

Understanding your farm insurance options

Your guide to buying farm insurance



 **Nationwide[®]**
Agribusiness

Thank you for making us the #1 farm insurer

Why Choose Nationwide® Agribusiness?

Nationwide Agribusiness began in 1909, created by a group of farm and co-op leaders looking for a more cost effective way to insure wooden grain elevators prone to fires. Even in our humble beginnings, it didn't take long to realize prevention is much more cost effective than rebuilding, and safety became a primary focus for our company.

For more than 100 years, protecting agriculture has been our mission. That passion helped us become the #1 farm insurer in the U.S. Listening and learning over that century has also helped us develop expertise - in identifying hazards, reducing losses, and helping our customers get back in business quickly after a claim.

Here are the reasons you should take a look at what we offer:

- #1 farm insurer in the U.S.
- More than half our board of directors are active farmers or ag leaders
- More than 100 years with a primary focus on protecting agriculture
- Financial strength: A+ (Superior) rating by the A.M. Best Company
- Flexible policies designed to protect a broad range of farming operations - small to very large
- Convenient online customer features - file claims and pay bills online
- Farm Certified Agents and Agencies - agents who understand the business of farming and ranching

We're part of the Nationwide family of companies. Nationwide Insurance, based in Columbus OH, was created by the Ohio Farm Bureau Federation in 1926. And, we support some of the same great agricultural organizations you do - FFA, 4-H, Farm Safety 4 Just Kids and more.

We understand your business and can help you protect it!



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Understanding your Farm Insurance Policy

A farm insurance policy covers your property and provides liability coverage for both your home and your farming operations. While farm policies differ, in general there are four areas of protection:

1. Home and contents (including detached garages and other buildings)
2. Farm personal property
3. Farm structures
4. Liability protection

Growing crops and the death, disease, and old age of livestock are not covered.



Causes of Loss

It's important to understand which causes of loss ("perils") your policy covers. Your agent can explain which losses are covered within each property classification. In some categories, you will have coverage options or choices.

AgriChoice[®], Nationwide[®] Agribusiness' premier farm insurance policy, allows you to choose the type of coverage ("causes of loss") for your home, its contents, and for your farm structures. For your farm personal property, coverage is determined by the category of property. Insurers use varying "causes of loss" groups. Your *AgriChoice* policy covers the following:

Basic Coverage

- Windstorm and Hail
- Fire and Lightning
- Explosion
- Riot and Civil Commotion
- Sinkhole Collapse
- Smoke
- Theft
- Vandalism
- Vehicles
- Volcanic Action
- Collision*
- Damage in Course of Transit*

**These causes of loss apply only to farm personal property.*

Broad Coverage

All Basic Coverages plus...

- Accidental discharge and leakage of water system
- Accidental shooting of livestock
- Artificially generated electrical current (applies only to household personal property)
- Attacks on livestock (except sheep) by dogs/wild animals
- Earthquake loss to livestock
- Breakage of glass that's part of a building or structure
- Bursting of heating or water systems
- Collapse
- Electrocutation of livestock
- Falling objects
- Flood loss to livestock
- Freezing of plumbing, heating, AC, and automatic fire protection system components, and household appliances
- Loading/unloading accidents
- Sudden and accidental collision damage causing death of livestock
- Sudden and accidental tearing apart of heating, AC, or water system
- Weight of ice, snow, and sleet



Special Coverages

Provides coverage for risks of direct physical loss to eligible property, unless excluded by the policy language.

Determining Property Value

You may insure your property for its Replacement Cost (RC) or for its Actual Cash Value (ACV). Eligibility for these valuation options may be determined by your insurer's underwriting guidelines.

Replacement Cost

Pays the actual amount to replace the damaged property at the time of loss, with materials of like kind and quality, without deduction for depreciation. Payment is capped at the limit of insurance shown for that piece of property.

Actual Cash Value

Pays the cost to replace the property at the time of loss, reduced to reflect depreciation.

Valuation Example

A roof suffers \$50,000 in damage. It had a life span of 30 years and was 15 years old at the time of loss. The Replacement Cost payment would be \$50,000. However, if the building had an insured limit of \$20,000, that amount is the most that would be paid. If insured for Actual Cash Value, payment would be one-half of the cost to repair, due to the 15 years of depreciation, or \$25,000. If the building had an insured limit of \$20,000, that amount is the most that would be paid.

Coinsurance

You agree to insure your property for a minimum amount. If it is insured for a lower amount, the company pays only a percentage of the loss, determined by dividing the limit of insurance purchased by the amount that should have been purchased to comply with the minimum.

Deductible

A deductible allows you to reduce your premium by paying a set amount up front, before the insurer pays, for each covered loss. Work with your agent to arrive at a deductible that you can afford and generates the greatest premium savings for you.



Home and Contents

Generally, your farm insurance covers:

- Home and tenant dwellings
- Household personal property or contents
- Detached garages and other structures, including in-ground pools, and outdoor radio or television antennas, and satellite dishes
- Materials for constructing or repairing buildings, outdoor equipment, the home, grounds or attached structures



Coverage for home and contents can be written for Basic, Broad, or Special causes of loss (depending on underwriting eligibility). Often, Special is chosen for the dwelling structure and Broad for contents.

Appurtenant Structures

Coverage for other structures is generally provided as a percentage factor of the coverage on the main dwelling. For example, the *AgriChoice*® policy provides 10 percent of the dwelling coverage for appurtenant structures, including detached garages, in-ground swimming pools and satellite dishes. Higher limits are available.

Household Personal Property

Household Personal Property is typically covered at or away from the insured's location. Limits typically apply for property kept at a secondary residence (e.g. a vacation home or a dorm room); generally, 10 percent of the Household Personal Property limit extends to the contents at a secondary residence. Review your coverage limits with your agent to ensure this meets your needs.

Special Limits

Most policies include Special Limits on certain categories of Household Personal Property. Review these with your agent. If you need higher limits on certain categories of property, you will need to make provisions in your policy.

Trees, Shrubs, Plants, and Lawns

There are typically limitations on the value, location, and causes of loss that apply to trees, shrubs, plants, and lawns. The *AgriChoice* policy provides coverage up to five percent of the dwelling limit if items are located within 250 feet of a covered dwelling. Causes of loss are limited to: fire or lightning; explosion; riot; civil commotion; aircraft; damage by vehicles not owned or operated by a resident of the dwelling; vandalism; or theft. Coverage does not apply to trees, shrubs, plants, or lawns that are grown for business or farming purposes.

Debris Removal

The *AgriChoice*® policy provides for removal of debris following a covered loss. Coverage limits are typically a percentage of the structure limit and may exceed the limit by an indicated percentage.

Credit Card Theft

Your policy may provide coverage for credit card theft and forgery. Limits vary by company. The *AgriChoice* policy provides up to \$5,000.

Loss of Use

If loss of use of the dwelling results from a covered loss, the policy may provide for additional living expenses, or fair rental value in the case of a tenant dwelling. This is typically available as a percentage of the dwelling coverage. The *AgriChoice* policy pays for actual loss of use for up to 12 months.

Points to Ponder

Inflation Protection You need adequate coverage at the time of a loss. Building costs continue to increase, so it's important to protect yourself from the effects of inflation. If you have not recently had your agent adjust the values for which your buildings are insured, you may be underinsured. In the event of a total loss of your home, you may not have adequate coverage. Even with a partial loss, you may not be fully compensated if the effect of inflation places you in a co-insurance penalty situation.

To ensure accurate values, ask your agent to conduct an updated valuation review. Many companies sell an inflation endorsement, allowing you to select the percentage at which values will increase on an annual basis. With the *AgriChoice* policy, an Automatic Construction Cost adjustment applies to the valuation of all dwellings, keeping you current with actual building cost rates within your ZIP Code.

Scheduled Personal Property Review the special limits applicable to certain categories of Household Personal Property to be sure they adequately meet your needs. High value property items should be scheduled individually for the desired amount.

Landlord Furnishings If you hold a tenant dwelling for rent, you'll want coverage for your own contents within that dwelling, such as appliances or furniture. The *AgriChoice* policy automatically provides \$2,500 for landlord furnishings, with higher limits available.

Fire Extinguisher Recharge Not all farm policies provide for recharging fire extinguishers. The *AgriChoice* policy provides coverage when the extinguisher is used to put out a covered fire.



Farm Personal Property

Coverages

Farm Personal Property coverages include items used in your farming operations, generally in three categories:

1. Farm machinery and equipment
2. Livestock
3. Farm products (such as seed, silage, animal feed, pesticides, fertilizers, etc.)

Blanket or Scheduled

Most farm policies allow you to insure your Farm Personal Property on either a scheduled or a blanket basis.

- Scheduled property is listed individually by item on your policy's declarations page, with a separate limit stated for each piece
- Blanket coverage covers all farm personal property at the insured location (subject to exclusions) other than those listed as "not covered"

Work with your agent to determine which method is best for you. Factors to consider:

- An insurer's underwriting guidelines may require certain items to be scheduled
- Scheduling higher value items (such as a combine) can assure that you have adequate limits in place
- Lenders often require scheduled coverage for an item under lien
- Because co-insurance applies to Farm Personal Property, it's important to ensure you have adequate limits in place



Farm Machinery and Equipment

Coverage is typically provided for your farm machinery and equipment, including tractors, combines, cotton pickers, hay rakes, planters, and other field equipment. It also covers farm office equipment, portable irrigation equipment, portable fences and structures, as well as tools and supplies. GPS equipment and all covered farm machinery and equipment are included in the *AgriChoice*® policy for Special Causes of Loss.

Livestock

Coverage is available to cover livestock under your farm policy. The *AgriChoice* policy provides Broad Causes of Loss for livestock, and also offers an extension that covers death by accidental shooting or from being struck by a train or a vehicle.

Farm policies do **not** provide coverage for losses caused by livestock disease or from old age or natural death. Farm policies typically provide a special limitation on the value of any one animal (higher limits may be available).

Specialized coverage, known as Livestock Mortality, protects against livestock disease, old age, or death by natural causes. This usually requires your agent to acquire a separate policy from another insurer.

Farm Products

It's important to consider the causes of loss that apply to different items of Farm Personal Property. For example, check your policy to determine if it covers grain stored in the open. The *AgriChoice* policy provides this coverage, but limits the applicable causes of loss. Generally, unless a policy restriction applies, farm products are covered under *AgriChoice* for Basic Causes of Loss. Check your policy for special limits that apply to farm products.



Points to Ponder

Borrowed Farm Equipment

Ask your agent how borrowed farm equipment is covered. If you borrow your neighbor's tractor and it is damaged while you are using it, chances are you would want your insurance to protect your neighbor's equipment. However, many farm policies provide this coverage on an Excess basis, so your coverage would not pay until the owner has first filed a claim against his own policy. With the *AgriChoice*® policy, there is \$75,000 in coverage for farm equipment borrowed for up to 30 days on a Primary Basis (higher limits are available) so claims are handled within limits, just as if it was your property.



Rental Reimbursement on Farm Equipment At planting season, you have a limited time to get your crop in the field. If you are leaving the field and your planter is hit by an oncoming truck, you will need a replacement quickly. The *AgriChoice* policy provides, within limitations, up to \$1,000 per day and up to \$10,000 per loss for reimbursement of your rental costs in that situation.

Newly Acquired Property and Livestock Most farm policies provide for an automatic extension of the valuations on Farm Personal Property to cover newly acquired equipment and livestock. The policy does require reporting within specified time frames. Review your policy to make sure you are aware of coverage limits and reporting requirements.

Growing Crops Farm policies typically do not cover growing crops, crop insurance is a specialized type of insurance. However, *AgriChoice* policies provide a coverage extension of \$10,000 for barley, oats, corn, rye, wheat or grain, or \$5,000 for other crops damaged by fire, lightning or vehicle damage.

Cargo Coverage Farm policies don't cover farm products in transport, as a carrier typically provides cargo coverage. However, *AgriChoice* policies provide a coverage extension of \$10,000 for your own grain or poultry when you are hauling it in your vehicle to an elevator or processing plant.

Damage during Towing and Hitching Damage to equipment while hitched to another piece of equipment is automatically included in the *AgriChoice* policy.

Foreign Object Damage Coverage for equipment damaged by intake of a foreign object (such as a rock) is included in an *AgriChoice* policy.

Contact with the Roadbed or Ground *AgriChoice* policies provide coverage for damage to your equipment caused by a pothole in the road.

Cab Glass Coverage *AgriChoice* covers cab glass with no deductible.

Farm Structures

Your farm policy should cover loss or damage to buildings and structures used in your farming operations. This include barns, confinement facilities, dairy parlors, silos, portable buildings, pens, chutes and corral fencing, building materials intended to be used on farm buildings, private telephone and electric apparatus, and fixed irrigation equipment.

Points to Ponder

Equipment Breakdown Regardless of the Causes of Loss selected, many farm policies do not provide coverage for mechanical breakdown of the systems in your farm structures: milking parlors, ventilation systems, grain augers, and other machinery subject to mechanical breakdown. *AgriChoice*® policies provide coverage for mechanical breakdown as a Cause of Loss.

New Construction Check your policy for coverage on newly constructed farm structures. If you add a building, the *AgriChoice* policy extends coverage of up to \$250,000 for 60 days or until the next renewal date.



Liability Protection

Liability coverage is not an option. If someone is hurt on your property or as a result of your actions, you may be held liable. If someone becomes ill as a result of a product you produce, you may be held liable. The liability portion of your policy covers expenses that you are legally liable to pay due to bodily injury or property damage, provided that the cause of the injury or damage is not excluded in your policy. Your coverage includes attorneys' fees and costs to defend, which could be the most important aspect of this protection.

Exclusions

Exclusions vary by company and policy. Consult your agent for specific concerns. Typical exclusions found in many farm policies include:

- **Intentional Acts** Insurance is intended to cover you for claims of negligence, but not actions where you intend to cause harm.
- **Injury to Insured, Insured's Property, or to Property in the Insured's Care, Custody, and Control** Liability coverage affords protection against claims by others. Damage to your own property is covered under the property portions of the policy.
- **Employment Practices** Employment discrimination, harassment, or similar actions are usually not covered under a farm policy.
- **Pollution** Most farm policies exclude coverage for liability arising out of pollution. Companies vary in their pollution endorsement offerings.
- **Business Pursuits** Your farm policy is designed to protect you from liability arising out of your farm activities but does not protect you from liability that arises out of other non-farm businesses. You may need separate, additional coverage for other owned businesses, while some may be covered by endorsement to your present policy. Check with your agent.

Points to Ponder

Unwarranted Animal Cruelty Lawsuits Livestock producers faced with unwarranted animal cruelty lawsuits now have some protection. Free, add-on coverage is included in the *AgriChoice*[®] farm insurance policy to help cover the costs of unwarranted animal cruelty lawsuits. It applies to civil or criminal claims where the insured prevails without a finding of liability or guilt, and offers up to coverage limits to help defray defense costs.

Nationwide[®] Agribusiness believes animal abuse is inexcusable. Farm producers involved in animal agriculture have an ethical obligation to provide for the well-being of farm animals. But farmers who follow scientific and industry-approved standards for animal care and welfare need protection from the costs of unfounded lawsuits.

Employment Practices Liability Insurance As more farmers hire outside help, additional insurance protection may be needed from lawsuits for wrongful dismissal, breach of employment contract, employment-related misrepresentation, or violation of discrimination or workplace harassment laws, as examples. Employment practices coverage is also available as a no-cost addition to the *AgriChoice* policy for producers with employees. It provides reimbursement up to coverage limits for defense costs incurred in defending employment practices allegations.

Off-Premises Use of Farm Equipment Liability coverage for use of farm machinery and equipment is generally provided both on and off your premises.

ATV/Recreational Vehicles Many policies exclude off-premises recreational use of an ATV. Liability is provided only while these vehicles are used on your property and exclude coverage (unless specifically endorsed) when used off your property. If you have recreational ATVs, you are encouraged to endorse coverage to avoid tragic consequences. ATVs that require licensing for road use must be covered under a separate motor vehicle policy.

Products Liability Farm policies vary greatly in how they define the scope of liability for injuries claimed to have been caused by product consumption. Typically, a farm policy is designed to provide liability coverage for wholesale activities. The policies may include incidental retail sales, but if distribution represents a significant source of income, you may need a separate commercial policy to provide liability protection.

Farm policies can be endorsed to provide coverage for liability from “Pick Your Own” operations, farmers markets, and farm stands. Farm policies typically extend liability coverage only for produce grown on the farm and sold in an unprocessed condition. Once produce is processed, you may need a separate commercial policy to provide protection. Discuss the scope of your activities with your agent. A commercial liability package policy, in conjunction with your farm policy, may provide adequate liability coverage for your needs.

Agritourism Activities such as corn mazes, hay rides, petting zoos, and others are not typically covered by many farm policies, as these activities may be excluded by the “Business Pursuits” exclusion. Discuss this with your agent. Nationwide® Agribusiness can package a commercial liability policy together with your farm policy to provide liability coverage for many of these activities.

Equine Operations Liability arising from equine operations is not typically included in a base farm policy. Discuss your business activities with your agent to be sure you have the right protection. The *AgriChoice*® policy offers an endorsement covering some types of boarding, breeding, and training of horses. An endorsement is also available for loss of horses left in your care, custody, and control (i.e. boarding).

Custom Farming

Farm policies generally extend liability coverage for some limited amount of custom farming. Coverage is usually determined by the amount of receipts generated by custom farming.

- **Milk Spoilage** Farm policies typically exclude liability for damage to property of another resulting from its mixture with your product. With that exclusion, you may not have coverage if your milk contaminates another producer’s milk when combined in a tank. Nationwide® Agribusiness offers DFA members enhanced coverages, reduced deductibles, and special discounts when purchasing spoiled dairy farm products coverages.
- **Punitive Damages** The court system may assess “Punitive Damages” when they determine that an individual’s activities must be deterred. Punitive damages are in addition to the actual damages to “repay” a claimant for bodily injury or property damage. The *AgriChoice* policy covers punitive damages. Check your policy for coverage.
- **Pollution** Because most farm policies exclude liability arising out of pollution events, it’s important to consider when limited coverage is available by endorsement. Review your policy. Many farm policies provide coverage by endorsement only for “Sudden and Accidental” discharges. That means pollution occurring over time will not be covered. Also, many pollution liability endorsements do not provide for the costs of clean up ordered by governmental authorities.

Supplemental Coverages

Business Auto

Coverage for your commercial farm trucks and your personal automobiles can be added as supplemental coverage to the *AgriChoice*[®] policy. Commercial farm automobile coverage provides physical damage coverage such as comprehensive and collision, as well as bodily injury and property damage liability coverage.



Umbrella Liability

Discuss your current liability limits with your agent. We offer an Umbrella Liability policy that extends your liability protection. This option is available with your *AgriChoice* farm policy, as well as with other liability policies (e.g., personal auto, boat, or recreational vehicle) available from Nationwide[®] Agribusiness.



Optional Coverages

Farm policy endorsements are available to customize coverages to meet the specific needs of your operation. Endorsements vary greatly by company. Some you may want to discuss with your agent:

CountryChoice[®]

If you own a small rural farm or acreage, you won't need the same kinds or levels of coverage a traditional farm requires. *CountryChoice*[®] is a small-farm policy tailored to include coverages that best fit your rural acreage needs.

Disruption of Farm Income

The base farm policy provides coverage for physical loss to your farm structures. If you have a covered loss which disrupts your income, this endorsement may help mitigate the resulting income loss. The *AgriChoice* policy offers an endorsement that packages coverage for income disruption with extra expenses incurred to get your business back in operation.

Peak Season Endorsement

If your inventory of farm products fluctuates throughout the year, this endorsement allows you to indicate the periods when you have higher volumes on hand.

Dwelling Ordinance and Law

Replacement Cost on your home or farm structures allows you to rebuild with like kind and quality construction. If there are ordinances in your area that apply different standards, this endorsement provides coverage for additional costs required to conform to local laws.

Temperature-Sensitive Farm Personal Property

This endorsement broadens coverage on refrigerated farm products and supplies. These include damage caused by spoilage due to a change in temperature resulting from electrical interruption or mechanical or electrical breakdown of a refrigeration system.

Milk Spoilage

This endorsement provides liability coverage when your milk contaminates another's milk, with which it is commingled.

Milk Contamination and Leakage

This endorsement provides against loss to your own milk as a result of contamination or leakage.

Equine Boarding, Breeding, and Training

This endorsement provides liability protection arising out of your boarding, breeding, and training of horses. An endorsement is also available that covers loss to horses left in your care (e.g. boarding).

What to Look For When Selecting a Farm Insurance Company

While premium is an important part of your insurance purchase decision, quality service and adequate protection tailored to your needs are equally critical. Other factors to consider when choosing a reliable farm insurer include:

Financial Stability

A financially strong and stable insurer will serve you well long term. Nationwide® Agribusiness is consistently rated A+ (Superior) by the A.M. Best Company, the nation's leading independent analyst of insurance company operations.

Commitment to the Agricultural Market

Nationwide Agribusiness was founded in 1909 by Iowa farmers and agribusiness leaders. Our parent company, Nationwide®, was founded in 1926 by the Ohio Farm Bureau. Today, both companies are still offering quality products and services for farmers and ranchers.

Farm-Related Expertise

Nationwide® Agribusiness has a staff comprised of knowledgeable professionals who truly understand your farming business. We have highly experienced agronomists, property engineers, claim handlers, loss control resources and professional farm underwriters. We also are the only company that provides *On Your Side*® Farm Certified agents and agencies, specifically trained to understand the business of farming.

A Local Dependable Agent

Working with an agent you know and trust is critical. Look for an agent who meets your farm insurance needs and can address your full range of financial protection through life insurance and investment products.

Product Needs

Look for a company that offers coverage protection specifically tailored for your farming operation so you only pay for coverages you really need.

Look to Nationwide Agribusiness

For More Information

Nationwide® Agribusiness offers its *AgriChoice*® farm policy through Nationwide exclusive agents and also through independent agents appointed to write Allied® Insurance policies.

For more information, a free insurance review or to get a farm or ranch insurance quote, contact us today!



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