

First in its Field

AAIS Agricultural Insurance Programs

Agricultural Output Program

Agricultural General Liability Program





■ Agricultural insurance is evolving quickly

You can't effectively insure today's agribusinesses with modified farm and commercial products from yesterday.

Agribusiness operations have unique exposures and rating considerations that set them apart from traditional family farms and commercial enterprises. To avoid coverage gaps and unnecessary exposures, you need products specifically designed for the needs of agribusinesses.

Working in conjunction with major reinsurers and on behalf of national and regional ag insurers, AAIS has filed standardized programs, available for use by any carrier, for insuring property and liability exposures of large farms and agricultural processing enterprises.

With these products, an insurer with the right underwriting expertise can tap into the growing market of vertically integrated agriculture operations involved in cultivating and processing food, fiber, lumber, and related products.

The Agricultural Output Program (AgOP)

- The Agricultural Output Program provides policy forms, manual rules, classifications, and rating information for more than 80 eligible classes of risks related to agriculture. Introduced in 2001, the AgOP is the first standardized program developed specifically for insuring property exposures of large farms and agribusinesses.

Modeled in part after the AAIS Commercial Output Program (COP), the AgOP provides broad commercial property and inland marine coverage in its base property and income form. Coverage for builders risk, computers, and mobile equipment is provided in the same policy as coverage for buildings and personal property, including stock. In addition, the base form provides four time element coverage options, as well as coverage for residential property, an enduring need of agricultural risks.

Among the many endorsements provided is a separate equipment breakdown coverage part, developed in conjunction with a major equipment breakdown reinsurer, but available for use with any reinsurer. Also, a separate commercial crime coverage part provides a broad range of options that incorporate features of highly competitive commercial crime programs.

The streamlined policy construction and flexible rating procedure are ideally suited to underwriting unique and diverse agricultural operations.

"The AgOP is designed for larger agricultural operations where dwelling coverage is available but relatively minor, inland marine coverage is rolled in at relatively high limits, and rating needs to be flexible."

*—Deborah Summerlin
AAIS vice president
of insurance lines*

Insurers can choose between blanket and scheduled coverage, or can combine the two by granting blanket coverage with exceptions for certain scheduled locations, structures, equipment, stock, or other personal property.

Carriers can also determine individual sublimits for additional, extended, supplemental, and crime coverages simply by entering them in the declarations. By putting "0" for an entry, a carrier can, in effect, exclude the coverage.

■ Agricultural General Liability Program (AgGL)

Introduced in 2008, the Agricultural General Liability Program is the first standardized general liability program specifically designed for farms and agribusinesses.

As such, its forms and manual classifications may fundamentally remake the way liability coverage is structured for all types of agricultural enterprises. AgGL policies can be combined in a package policy with any other farm, property, auto, and workers compensation monoline forms.

The AgGL's flexible approach to covering agricultural liability is embodied in the choice it provides between two base forms:

- The Farm Commercial Liability Form operates on a “build up” approach in that it generally limits coverage to farming and certain related operations, but allows coverage for additional exposures to be added by endorsement or dec page entry.
- The Agribusiness Commercial General Liability Form functions like a traditional CGL policy in that it automatically provides coverage for all operations of an insured except those explicitly excluded.

Both forms include a built-in coverage for “Farm Chemicals Limited Liability” (chemical drift), plus an option to provide personal liability coverage by endorsement, among many other endorsement options.

“The AgGL’s Farm Commercial Liability Form is well-suited to farming, and has the ability to pick up one or two commercial exposures. The Agribusiness General Liability Form is better suited to commercial ag operations with some farming included.”

*— Sherry Taylor
AAIS manager of
farm and agribusiness*

Both forms also include an extensive and up-to-date series of exclusions, including exclusions unique to agriculture that address liability from certain logging or lumbering operations, the Migrant and Seasonal Agricultural Worker Protection Act, and animal diseases.

The two forms differ in their approach to “agritainment” and custom farming.

The Farm Commercial Liability Form excludes coverage for educational and recreational activities undertaken for compensation, but coverage can be added by identifying such activities on the declarations. Under the Agribusiness Commercial General Liability Form, there is no restriction of coverage for such activities, as they are not differentiated from other covered activities, but coverage can be excluded by endorsement.

Custom farming is specifically defined and insured under the Farm Commercial Liability Form, provided receipts from such operations do not exceed an established threshold. Under the Agribusiness Commercial General Liability Form, there is no definition or exclusion for custom farming; it is another insured activity unless explicitly excluded.

■ AgGL program manual

The AgGL Program manual contains more agricultural classifications than are typically found in a CGL manual. Over 300 classes have been organized into 21 categories for ease of look up.

For most classes, the rating information supplants traditional acreage-based rating with sales-based rating information that is more sensitive to inflation and better reflects the growing percentage of agricultural revenue from sources other than commodity sales.



■ AAIS farm insurance programs

The Agricultural Output and Agricultural General Liability programs are the latest additions to the well-known lineup of farm and agricultural programs developed and maintained by AAIS:

- Farmowners
- Farm Properties
- Farm Inland Marine
- Farm Umbrella

■ Your AAIS farm & ag insurance team

Two highly seasoned product professionals are the principal developers of AAIS's farm and agricultural supporters. They are supported by AAIS actuarial and compliance specialists in developing the manual and maintaining the programs.



Debi Summerlin

Deborah Summerlin, CPCU, ARP, is vice president of insurance lines and the principal developer of most AAIS farm programs. Debi supervises product development, filing, and maintenance for most AAIS programs, and has advised countless affiliates on the implementation and use of programs since coming to AAIS in 1979.

Sherry Taylor, CPCU, AFIS, is manager of farm and agribusiness and our leading expert for the development of new farm commercial liability forms and rating classifications. She has many years of experience in agricultural insurance with carriers and agencies.



Sherry Taylor

■ AAIS product support

If you want to modify AAIS programs to meet your unique needs, AAIS specialists are prepared to assist with actuarial analysis, product customization, and filing support.

■ AAISdirect: Your information portal

The *AAISdirect* Internet service will help your company implement AAIS programs quickly by providing immediate online access to:

- Bulletins, forms and manuals;
- Training materials; and
- Excel-based rating worksheets for the AgOP.

With *AAISdirect*, you also get access--at no additional charge--to complementary risk information services, including--

- "Risk Meter" risk mapping software from CDS Business Mapping; and
- Farm and commercial property valuation services developed by e2Value.

■ To learn more . . .

. . . contact Rick Maka, AAIS director of marketing, at rickm@AAISonline.com, or by calling 800-564-AAIS.