

## Farm Succession Planning webinar – Q&A session

**Question** – *You've told us to tell our agent about our good management practices to reduce risk. Does the agent themselves complete a risk assessment?*

**Response** - Yes typically the agent/broker completes a risk assessment of the client risk as well, since a good loss ratio for the agent/broker can improve their performance goals with that insurer.

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**Question** – *You spoke of increased costs due to supply change issues. My fear is that rates will go up and then not go down when things get back to normal. What are the chances of insurers issuing the increase as a temporary surcharge?*

**Response** - The challenge for insurers, in fact anyone, is not knowing when everything get back to normal, including if the inflationary market pricing will in fact come down. Insurers ,like other business, do not want to price themselves out of the market for good farm risks. This is why they are constantly reviewing rating and will increase or decrease rating depending on market conditions. It is important to review limits of insurance frequently with your advisor/broker to ensure you are adequately protected.

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**Question** – *More housing and subdivisions and pressuring farmland loss and getting closer to properties... I am concerned about trespass and vandalism. How will this affect my insurance?*

**Response** - Farmers have less responsibility for a trespasser than someone invited onto the farm, such as a customer or vendor. Vandalism can be an issue - Gates or doors should be locked, keep valuable tools in a safer place and ensure flammable liquids such as fuels stored safely away or in a locked cabinet. It is best to avoid attractive nuisances, like abandoned buildings, near these sites to lower liability.

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**Question** – *Do you need special coverage if you allow hunters to access your land?*

**Response** - Special coverage is not required for hunters onto your property. If the hunters are using snowmobiles, caution or warning signs of metal or barbed wire fences, or advising of any hidden geographic features (Rock piles, creeks) may be appropriate to avoid liability claims as a result of injury.

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**Question** – *Is a cash crop farmer, without and buildings, better to seek liability insurance from an insure that doesn't deal with building structural coverage?*

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**Response** - Most insurers provide farm liability coverage will also provide property coverage - the best option is to shop around for the best coverage for your farm operation.

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**Question** – Mark discussed that the underwriter looks at past claims. He counselled you may want to claim frequent smaller claims – can he clarify why he stated that please? I understand that FRSA is actively reviewing all FSCO regulatory directions that will make it harder for insurance companies to deny a client or drop one?

**Response** - most insurers provide 1-year policies, at the end of that policy period they will determine if they wish to continue insuring a particular risk, review the coverages and deductibles previously provided, and determine if the rates should remain the same or change. Frequency or severity of claims, along with other attributes of the risk, could have an impact on any of these factors.

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**Question** – There are travel companies that are looking for farms where people with travel trailers can simply spend one day/night parked at the farm. These companies have clear guidelines for the travelers to adhere to and they are expected to buy products from the farm when they visit. Any thoughts on doing this?

**Response** - Having more guests on your property does increase the liability exposure due to an injury. While travel companies may have guidelines for the guests, the question an insurer may have is what occurs if the guests do not abide by these guidelines? Best to discuss this with your agent or broker before setting up such a business.

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**Question** – Does Co-operators act like any other insurance broker, or does Co-operators act as both broker and insurer and therefore can provide more competitive rates?

**Response** - Co-operators is a direct writer of insurance, so unlike a broker who will represent a few insurers, Co-operator's advisors only sell Co-operator's products. As for competitive rates it is always best to shop around, not only for best rates but best advice and coverage to suit your needs.

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**Question** – Is \$5,000,000 enough liability for Farm and Auto or better at \$10,000,000 limit?

**Response** - It is best to discuss your liability limit needs with your broker or advisor, however you may want to discuss an umbrella liability policy which can provide additional liability coverage for both your farm and auto needs.

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**Question** – Do need insurance for rental equipment such as a fertilizer spreader?

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**Response** - best to discuss this with your advisor/broker. Your existing machinery policy may have a coverage extension for short term rental equipment. Furthermore, the rental company may provide physical damage coverage to the rental equipment also.

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**Question** – *Have there been changes to insurance requirements for rental houses on farms? Is the insurance harder to get?*

**Response** - There are many factors that are considered when an insurer evaluates a rented dwelling on a farm, each insurer will have their own appetite for these risks, and it is best to shop these risks to find the best coverage for your individual needs.

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**Question** – *Airbnb have their own insurance to cover hosts so why do regular insurance providers deny clients who choose to use this platform as a business?*

**Response** - Coverage provided under third party rental platforms may only provide temporary coverage while the property is occupied, and the home may be left vacant between guests limiting acceptability for some insurers and where the home is a primary residence, may otherwise increase risk to owned property outside of the insurer's appetite.

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**Question** – *Also, is coverage available for an oxygen and acetylene cylinders which are owned by say Praxair?*

**Response** - Coverage may be available for property of others in your care, talk to your agent/broker to determine what options may be available for you.

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**Question** – *Can I do it myself and sign form?*

**Response** – Not sure of the context of this question. More clarity is required.

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**Question** – *What other inspections are mandatory on older buildings? I.e. Structural engineer?*

**Response** - Insurers may require inspections to be completed for buildings requesting coverage for collapse, or where solar panels or other structural modifications have been made to the building.

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**Question** – *Is it ok to clear the snow out of my neighbor's driveways when I'm under a farm policy?*

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**Response** - Where compensation is involved, additional endorsements may be required for coverage to extend. Talk to your agent/broker to determine if you require any additional endorsements to extend coverage under your policy.

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**Question** – *Recommended source for examples of waiver forms?*

**Response** - Talking to a lawyer about your specific business and needs will allow you to limit your exposure. Speak to your advisor/broker as there may be additional legal advice coverage built in that could assist in finding appropriate documents or counsel.

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**Question** – *My son and daughter in law are using my bank barn to house their sheep. Whose responsibility is it to cover the sheep in case of a fire? Mine, or my sons?*

**Response** – Each situation is unique to the client's relationship and expectations. Given that the sheep are owned by others, they would typically be the responsibility of the owner to insure. Additional coverage may be available if you are caring for the sheep of others. Or, Tenants Legal Liability may be an option for the owners of the sheep to provide coverage for the barn if damaged by others through their use of the building to house the sheep.

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**Question** – *Are my family members covered under the liability coverage for injury?*

**Response** - In most situations, immediate family members living in the same household would be covered under the same liability policy. Some exceptions may apply, and it is best to talk to your advisor/broker to identify how your policy will respond.

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**Question** – *From Co-op 2020 Annual Report: “Our underwriting income of \$180.1 million for 2020 improved from an underwriting loss of \$37.3 million in 2019. 2020 marked another year of continued underwriting income improvement.” Is shareholders need for ROI kept to a reasonable amount to ensure limited increase to premiums for farmers?*

**Response** - Co-operators has had profitable growth over the past couple years, however the Farm product continues to be challenged due to the nature of the business in terms of loss severity and volatility. Feedback we have received indicates that most insurers continue to have profitability challenges with their farm portfolios.

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**Question** – *In your experience is it better to deal with an insurance company directly or with a broker?*

**Response** – We recommend shopping around to determine who can provide you with the best coverage, advise and services to meet your individual insurance needs.

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**Question** - *What factors are considered to determine whether a property is eligible for coverage for roof damage/collapse due to snowfall?*

**Response** - a variety of factors may be considered depending on the company underwriting the risk, however, typically consideration will be made for roof covering, age, truss spacing, and occupancy. Discuss with your advisor/broker for specific requirements.

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**Question** – *Can they speak to communicable disease exclusions?*

**Response** - Communicable disease has never been covered by our Property policies, as it doesn't amount to physical damage. We however added this explicit exclusion to provide even more clarity about the limitations of property coverage.