

Understanding your farm insurance options



Your Customer Buying Guide to Insurance



Nationwide[®]
Agribusiness

On Your Side[®]

The Nationwide® Organization

a family of companies
that includes...

Nationwide® Agribusiness Insurance

Underwriting commercial agribusiness, farm, and farm-focused coverages for all sizes of operations. Products include *AgriChoice*®, America's choice for farm insurance, with top quality farm insurance protection; loss prevention resources; and fast, fair claims services.

Nationwide® Insurance

Represented by Nationwide Insurance exclusive agents offering personal, farm, and commercial insurance.

Allied Insurance

Represented by independent insurance agents appointed by Allied Insurance, and offering personal, commercial, and a complete line of farm-focused coverages.



Understanding your Farmowners Insurance Policy

A Farmowners 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:

- *Home and contents (including detached garages and other buildings);*
- *Farm personal property;*
- *Farm structures; and*
- *Liability protection.*

Growing crops and the death, disease, and/or 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 package, 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
- Electrocution of livestock
- Falling objects

Broad Coverage continued

- 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 in order 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 that generates the greatest premium savings.

Home and Contents

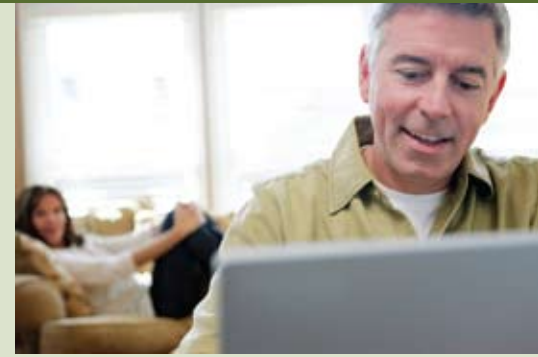
Generally, your Farmowners insurance covers:

- Home and your tenant dwellings;
- Household personal property or contents;
- Detached garages and other structures, including in-ground pools, and outdoor radio, television antennas, and satellite dishes; and
- Buildings and outdoor equipment for service of the dwelling, grounds, and materials for building or repairing dwellings or attached structures.

Coverage for home and contents can be written for Basic, Broad, or Special causes of loss (depending on underwriting eligibility). Frequently, 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



Home and Contents continued

trees, shrubs, plants, and lawns. The **AgriChoice**® policy provides coverage up to either five percent of the dwelling limit or \$500 (whichever is higher) 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 extends 50 percent of the dwelling limit to apply to Loss of Use.

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**, chances are 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 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 for the required 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 Farmowners 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:

- Farm machinery and equipment;
- Livestock; and
- Farm products (such as grain, 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 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 valued 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, ensure that you have adequate limits in place.



Farm Personal Property continued

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 Nationwide® Agribusiness **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 by 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 is 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 friend and neighbor's equipment. However, many Farmowners 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 \$10,000 in coverage for Borrowed Farm Equipment 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 \$5,000 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/or livestock. The policy has requirements for 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, as crop insurance represents a specialized area of insurance. However, **AgriChoice**® policies provide a coverage extension of \$2,500 for loss by fire to growing crops.

– 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 \$2,500 for your own grain or poultry when you are hauling it in an owned 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 your **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 policy extends coverage of up to \$100,000 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 hurt 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. Your coverage includes attorneys' fees and costs to defend, which can be among 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 Farmowners 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, etc. 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

The farm policy protects 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. 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 product 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 the insured's 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®** farm insurance product 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



Liability Protection continued

vehicles are used on premises and exclude coverage – unless specifically endorsed – when used elsewhere. If you have recreational ATVs, you are encouraged to endorse coverage to avoid tragic consequences. ATVs requiring licensing for road use must be covered under a separate motor vehicle policy.

– Products Liability

Farm policies vary greatly by how they define the scope of liability for injury claimed to have been caused by product consumption. Typically, the 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 form 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 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.

– Agritourism

Activities such as corn mazes, hay rides, petting zoos, etc. 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 activities with your agent to assure that 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 endorsements which provide liability coverage for milk spoilage and also coverage for loss from contamination or leakage of your own milk.

– 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 cleanup ordered by governmental authorities.

Supplemental Coverages Business Auto

Coverage for your commercial farm trucks and your personal automobiles can be added to your farm insurance package 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. Nationwide Agribusiness offers 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, and 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 that you may want to discuss with your agent are:

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. But you will have your own unique coverage needs. **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 provide for the resulting income loss. The **AgriChoice**® policy offers an endorsement which packages coverage for income disruption with extra expenses incurred to get the 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/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

Seeking the greatest value will impact your farm insurance buying decision. While premium is an important part of the value equation, 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 continue to consistently offer quality products for the agricultural market.

- **Farm-Related Expertise**

Nationwide Agribusiness is a company with knowledgeable professionals who truly understand your farming business. We provide on-staff experienced claims handlers, loss control resources, and professional farm underwriters.

- **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 to meet your farming operations' needs.

Look to Nationwide® Agribusiness.



For More Information

Nationwide® Agribusiness offers its *AgriChoice*® farm policy through a family of companies to best serve our customers' preferences. It is available through Nationwide® Exclusive Agents and also through Independent Agents who are appointed to write Allied Insurance policies.

Call your local Nationwide or Allied Insurance agent today, or use the agent locator search tool at Nationwide.com and click on **Find An Insurance Agent** in the upper right hand corner. Or go to AlliedInsurance.com and click on **Find An Agent** in the left hand column.



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