

THE “OTHER” FARM PROPERTY COVERAGES



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PREVIEW

- ISO forms as they relate to Farm/Ag exposures and some of the endorsements available for coverage modification:
- Livestock Coverage Form **FP 00 40 04 16**
- Mobile Agricultural Machinery & Equipment Coverage Form **FP 00 30 04 16**.
- Equipment Breakdown Protection Coverage **FP 05 60 04 16**
- Drones, from a property risk perspective



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OVERALL

- These forms are a part of the ISO Inland Marine library
- Designed to provide flexibility in coverages
- Both can be written: Monoline or as part of a package
- When monoline, the Common Policy Conditions, IL 00 17 11 98 or its counterpart will need to be included



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FARM INLAND MARINE CONDITIONS

Applicable To Both Forms



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WE WILL FIND THESE

- Abandonment
- Appraisal
- Duties in the event of a loss
- Insurance under two or more coverages
- Loss Payment
- Other Insurance
- Pair or sets
- Recovered property
- Trans of rights of recovery against others to us
- Valuation
- Some conditions (4) that only apply to the Livestock form



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EXCLUSIONS IN BOTH FORMS

- Earth movement
- Governmental action
- Intentional loss
- Nuclear hazard
- Utility services
- Neglect
- War & military action
- Water



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MOBILE AG FORM ADDS THESE

- Collapse
- Rain, snow, ice in open
- Explosions & rupture
- Certain dishonest acts
- Missing property
- Maintenance losses
- Pollutant losses
- Theft/vandalism to certain electronic equipment
- Weather conditions
- Acts or decisions, incl. failure to take action
- Faulty or inadequate planning, zoning, design etc.



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LIVESTOCK COVERAGE FORM FP 00 40 04 16



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WHAT COMPRISES THIS FORM

- 1. Coverage
- 2. Exclusions
- 3. Limits of Insurance
- 4. Deductible
- 5. Farm Inland Marine Conditions
- 6. Definitions



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DEFINITIONS

- Insured
- Insured location
- Livestock
- Loss
- Pollutants



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DEFINITIONS

- **1. "Insured"** means you and, if you are an individual, the following members of your household:
 - **a.** Your relatives;
 - **b.** Any other person under the age of 21 who is in your care or in the care of a member of your household who is your relative.
- **2. "Insured location"** means any location, including its private approaches, described in the Declarations pertaining to this Coverage Form.



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DEFINITIONS

- **3. "Livestock"** means cattle, sheep, swine, goats, horses, mules and donkeys.
- **4. "Loss"** means death or destruction of "livestock".
- **5. "Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.



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COVERAGE

- **I.** Covered Property, as used in this Coverage Form, means the following when a Limit Of Insurance is shown in the Declarations:
 - **a.** "Livestock" of a class shown in the Declarations with a Limit Of Insurance per animal; or
 - **b.** "Livestock" of a class shown in the Declarations with a Limit Of Insurance per class with a sublimit allowed for individual animals separately.
- But we do not cover "livestock" while in the custody of a common or contract carrier.

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WHAT'S NOT COVERED

- 3. Property not covered includes
 - a. While in public stockyards, sales barns or sales yards
 - b. While in packing plants or slaughterhouses
 - c. While in the custody of a common or contract carrier
 - This is limited to \$1000 unless a higher limit is shown



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COVERED CAUSES OF LOSS... DIRECT LOSS CAUSED BY

- | | |
|---------------------------|------------------------------------------------|
| • Fire or lightning | • Volcanic action |
| • Windstorm or hail | • Collision causing death of covered livestock |
| • Explosion | • Vandalism |
| • Riot or civil commotion | • Earthquake |
| • Aircraft | • Flood |
| • Smoke | • Covered Cause of Loss - Theft |
| • Sinkhole collapse | |



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CERTAIN THEFT LOSSES DOES NOT INCLUDE THESE

- Acceptance of fraudulent funds
- Unauthorized instructions to transfer and voluntary parting
- Dishonest acts of the insured or their employees
- Missing property – when only proof is a shortage based upon an inventory



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ADDITIONAL COVERAGES

- a. Property removed for safekeeping
- b. Debris removal – 25% and another 5%
- c. Extra expense – limit shown on the Decs
- d. Fire department service charge
- ONE Coverage Extension
 - Livestock in the custody of a common or contract carrier
 - \$1,000 unless a higher limit is shown on the Decs



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LIMITS OF INSURANCE & DEDUCTIBLE

- D. Limits of Insurance
 - ACV of the animal
 - 120% of the total of the Limit of Insurance on each class and type divided by the number of the head of the class and type that you own at the time of "loss" or theft. For this calculation, each horse, mule or head of cattle under one year of age as of the time of "loss", or theft, will be counted as 1/2 head; or
 - \$2,000
- Deductible

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LIVESTOCK VALUATION EXAMPLE

- Joe Bull, the insured, owns 60 head of cattle, each of which is worth more than \$2,000. Twenty of these animals are less than 1 year old. Joe has selected a limit of \$50,000 on his cattle.
 - Limit would be \$1,200 for the older cattle and \$600 for those under 1 year of age
- This is calculated as follows:
 - 120% of \$50,000 = \$60,000
 - Number of head = 50 (40 head over 1 year old plus 10 (20 × 1/2) head under 1 year old
 - \$60,000 divided by 50 = \$1,200
- Had Joe selected a limit of \$100,000, payment would have been \$2,000 per head for the older animals and \$1,000 for the calves.

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GENERAL CONDITIONS

- Coinsurance – 80%
- Concealment, Misrepresentation or Fraud (voids coverage)
- Control of property
- Legal action against us
- Liberalization
- No benefit to bailee
- Policy period, coverage territory



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ENDORSEMENTS YOU MAY SEE

FP 10 04 04 16 – Livestock – Additional Causes of Loss

FP 13 01 09 03 – Value Reporting Endorsement

FP 05 03 04 16 – Debris Removal Expense

FP 12 02 04 16 – Protective Safeguards

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LIVESTOCK - ADDITIONAL CAUSES OF LOSS – FP10 04 04 16

- Accidental shooting
- Drowning from external causes
- Electrocutation
- Attacks by dogs or wild animals
- Loading/unloading accidents
- Collapse – added as an Additional Coverage by specific named perils



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MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM, FP 00 30 04 16



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WHAT COMPRISES THIS FORM

- 1. Coverage – incl. additional coverages and extensions
- 2. Exclusions
- 3. Limits of Insurance
- 4. Deductible
- 5. Farm Inland Marine Conditions
- 6. General Conditions
- 7. Definitions



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DEFINITIONS

- 1. Insured
- 2. Insured location
- 3. Mobile ag machinery & equipment
- 4. Pollutants
- 5. Specified causes of loss



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INSURED

- **1.** "Insured" means you and, if you are an individual, the following members of your household:
 - **a.** Your relatives;
 - **b.** Any other person under the age of 21 who is in your care or in the care of a member of your household who is your relative.



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INSURED LOCATION

- **2.** "Insured location" means any location, including its private approaches, described in the Declarations pertaining to this Coverage Form.



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MOBILE AGRICULTURAL MACHINERY & EQUIPMENT

- **3.** "Mobile agricultural machinery and equipment" means mobile devices used in the everyday operation of the farm including:
 - **a.** Accessories, whether or not attached; and
 - **b.** Tools and spare parts that are specifically designed and intended for use in the maintenance and operation of the mobile devices.

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POLLUTANTS

- 4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.



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SPECIFIED CAUSES OF LOSS

- 5. "Specified causes of loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
- Sinkhole Collapse, Falling Objects, Water Damage – all subject to further language defining such



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COVERED PROPERTY HAS TWO OPTIONS

- **a.** All "mobile agricultural machinery and equipment" if a single Limit Of Insurance is shown in the Declarations; or
- **b.** Each item of "mobile agricultural machinery and equipment" that is specifically described in the Declarations and for which an individual Limit Of Insurance is shown, including property in your care, custody or control that you have borrowed or rented, whether or not under a written contract, except while on the premises of its owner; and at your option, other "mobile agricultural machinery and equipment" not specifically described in the Declarations (such as harness, saddlery, liveries and blankets), for which a single Limit Of Insurance is shown in the Declarations.

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PROPERTY NOT COVERED

- Aircraft, watercraft, their equipment or parts; automobiles; dealers' demonstration equipment, machinery and vehicles; dirt bikes, house trailers, mobile homes, mopeds, motorcycles, motorized bicycles or tricycles, snowmobiles, trucks, vehicles primarily designed and licensed for road use (other than wagons and trailers designed for farming purposes and used principally on the "insured location");

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PROPERTY NOT COVERED

- Bulk milk tanks, bulk feed tanks or bins attached to buildings or structures, barn cleaners, pasteurizers or boilers; and permanent fixtures within or attached to a building;
- Cotton pickers, harvester-thresher combines and all-terrain vehicles not specifically declared and described in the Declarations with a Limit Of Insurance for each item;



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PROPERTY NOT COVERED

- Irrigation equipment; or
- Contraband, or property in the course of illegal transportation or trade.



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COVERED CAUSES OF LOSS

- Covered Causes of Loss means direct physical loss to Covered Property unless the loss is excluded or limited in this policy
- IE: Open perils with exclusions as previously discussed



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EXCLUSIONS

- 1. Earth movement
- 2. Governmental action
- 3. Intentional loss
- 4. Nuclear hazard
- 5. Utility services
- 6. Neglect
- 7. War & Military action
- 8. Water



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OTHER EXCLUSIONS

- Maintenance types of losses
- Items that could be addressed by better risk management
- Items that could be better addressed elsewhere
- Items addressed by endorsements as not wanted by all
- Concurrent causation losses
 - In property insurance, this term refers to a situation where there is a mixture of covered and uncovered perils acting together (either in sequence or simultaneously) to produce the same property damage



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MAINTENANCE TYPES OF LOSSES

- (10) Wear and tear;
- (11) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (12) Smog;
- (13) Nesting or infestation, or discharge or release of waste products or secretions, by birds, vermin, rodents, insects or domestic animals;
- (14) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- (15) Dampness or dryness of atmosphere;
- (16) Changes in temperature or extremes of heat or cold, including freezing;
- (17) Marring or scratching;



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RISK MANAGEMENT LOSSES

- (2) Rain, snow, ice or sleet to property in the open;
- (4) Unauthorized instructions to transfer property to any person or to any place;
- (5) Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense;

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BETTER ADDRESSED ELSEWHERE OR BY ENDORSEMENTS

- Dishonest or criminal acts by you or any insured
- Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires
- Collision or overturn of "mobile agricultural machinery and equipment", to the extent of any loss of or damage to the tires or inner tubes of such machinery or equipment. But we will pay for the loss of or damage to the tires or inner tubes if the same accident causes other covered loss to the same machinery or equipment.
- Foreign objects being taken into any "mobile agricultural machinery and equipment";

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ADDITIONAL COVERAGES

- a. Collapse
- b. Damage to property removed for safekeeping
- c. Debris removal
- d. Extra expense
- e. Fire department service charge
- f. Reasonable repairs
- g. Borrowed or Rented "Mobile Agricultural Machinery and Equipment "**



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BORROWED OR RENTED MAM&E

- Up to \$10,000 unless a higher limits applies
- Must be in the insured's CCC at the time of loss/damage
- Borrowed or rented after the start of the policy
- Property in which the insured has no financial interest
- No coverage if loss/damage occurs on the owner's property
- After 30 days – must report a limit and pay an AP



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COVERAGE EXTENSIONS – APPLY TO SPECIFICALLY DESCRIBED ITEMS

- Additional Acquired property – Newly Purchased
 - \$100,000 for loss or damage to all such equipment
 - This is part of – not in addition to – the applicable limit of insurance
 - Additional Acquired Property – Replacement
 - \$75,000 plus the corresponding limit shown for the individually described item
- BOTH extensions expire (whichever happens first):
- 30 days after date of purchase and/or acquisition – or -
 - When the policy expires

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OTHER ITEMS OF NOTE

- 80% Coinsurance applies
- Valuation of damaged property is at ACV
- Deductible applies before the loss is settled
- Most payable is the limit shown in the Decs
- Limit of insurance for any one (1) item covered in accordance with the single limit option is described in item **A.1.b.** at \$3000

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ENDORSEMENTS YOU MAY SEE

- FP 04 20 04 16 – Foreign Objects In Machinery
- FP 15 01 04 16 – Disruption of Farming Operations
- FP 05 03 04 16 – Debris Removal Expense
- FP 12 02 04 16 – Protective Safeguards
- FP 10 57 04 16 – Coverage for Damage Sustained Only By Tires in Collisions or Overturns
- FP 05 21 04 16 – Replacement Cost – Mobile Ag Machinery & Equipment



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EQUIPMENT BREAKDOWN PROTECTION COVERAGE – FP 05 60 04 16



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INTENT AND USE

- Used with the FP 00 13 and the FP 00 14 coverage forms
- Pays up to the selected limit of insurance shown in the endorsement's schedule for "breakdown" to "covered property"
- Options include both Spoilage and Utility Interruption subject to individually applied deductibles



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EQUIPMENT BREAKDOWN PROTECTION COVERAGE

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS FORM – FARM PROPERTY
 FARM PROPERTY – BARNs, OUTBUILDINGS AND OTHER FARM STRUCTURES COVERAGE FORM
 FARM PROPERTY – FARM PERSONAL PROPERTY COVERAGE FORM
 FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS, DEFINITIONS

SCHEDULE

Equipment Breakdown Protection Limit Of Insurance: \$ _____

Spoilage Damage Limit Of Insurance: \$ _____

Utility Interruption Is: Covered Not Covered

Utility Interruption Waiting Period: _____

Equipment Breakdown Protection/Spoilage Damage Deductible: \$ _____
 (If no amount is shown, the Deductible shown in the Declarations will apply.)

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.



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EQUIPMENT BREAKDOWN

- We will pay up to the Equipment Breakdown Protection Limit Of Insurance shown in the Schedule for the direct physical loss of or damage to Covered Property caused by or resulting from a "breakdown" to "covered equipment".

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SPOILAGE

- Spoilage Damage/Contamination Resulting From A Breakdown At An Insured Location
- As a result of a "breakdown" to "covered equipment", we will pay up to the Spoilage Damage Limit Of Insurance shown in the Schedule for:
 - Contamination of Covered Property by escape of a refrigerant
 - Spoilage to refrigerated perishable goods if all 3 following items are met
 - Goods must be stored or in course of manufacture
 - Must be owned or insured is legally liable for them
 - Loss must be due to lack or excess of refrigeration
 - Necessary expenses incurred to reduce the amount of loss

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SPOILAGE DAMAGE RESULTING FROM A UTILITY INTERRUPTION

- If Utility Interruption is indicated as covered in the Schedule, then we will pay, up to the Spoilage Damage Limit Of Insurance specified in the Schedule, for spoilage damage, as provided in Paragraph I., which results from the interruption of utility services to the "insured location", provided:
 - a. The interruption is the direct result of a "breakdown" to "covered equipment" owned, operated or controlled by the local private or public utility distributor that directly generates, transmits, distributes or provides utility services which you receive, and the "breakdown" is due to a cause other than:

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OTHER THAN...

- Acts of sabotage
- Collapse
- Combustion explosion
- Deliberate load shedding acts
- Explosion
- Fire, lightning, smoke
- Freezing by cold weather
- Impact of aircraft, missile or vehicle
- Impact of objects falling from aircraft/missiles
- Riot, CC, Vandalism
- Sinkhole collapse
- Water damage
- Weight of snow, ice sleet
- Windstorm or hail

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DEFINED TERMS INCLUDE

- Breakdown
- Computer equipment
- Covered equipment
- Data
- Extra expense
- Farming operations income
- Media
- Period of restoration



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“BREAKDOWN”

- Means a fortuitous pressure, vacuum, mechanical or electrical failure to "covered equipment" that necessitates the repair or replacement of the "covered equipment".



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BREAKDOWN DOES NOT MEAN...

- (1) Malfunction including, but not limited to, adjustment, alignment, calibration, cleaning or modification;
- (2) Defects, erasures, errors, limitations or viruses in "computer equipment" and programs including the inability to recognize and process any date or time or provide instructions to "covered equipment";
- (3) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;

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BREAKDOWN DOES NOT MEAN...

- (4) Damage to any vacuum tube, gas tube or brush;
- (5) Damage to any structure or foundation supporting the "covered equipment" or any of its parts;
- (6) The functioning of any safety or protective device; or
- (7) The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.

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“COVERED EQUIPMENT” MEANS...

- **a.** Means the following kind of equipment that is in use or connected and ready for use at the time when the "breakdown" occurs:
 - **(1)** Equipment built to operate under internal pressure or vacuum other than weight of contents;
 - **(2)** Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy;
 - **(3)** Communication equipment and "computer equipment"; and
 - **(4)** Equipment in Paragraphs (1), (2) and (3) that is owned by a public or private utility and used solely to supply utility services to your location.



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COVERED EQUIPMENT DOES NOT MEAN...

- **(1)** "Media";
- **(2)** Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
- **(3)** Insulating or refractory material, but not excluding the glass lining of any "covered equipment";
- **(4)** Nonmetallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or another appropriate and approved code;
- **(5)** Catalyst;
- **(6)** Vessels, piping and other equipment that is buried below ground and requires the excavation of materials to inspect, remove, repair or replace;



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COVERED EQUIPMENT DOES NOT MEAN...

- **(7)** Structure, foundation, cabinet or compartment supporting or containing the "covered equipment" or part of the "covered equipment" including penstock, draft tube or well casing;
- **(8)** "Covered equipment" that is used in the operation or propulsion of a vehicle, mobile farm machinery and equipment, aircraft, self-propelled equipment, floating vessel, excavation equipment or construction equipment; or
- **(9)** Brushes, felt, wire, screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, nonelectrical cable, chain, belt, rope, clutch plate, brake pad, nonmetal part or any part or tool subject to periodic replacement.



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"COMPUTER EQUIPMENT" MEANS

- **a.** Your programmable electronic equipment that is used to store, retrieve and process "data"; and
- **b.** Associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission.
- It does not include "data" or "media"



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“DATA” & “MEDIA”

- **4.** “Data” means:
 - **a.** Programmed & recorded material stored on “media”; and
 - **b.** Programming records used for electronic data processing, or electronically controlled equipment.
- **7.** “Media” means electronic data processing or storage media such as films, tapes, discs, drums or cells.



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“EXTRA EXPENSE”

- Means the additional cost you incur to operate your farming operations during the “period of restoration” over and above the costs that you normally would have incurred to operate the farming operations during the same period had no “breakdown” occurred.



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“FARMING OPERATIONS INCOME”

- Means the:
 - **a.** Net income (net profit or loss before income taxes) that would have been earned or incurred; and
 - **b.** Continuing normal operating expenses incurred, including payroll.

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“PERIOD OF RESTORATION”

- Means the period of time that:
 - **a.** begins 12 hours after the time of the “breakdown” or 24 hours before we receive notice of “breakdown”, whichever is later; and
 - **b.** Ends five consecutive days after the date when the damaged property at the premises described in the Declarations is repaired or replaced with reasonable speed and similar quality.

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REMEMBER

- Schedule on the endorsement will drive coverage
- Spoilage caused by a “breakdown” can be added
- Spoilage damage caused by a utility interruption can be selected – a waiting period will apply – and it will have its own deductible
- Each of the cause of loss provisions will have some specific applicable language



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SUSPENSION

- Coverage can be suspended when “covered equipment” is found to be in or exposed to a dangerous condition from a mechanical breakdown or electrical failure to that ‘covered equipment’.
- This would be done by a representative of the insurer
- Suspension can be immediate
- If suspended, a pro-rated premium refund will occur



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DRONES



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UAV & UAS CONSIDERATIONS

- ISO Farm Property exclusions are under development
- Proprietary forms are in use by many carriers
- Many of these forms can be quite limiting
- Often providing very limited coverage to those employing drones for mapping or oversight of crops or animals
- Be careful to understand all of the limitations provided



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THANK YOU

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