

# FARM UMBRELLA

## Program Descriptions

This program contains the rules and rates governing the writing of Farm Umbrella Liability Policies. This insurance is designed to cover above average, owner-occupied farming operations. The Farm Umbrella Liability is a form of excess third party liability which provides coverage in excess of a schedule of underlying insurance (Primary Insurance) and in excess of a self-insured retention. It is catastrophe insurance by design, not a supplement to inadequate first dollar insurance.

## Scope of Coverage

The policy will pay, on behalf of the insured, the ultimate net loss in excess of the retained limit which the insured shall become legally obligated to pay as damages because of Personal Injury or Property Damage. Retained limit is the limit on other policies that the insured is required to carry, or the Self-Insured Retention (Deductible), for those exposures where primary coverage is not required. Ultimate net loss is the amount actually paid in settlement or satisfaction for a loss in which the insured is liable.

**Rule I**      **Binding Authority** – Agents do not have binding authority for Farm Umbrella policies. Please submit **only ACORD applications on a non-binding basis**.

- 1.1      Annual premium must accompany the application.
- 1.2      Automobile declarations must accompany the application.
- 1.3      A five-year loss history must accompany the application.
- 1.4      Details on losses over \$10,000.00 must accompany the application.
- 1.5      Any incomplete application will not be considered.
- 1.6      Current MVR records must accompany the application.
- 1.7      Underlying Farm coverage (including primary dwelling) must be with Mt. Morris Mutual.

**Rule II**      **General Information**

- 2.1      **Policy Term** – All policies are written with a 12-month policy term.
- 2.2      **Premiums**
  - A.      The premium will be rounded to the nearest whole dollar. A premium involving 50 cents or more will be rounded to the next higher whole dollar.
  - B.      Premium changes or return premium resulting from any change or cancellation will be computed on a pro-rata basis.
- 2.3      **Cancellations** – Policy cancellations can be requested with either an insured's declaration page, signed lost policy release, or a signed request from the insured.
- 2.4      **Changes** – All changes to the policy should be requested on an ACORD form or the Company's change form.

- 2.5 **Assignment** – Policy assignments are not available, please submit a new application.

**Rule III**

**Eligibility** – The following rules of eligibility apply to all requests for Farm Umbrella policies:

- 3.1 Responsible individuals, spouses who reside together, partners of a farming enterprise, or family members of farming corporation are eligible.

**Rule IV**

**Risks Requiring Approval**

- 4.1 Risks with the following types of watercraft:
- A. Outboard boats that exceed 150 total horsepower.
  - B. Inboard and inboard/outboard boats that exceed 260 horsepower.
  - C. Boats 15 years of age or older.
- 4.2 **Commercial Exposures** – Risks with business operations, including home day care operations, conducted on the premises. Exposures not eligible for the underlying liability, home, farm, or auto programs due to commercially related activities will not be eligible for a farm umbrella, but may be eligible for a commercial umbrella.
- 4.3 **Farming** – Farming is a source of a considerable number of significant exposures that can result in catastrophic loss. Be sure that all liability hazards are thoroughly evaluated before submitting an application.
- 4.4 Farming operations where the annual gross income exceeds \$1,000,000.
- 4.5 Farms that include the breeding and raising of race horses.
- 4.6 Vehicles with a regular operating radius of over 200 miles.
- 4.7 Farms with under \$10,000 gross receipts, engaged in the transportation of goods or products to others.
- 4.8 Vehicle operators with more than 1 moving violation or chargeable accident in the past 3 years.
- 4.9 Risks with watercraft that exceed 50 feet in length.
- 4.10 Risks with jet skis, wave runners, or other personal watercraft exceeding 50 horsepower.

4.11 Ineligible auto list as follows:

Acura.....	Integra, RSX Type S, NSX
Alfa Romeo.....	All Models
Aston Martin.....	All Models
Audi.....	TT, S4, RS6
BMW.....	Z3, Z4, Z8, M3, M5, 6 Series, 7 Series
Buick.....	Reatta, Grand National, Regal T-Type
Cadillac.....	XLR, Allante, CTS-V
Chevrolet.....	Camaro Z-28 or IROC, Corvette, Cavalier Z24, Cobalt SS, SSR
Chrysler.....	Crossfire, Conquest, or Laser Turbo
Dodge.....	Neon SRT-4, Daytona Turbo, Stealth Turbo, Shadow Turbo, Shelby Charger, Conquest, Ram SRT-10 or Viper
Eagle.....	Talon Turbo
Ferrari.....	All models
Fiat.....	All models
Ford.....	Probe Turbo or GT, Mustang with 8 cylinder or SVO, Taurus SHO, Focus SVT, Ford GT and Ford Lightning
Honda.....	S2000, Prelude, Del Sol, Civic SI, CRX
Hyundai.....	Tiburon
Infiniti.....	G35 coupe
Isuzu.....	Impulse
Jaguar.....	XJS, XJ6, XJ8, or XJ-SC
Jeep.....	CJ-7, CJ-5
Mazda.....	RX-7, RX-8, MX-6, or Miata
Maserati.....	All models
Mercedes.....	SLK, CL, AMG, SLR
Mercury.....	Capri Turbo
Mekur.....	XR4TI
Mini.....	Cooper S
Mitsubishi.....	Lancer Evolution, Eclipse Turbo or GTS 3000 GT, Starion
Nissan (Datsun).....	240, 260, 280, 300, 350, Sentra SE-R, or 200 SX Turbo
Lamborghini.....	All models
Lexus.....	SC
Lotus.....	All models
Plymouth.....	Sundance 2-Dr Turbo, Laser Turbo, Barracuda, or Conquest
Pontiac.....	Trans Am, Firebird Formula, Fiero, or Pontiac GTO
Porche.....	All models
Saab.....	900 Turbo, 9000 Turbo
Subaru.....	WRX, All XT models, RX4 2 Dr Turbo, Brat GL Pickup

Suzuki.....	Samari
Toyota.....	MR-2, Celica Turbo, Celica GTS, Supra, Corolla FX 16 or GTS
Vector.....	Vector
Volkswagen.....	Golf GTI VR6, R32, Corrado or Scirocco
Volvo.....	C70

**Rule V**

**Risks Not Eligible**

- 5.1 Risks with custom farming receipts that exceed 15% of total farm income or \$25,000 annually, whichever is less.
- 5.2 Premises where farming is not the greatest source of income.
- 5.3 Farms that include crop dusting by aircraft.
- 5.4 Risks with the following types of operations:
  - A. Manufacturing or processing operations.
  - B. Resorts that include hunting services.
  - C. Hatcheries and poultry (layer or broiler) operations.
  - D. Livestock feedlots not incidental to the farming operation.
  - E. Greenhouses.
  - F. Mushroom farms.
  - G. Commercial fertilizer exposures including application, blending, mixing, or storage.
- 5.5 Corporate farms, partnerships, and contract farm operations where the owner contracts with other farmers to use his farm machinery to harvest their crops.
- 5.6 Risks with truck filings required by the Interstate Commerce Commission, Public Service Commission, or a similar group.
- 5.7 Farms engaged in the transportation of anhydrous ammonia, L.P.G., L.N.G., or other highly flammable, explosive, or caustic chemicals or gases on public highways.
- 5.8 Politicians.
- 5.9 Labor leaders.
- 5.10 Public lecturers.
- 5.11 Journalists, reporters, editors, or publishers.
- 5.12 Radio announcers or television announcers.
- 5.13 Prominent figures such as actors, actresses, or professional athletes.
- 5.14 Law enforcement officials, detectives, and private investigators.

- 5.15 Persons who represent a moral hazard or have been sued for libel or slander.
- 5.16 Vehicle operators previously convicted of a major moving violation such as driving while intoxicated or reckless driving, or driving without a license/ with a suspended license.
- 5.17 Operators whose automobile insurance is provided by an assigned risk plan or auto program designated for high risk drivers.
- 5.18 Properties with home day care operations of more than 4 children.
- 5.19 Risks with any type of restriction endorsement or exclusion attached to an underlying insurance policy that would cause the umbrella policy to provide primary coverage.
- 5.20 Risks with vicious or exotic animals or those animals with a prior bite or injury history.
- 5.21 Risks with liability extended to more than 4 rental units.
- 5.22 Properties with swimming pools that are unfenced or include a diving board or a slide.
- 5.23 Vacant/Unoccupied dwellings.
- 5.24 Operations primarily for silo storage.
- 5.25 Commercial feed mixing operations.
- 5.26 Commercial sales and repair of farm machinery.
- 5.27 Agri-tainment (petting zoos, corn mazes, haunted houses, hayrides, etc.).
- 5.28 U-pick it operation.
- 5.29 Resorts and dude ranches.
- 5.30 Risks that carry the Roomer/Boarder &/or the Respite Care Program.

## **Rule VI**

### **Program Rules**

- 6.1 **Minimum Premium** – The minimum annual premium for Farm Umbrella Liability policies is \$160.
- 6.2 **Retained Limit** – The retention by the insured for exposures not covered by underlying insurance is \$1000 per occurrence. This retained limit may be increased to \$5,000, or \$10,000 for a premium credit.
- 6.3 A \$10.00 policy fee applies.

**Rule VII**

**Required Underlying Limits** – Mt. Morris Mutual must write the personal liability. In those instances where companies are not able to write a particular underlying auto exposure, it can be placed with a company having a Best's Rating of "B+" or better. The following liability limits, or greater, need to be in effect at the time of application.

If the coverages referenced below are reduced, cancelled, discontinued, or nonexistent, the insured's minimum retained limit will be equal to the amount of liability coverage that the required underlying coverage would have provided.

The following minimum limits of underlying insurance are required.

**7.1A Automobile Liability** – If a risk includes any of the following:

- A. An insured operator age 25 or less;
- B. Medium trucks (GVW of 10,001 to 20,000 pounds);
- C. Light heavy trucks (GVW of 20,001 to 35,000 pounds);
- D. Pick-up trucks equipped with a fifth wheel coupling device for goose neck trailers; or
- E. Farm grain trucks with a GVW of 45,000 pounds or less and a regular operating radius of 50 miles or less;

Then the following minimum underlying limits are required:

\$500,000/\$500,000/\$100,000 Split Limit;  
\$500,000 Combined Single Limit.

**7.1B Automobile Liability** – If a risk includes any of the following:

- A. Heavy trucks (GVW of 35,001 to 45,000 pounds);
  - B. Extra-heavy trucks (GVW of 45,001 pounds or greater); or
  - C. Farm grain trucks with a GVW of 45,001 pounds or greater or a regular operating radius of over 50 miles;
- NOTE: Farm Grain Trucks with a GVW up to 45,000 pounds and operated within a radius of 50 miles from the farm, may be written over a limit of \$500,000/\$500,000 or \$500,000 CSL.

Then the following minimum underlying limits are required:

\$1,000,000/\$1,000,000/\$100,000 Split Limits; or  
\$1,000,000 Combined Single Limit.

**7.1C** For all **other situations**, the following minimum underlying limits are required:

\$250,000/\$500,000/\$100,000 Split Limits;  
\$300,000/\$300,000/\$100,000 Split Limits; or  
\$300,000 Combined Single Limit

- 7.1 **Farm Personal Liability** (Comprehensive Farm Personal Liability or the Liability Section of a Farmowners Policy), Watercraft Liability, Recreational Motor Vehicle Liability, All other Business Pursuits, and “INCIDENTAL” Business Property.

\$500,000 Single Limit if annual custom farming receipts exceed \$5,000.  
\$300,000 for all other situations.

**Rule VIII**      **Policy Credits**

- 8.1 **Increased Retained Limit** – The retained limit of \$1000 per occurrence may be increased for a premium credit.

<u>Retained Limit</u>	<u>Premium Credit</u>
\$5,000	\$ 7
\$10,000	\$ 9

**Rule IX**      **Increased Limits of Liability** – Premiums displayed in this manual reflect a policy limit of \$1,000,000.

The policy limit may be increased to \$2,000,000 or \$3,000,000. Please contact Home Office for a quote on \$4,000,000 or \$5,000,000.

For each additional million (up to \$3,000,000) the premium is 50% of the first million or \$100, whichever is greater.

**Rule X**      **Exclusions**

- 10.1 Workers’ Compensation, Unemployment Compensation, or Disability Benefits.
- 10.2 Personal Injury – employee suing employee unless underlying affords coverage.
- 10.3 Watercraft over 50 feet away from owned premises.
- 10.4 Property Damage to goods or products manufactured, sold, or handled by the insured.
- 10.5 Products recall.
- 10.6 War.
- 10.7 Commercial, Personal and Farm Umbrella policies must have an Absolute Pollution Exclusion unless prohibited by state statute.
- 10.8 Transmission of disease.

- 10.9 Aircraft or aircraft related operations.
- 10.10 Any errors and omissions or professional liability exposures except for barber shops, beauty shops, cemeteries, druggists, opticians, clergy (only if sexual molestation exclusion is written), veterinarians that treat household pets, morticians, and hearing aid stores.
- 10.11 Directors and officers exposures except in reference to condominiums and homeowners associations.
- 10.12 Racing of vehicles.
- 10.13 Intentional acts.

**Rule XI**      **Conditions**

- 11.1 First dollar defense is provided for defense coverage in those areas which are uninsured in the primary policies, but which are covered under the broader coverages of the Umbrella Liability.
- 11.2 Maintenance of underlying – each policy described in the declarations shall be maintained in full effect during the currency of the Umbrella Liability.

**Rule XII**      **Renewing an Umbrella Policy** – The Company **must** be provided with current auto declarations and a completed renewal questionnaire.