poles

New Construction

Additional Coverages—Section III

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

Additional Coverages

Debris Removal

Collapse

Pollutant Cleanup and Removal

Glass or Safety Glazing Material

Loss Conditions

General Conditions

Definitions
Causes of Loss Form—Farm Property—FP 10 60

Named Perils versus Special Perils Approaches

Basic Causes of Loss

- Fire or Lightning
- Windstorm or Hail
- Explosion
- Riot or Civil Commotion
- Aircraft
- Vehicles
- Smoke
- Vandalism
- Theft
- Sinkhole Collapse
- Volcanic Action
- Collision
- Earthquake Loss to “Livestock”

Broad Causes of Loss

Covered Causes of Loss—Special

- Maintenance Exclusions
- Concurrent Causation Exclusions
- Pollution Exclusion
- General Exclusions
- Ordinance or Law
- Earth Movement
- Governmental Action
- Intentional Loss
- Nuclear Hazard
- Utility Services
- Neglect
- War and Military Action
- Water
Farm Inland Marine Forms

Mobile Agricultural Machinery and Equipment Coverage Form (FP 00 30)
- Coverage
- Additional Coverages
- Coverage Extensions
- Limits of Insurance
- Farm Inland Marine Conditions

Farm Livestock Coverage (FP 00 40)
- Coverage
- Additional Coverages/Coverage Extension
- Exclusions
- Limits of Insurance
- Deductible
- Farm Inland Marine Conditions
- Expanded Causes of Loss Coverage

Farm Property Endorsements
- Windstorm or Hail Percentage Deductible (FP 03 05)
- Sump Overflow and Water Backup from Sewers or Drains (Coverages A, B, C, and D Only) (FP 04 02)
- Dwelling and Farm Building Replacement Cost Protection (Including Ordinance or Law Coverage) (FP 04 04)
- Increased Limits on Household Personal Property (FP 04 07)

Farm Computer Coverage (FP 04 08)
- Insuring Agreements
- Property Not Covered
- Coverage Extensions
- Covered Perils
- Exclusions and Limitations
- Valuation
- Definitions
- Increased Special Limits on Business Property (FP 04 09)

Foreign Objects in Machinery (FP 04 20)
Debris Removal Increased Limit of Insurance (FP 04 21)
Pollutant Cleanup and Removal Additional Aggregate Limit of Insurance (FP 04 22)
Farm Equipment Borrowed or Rented without a Written Contract (FP 04 23)
Spoilage Coverage—Perishable Farm Personal Property (FP 04 24)
Coverage G—Barns, Outbuildings and Other Farm Structures—Blanket Insurance (FP 04 28)
Inflation Guard (FP 04 31)
Special Loss Settlement on Dwellings (FP 04 35)
Replacement Cost—Household Personal Property (FP 04 36)
Collision Resulting in Death of Livestock (FP 04 56)
Scheduled Personal Property (FP 04 61)
  Coverage Extensions
  Covered Perils
  Loss Conditions
  Coverage Territory
Unoccupancy and Vacancy Permit (FP 04 75)
  Waiver of Unoccupancy and Vacancy Loss Condition
  Waiver of Vacancy Restriction
Functional Building Valuation (FP 04 78)
Functional Farm Personal Property, Machinery and Equipment Valuation (FP 04 79)
Rental to Others—Theft Coverage (FP 04 80)
Debris Removal Expense (FP 05 03)
Fire Extinguisher or Fire Extinguishing Systems Expense Coverage (FP 05 04)
Agritainment—Property (FP 05 05)
  Coverage Extensions and Additional Coverages
Scheduled Farm Personal Property Away from the Insured Location (FP 05 20)
Unit-Owners Coverage (FP 05 23)
Assisted Living Care Coverage (FP 05 24)
Increased Limits for Structures Appurtenant to Dwellings (FP 05 25)
Expenses Consequential to Enforcement of Ordinances or Laws Affecting Building, Zoning or Land Use (Coverages A and B Only) (FP 05 26)
Motorized Golf Carts (FP 05 27)
Limited Coverage for Fungi, Wet Rot, Dry Rot and Bacteria—Property (FP 05 30)
Limited Coverage for Fungi, Wet Rot, Dry Rot and Bacteria—Farm Dwellings, Appurtenant Structures and Household Personal Property (FP 05 31)
Limited Coverage for Theft of Building Materials and Supplies While a Building or Structure Is under Construction (FP 05 35)
Identity Fraud Expense Coverage (FP 05 59)
Equipment Breakdown Protection Coverage (FP 05 60)
Theft Exclusion (FP 10 14)
Windstorm or Hail Exclusion (FP 10 15)
Vandalism Exclusion (FP 10 16)
Exclusion of Loss Due to By-Products of Production or Processing Operations (Rental Properties) (FP 10 34)
Earthquake Inception Extension (FP 10 39)
Cause of Loss—Earthquake Form (FP 10 40)
Coverage for Damage Sustained Only by Tires in Collisions or Overturns of Mobile Agricultural Machinery and Equipment (FP 10 57)
Protective Safeguards (FP 12 02)
Limitations on Windstorm or Hail Coverage for Roof Surfacing (FP 12 09)
Actual Cash Value—Dwellings and Appurtenant Private Structures (FP 12 10)
Loss Payable Provisions (FP 12 11)
  Loss Payable
  Lenders Loss Payable
  Contract of Sale
Glass or Safety Glazing Material—Building or Structure, Storm Door, or Storm Window—Tenant’s Policy (FP 12 18)
Peak Season (FP 12 29)
Value Reporting Endorsement (FP 13 01)
Coverage G—Damage to Below-Ground Foundations of Buildings or Structures, and Related Consequential Expenses (FP 14 01)
  Below-Ground Foundations
  Consequential Expenses
Disruption of Farming Operations (FP 15 01)
AAIS Farmowners Program

AAIS Farmowners Key Rules

Eligibility

Deductibles

Dwelling Coverage—Special Form (FO-3)

Coverage A—Residence
Coverage B—Related Private Structures
Coverage C—Personal Property
Coverage D—Additional Living Costs and Loss of Rent

Definitions

Incidental Property Coverages

Loss Settlement Provisions

Farm Coverage (FO-6)

Coverage E—Farm Barns, Buildings, and Structures
Coverage F—Scheduled Farm Personal Property
Coverage G—Unscheduled Farm Personal Property

Property Not Covered under any of the Farm Property Coverages

Incidental Property Coverages

Covered Perils Applicable to All Coverages

Loss Settlement Provisions

Agribusiness and Farm Property Insurance Checklist

Agribusiness and Farm Liability Risks and Insurance

Farm Premises and Operations Risks

Farm Products and Completed Operations Risks

Farm Contractual Liability Risks

Farm Independent Contractor Liability

Farm Liability Coverage Forms

ISO Farm Liability Insurance Products

Farm Liability Coverage Form (FL 00 20)

Farm Liability Coverage Exclusions

Expected or Intended Injury
Contractual Liability
Pollution
Release or Discharge from Aircraft
Aircraft, Motor Vehicle, Motorized Bicycle, or Tricycle
Watercraft
Mobile Equipment
Use of Livestock or Other Animals
Business Pursuits
Custom Farming
Professional Services
Rental of Premises and Ownership or Control of Premises
Communicable Disease
Workers Compensation
Employers Liability
Building or Structure under Construction
Bodily Injury to an Insured
Damage to Property
Damage to Your Product
Damage to Your Work
Damage to Impaired Property or Property Not Physically Injured
Recall of Products, Work, or Impaired Property
Sexual Molestation, Corporal Punishment, or Physical or Mental Abuse
Controlled Substances
Personal Injury
Distribution of Material in Violation of Statutes
War
Agritainment

Coverage I—Personal and Advertising Injury Liability
Personal Injury Coverage
Advertising Injury Coverage
Exclusions
Exclusions Applicable to Personal Injury and Advertising Injury
Exclusions Applicable to Only Personal Injury
Exclusions Applicable to Only Advertising Injury
Pollution-Related Loss, Cost, or Expense

Coverage J—Medical Payments

Insuring Agreement
Exclusions

Professional Services and Business Pursuits
Location Rented, Owned, or Controlled by Insured
Farm Employees or Others Maintaining the Farm
Workers Compensation or Similar Law
Injury to Resident
Agritainment

Coverage H Exclusions

Farm Additional Coverages, Coverage Extension, and Limits
Additional Coverages
Supplementary Payments—Coverages H and I
Damage to Property of Others

Coverage Extension

Section II—Limits of Insurance
Occurrence Limit
Aggregate Limit
Fire Damage Limit
Personal and Advertising Injury Limit
Medical Payments
Damage to Property of Others

Farm Liability Conditions
Loss Conditions

Bankruptcy
Duties in the Event of Occurrence, Offense, Claim, or Suit
Insurance under Two or More Coverages
Legal Action Against Us

No Admission of Liability with Medical Payments

Other Insurance

Transfer of Rights of Recovery Against Others to Us

Additional Conditions

Liberalization

Representations

Separation of Insureds

Farm Liability Endorsements

Endorsements That Expand Coverage

Coverage for Physical Injury

Owned Snowmobile Coverage

Animals in Contests or Stunting Activities

Animal Rides for Profit or Charity

Custom Farming Liability Coverage

Farm Employers Liability and Farm Employees Medical Payments

Limited Fungi or Bacteria Coverage—Liability

Limited Home Day Care Coverage

Additional Residence—Rented to Others

Business Activities

Insured’s Liability While Employed by Others in Nonfarm Jobs

Limited Product Withdrawal Expense Coverage

Agritainment—Liability

Endorsements That Reduce Coverage

Exclusion—Employment-Related Practices

Fungi or Bacteria Exclusion—Liability

Exclusion—Silica or Silica-Related Dust

Exclusion—Migrant and Seasonal Agricultural Worker Protection Act

Amendment of Insured Contract Definition

Exclusion—Ijury or Damage from Genetically Modified Beans, Crops, Grains, Seeds, Plants, Shrubs, or Trees

Exclusion—Animal Liability
Endorsements That Change Who Is Insured

Additional Insured—Farm Liability
Additional Insured—Executors, Administrators, Trustees, or Beneficiaries
Additional Insured and Residence Premises Endorsement

Endorsements That Remove Designated Liability Exposures

Endorsements to the CGL Policy

Basic Farm Premises Liability
Broad Form Farm Premises Liability
Personal Liability

AAIS Farm Liability Insurance Products

Personal Liability Coverage—Farm (GL-2)

Coverage L—Liability
Coverage M—Medical Payments to Others
Definitions
Incidental Coverages
Exclusions
Conditions

Agribusiness and Farm Liability Coverage Checklist

Farm Vehicles

Farm Vehicle Exposures

Types of Legal Entities
Vehicles Exposed to Loss

Auto versus Mobile Equipment
Vehicle Operation and Use
Nature of Insured's Activities
Personal versus Business Auto

Business Auto Policy and Covered Auto Symbols

Major Coverages

Liability
Physical Damage
Medical Payments
No-Fault
UM/UIM

Insured Vehicles and Symbols

Business Auto Liability Insurance
Liability Coverage
Covered Autos
Who Is an Insured
Liability Exclusions
Limits of Liability

Business Auto Policy Conditions
Loss Conditions
General Conditions

Rating Classifications
Size
Business Use
Radius

Business Auto Endorsements
Pollution Liability—Broadened Coverage for Covered Autos
Designated Insured
Employees as Insureds
Fellow Employee Coverage
Employee Hired Autos
Individual Named Insured Endorsement
Drive Other Car Coverage—Broadened Coverage for Named Individuals
Lessor—Additional Insured and Loss Payee
Employee as Lessor
Hired Autos Specified as Covered Autos You Own

Farm Vehicle Coverage under Other Policies
Coverage for Vehicles under the Farm Liability Coverage Form
Coverage for Vehicles under the PAP

Absence of Employer’s Nonownership Liability
Pollution and Contractual Exclusions
Trailers

Physical Damage

Avoiding Gaps When Addressing “Mobile Equipment” and “Auto” Exposures

The Mobile Equipment Conundrum—How Can “Mobile Equipment” Become “Auto”?

Personal Auto Policy
Business Auto Policy
Covered Auto Symbols

Pollution

What Is a Covered Auto Likely To Carry?
A Mandatory Amendatory Endorsement
The MCS-90 Endorsement

Symbolism

Motor Vehicle Physical Damage versus Inland Marine

What Happens When Something Happens? Loss of Use
Mobile Business Interruption

Managing Policies into a Program
The Circle of Coverage
Steps To Manage the Array of Policies

The New “Perils” Challenge for the 21st-Century Farmer

Risk Management and Coverage Challenges in the 21st Century

Agribusiness and Farm Auto Coverage Checklist

Agribusiness and Farm Workers Compensation Risks and Insurance

Workers Compensation Laws

History of Workers Compensation Laws
Employers Liability Statutes and Judicial Modifications
Early Workers Compensation Laws

Workers Compensation Law Summary
Workers Compensation Law—Compulsory versus Elective
Exclusive Remedy—State Workers Comp Laws
Penalties for Failure To Secure Benefits
Covered Employments
Independent Contractors
Employee Leasing
Sole Proprietors, Partners, Executive Officers, and LLCs
Elective Coverage
Suits Against Third Parties
Injuries Not Covered
Occupational Disease
Out-of-State Injuries

Federal Workers Compensation and Employers Liability Laws
Migrant and Seasonal Agricultural Worker Protection Act
U.S. Longshore and Harbor Workers' Compensation Act
Eligibility
Covered Injuries and Diseases
Benefits
Disability
Death
Medical
Insuring LHWCA Exposures
Workers Compensation Benefits
Medical Benefits
Disability Benefits
Rehabilitation Benefits
Death Benefits
Workers Compensation and Employers Liability Policy
Workers Compensation Policy Definitions
Who Is an Insured
Covered Workplaces
Definitions Regarding Applicable Law
Part One—Workers Compensation Insurance

Part Two—Employers Liability Insurance
   Coverage Criteria
   Exclusions
   Limits of Liability

Part Three—Other States Insurance

Part Four—Your Duties If Injury Occurs

Part Five—Premium
   Classifications
   Remuneration
   Final Premium
   Records and Audit

Part Six—Conditions
   Inspection
   Long-Term Policy
   Transfer of Your Rights and Duties
   Cancellation
   Sole Representative

Workers Compensation Policy Endorsements
   Stop Gap (Employers Liability) Endorsement (WC 00 03 03)
   Voluntary Compensation Endorsement (WC 00 03 11 A)
   Sole Proprietors, Partners, Officers, and Others (WC 00 03 10)
   Migrant and Seasonal Agricultural Worker Protection Act Endorsement (WC 00 01 11)
   U.S. Longshore and Harbor Workers’ Compensation Act Coverage Endorsement (WC 00 01 06)
   Alternate Employer Endorsement (WC 00 03 01 A)
      Employee Leasing Endorsements (Various Endorsements)
   Waiver of Subrogation Endorsement (WC 00 03 13)
   Broad Form Named Insured Endorsement (Nonstandard Endorsement)
Workers Compensation Marketplace

Workers Compensation Insurance Markets

Monopolistic State Funds

The Voluntary Private Market

Competitive State Funds

Residual Market Plans

Alternatives to Insurance

Individual Self-Insurance

Group Self-Insurance

Rating Workers Compensation Risks

Exposure Base

Classification

Calculating Estimated Annual Premium

Experience Modifier

Loss Constant

Expense Constant

Minimum Premium

Premium Discount

Schedule Rating

Numerical Example

Experience Rating

Eligibility

Experience Rating Period

Combinability

Experience Modifier Calculation

Application of Experience Modification

Experience Rating Philosophy

Intrastate/Interstate Experience Rating

Controlling Experience Modifiers
Workers Compensation Guaranteed Cost Programs
Premium Discounts
Schedule Rating
Experience Rating
Proper Rating
Small Deductibles
Other Risk Financing Programs
Retrospective Rating Plans
Large Deductible Plans
Self-Insurance
Agribusiness and Farm Workers Compensation Checklist

Agribusiness and Farm Umbrella and Excess Liability Risks and Insurance
Excess versus Umbrella
Terms and Conditions Applicable to Excess and Umbrella Policies
Umbrella Liability Policy Provisions
Farm Umbrella Liability Policy (FB 00 01)
Key Rules
Basic Forms Applicable
Underlying Coverage Requirements
Minimum Retained Limit
Key Coverages
Coverage H—Bodily Injury and Property Damage
Coverage I—Personal and Advertising Injury Liability
Limits of Insurance
Conditions
Definitions
Expansive Auto Coverage
Optional Farm Umbrella Endorsements
Other ISO Farm Liability Options
Basic Farm Premises Liability (FL 04 11) Endorsement Attached to the Commercial General Liability Form (CG 00 01)
General Rules
Key Coverages

Commercial Liability Umbrella Coverage Form (CU 00 01) and the Farm Premises and Personal Umbrella Liability (FB 04 01) Endorsement

Farm Excess Liability Policy (FE 00 01)

AAIS Additional Farm Insurance Products

Farm Umbrella Program

Agribusiness and Farm Umbrella Liability Coverage Checklist

Agribusiness and Farm Excess Liability Coverage Checklist

Crop Insurance

Two Major Types of Crop Insurance

Need for Government Involvement in Insuring Crop-Related Risks

One Exception: Insurance for Hail Damage

History of US Crop Insurance

Recent Years

Private Crop-Hail Insurance

Federal Crop Insurance

Federal Crop Insurers and Insurance Agents

The Role of the RMA

Actual Production History (APH) Plan

Actual Revenue History (ARH) Plan

Area Risk Protection Insurance (ARPI)

Commodity Exchange Price Provisions (CEPP)

Revenue Protection (RP) Policies

Yield Protection (YP) Policies

Whole-Farm Revenue Protection (WFRP)

Group Risk Plan (GRP) and Group Risk Income Protection (GRIP) Plan

Livestock Risk Protection-Lamb (LRP-Lamb)

Margin Protection (MP) Plan

Livestock Plans

Noninsured Crop Disaster Assistance Program (NAP)
Common Crop Insurance Policy (COMBO Plan)

COMBO Policy Provisions
COMBO Policy Endorsements
The COMBO Hierarchy

Buying Crop Insurance

Determining Input Costs and Expected Output Value
Input Value of Production
Determining Output Value

Selecting Appropriate Levels of Risk
Avoiding Overinsurance

Common Federal Crop Insurance Mistakes To Avoid
Beginning Farmers and Ranchers Benefits