

## Farm and Ranch Coverage

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Farms and ranches are different than most other business operations because, at least with small to medium operations, the owner both conducts his business and lives with his entire family on the same premises. Therefore, a farm or ranch has a combination of commercial and personal loss exposures that must be addressed.

One coverage method might be to use commercial lines policies to handle the business needs and personal lines (auto, home, recreational vehicle, etc.) policies to tackle the personal needs. However this would be less than ideal. Such a combination of stand-alone policies would be awkward and expensive. Further, the method would allow a large number of coverage gaps and overlaps. It would easily create confusion as well as coverage problems. A much better approach would be to use a product that satisfies all potential coverage needs in a single policy.

The differences among various farm and ranch operations certainly complicate the task of finding proper coverage. Successful farmers and ranchers tend to be specialists, yet are flexible in order to run efficient operations. Fortunately, farms and ranches have a number of elements that are common to all operations, so products have been developed for this challenging market.

One standard farm program uses a cafeteria approach to offer coverage. The owner of a farm or ranch operation may choose to have only Farm Property and Farm Inland Marine Forms to address the property coverages but use the Commercial General Liability Forms for the liability coverage exposures. They may choose to use the Farm Umbrella or a Commercial Umbrella with a Farm Endorsement. A Homeowners' policy may be used on the dwelling but a Farm property coverage form on everything else.

Options are an important feature of a good farm program. The following, basic coverages are widely available:

- The Farm Property Policy - covers farm-related buildings (residence, barns, sheds silos, etc.)
- The Farm Inland Marine Policy - covers farm-related machinery and equipment
- The Farm Liability Policy - protects against damage or injury caused by farming/ranching activities
- The Farm Umbrella Policy - provides a higher level of liability protection
- The Farm Combination Policy- offers a way to bundle stand-alone farm/ranch coverages into a single package

The more flexibility offered by a program, the greater the chance that an insurance professional can assist a farmer or rancher with developing an effective insurance plan.

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