TENNESSEE POULTRY ASSOCIATION
INSURANCE GUIDE

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Westan Insurance Group
HIGHLIGHTS

- Replacement Cost vs. Actual Cash Value
- Loss of Income Coverage
- Basic, Broad & Special Forms
- Covered Causes of loss (Covered Perils)
- Equipment Breakdown
- Avian Influenza Coverage
- Water Well Coverage
- Earthquake Coverage
- Liability Section
REPLACEMENT VS. ACTUAL CASH VALUE

- What is the difference?

- Which is cheaper?

- How will this affect me in the event of a claim?
REPLACEMENT COST (RC)

- Replacement of the structure (or damaged portion) in full, less your selected deductible

Example
Tornado rips off the roof on a poultry house with a $1,000 deductible. Estimated $30,000 to fix. Your insurance pays $29,000 to you for the damage you incurred.

Replacement Cost $= $30,000

less deductible $- $1,000

Insurance Payment $= $ 29,000
**ACTUAL CASH VALUE (ACV)**

- Replacement Cost – minus - Depreciation

Example:
Tornado rips roof off a poultry house. You have a $1,000 deductible with an estimate of $30,000 to replace. Your insurance pays ONLY the depreciated amount of the damage incurred (minus the deductible).

Replacement Cost \(= \$30,000\)

*less depreciation* \(-\ \$14,000\)

*less deductible* \(-\ \$1,000\)

Insurance Payment \(= \$15,000\)
**LOSS OF INCOME COVERAGE**

- In the event of a loss to a Poultry Barn that makes the barn inhabitable, loss of income will pay for what net income the farmer lost during the time the barn was being replaced.
- Can be added to policy for additional premium.
Basic Form Coverage

**Basic Form**- Selected coverage pays for any loss that occurs to the structure within the covered perils section.
COVERED PERILS (BASIC)

- Fire
- Lightning
- Explosion
- Windstorm
- Hail
- Smoke
- Vehicles/Aircraft
- Vandalism
- Sinkhole
BROAD FORM COVERAGE

Broad Form- Selected coverage pays for any loss that occurs to the structure within the covered peril section.
COVERED PERILS (BROAD)

- Fire
- Lightning
- Explosion
- Windstorm
- Hail
- Smoke
- Vehicles/Aircraft
- Vandalism
- Sinkhole
- Glass Breakage
- Falling Objects
- Weight of Ice, Sleet, or Snow
- Water Damage
**SPECIAL FORM COVERAGE**

**Special Form**-Selected Coverage pays for any loss that occurs to the structure minus the excluded perils.

When “**Special Perils**” is shown on the declarations, we cover risks of direct physical loss unless the loss is limited or caused by a peril that is excluded.
EXCLUSIONS

- Ordinance or Law
- Earthquake – (can be added for additional premium)
- Civil Authority
- Nuclear Hazard
- Utility Failure
- War
- Water / Flood – (Can be added for additional premium)
- Animals
- Contamination or Deterioration
- Criminal, Fraudulent, or Dishonest Acts
- Defects, Errors, and Omissions
EXCLUSIONS (CONT.)

- Electrical Currents
- Explosion of Steam Boilers (Mechanical Breakdown)
- Freezing
- Increased Hazard
- Neglect
- Pollutants
- Seepage
- Wear and Tear
EQUIPMENT BREAKDOWN

- Equipment breakdown coverage provides for 5 additional causes of loss that are traditionally excluded under standard property coverage forms. These causes of loss include: mechanical breakdown; artificial electrical disturbance; steam explosion; breakdown of steam vessels and piping; and breakdown of hot water vessels and piping. This coverage applies to both direct and indirect losses to covered property.

- Equipment breakdown applies only to covered equipment under Coverage E, F or G. (Farm Structures & Farm Personal Property)
AVIAN INFLUENZA COVERAGE

- Pays like loss of income coverage ADDING the covered peril for Avian Influenza.

- Quarantine Coverage
  - Ex. Neighbor 3 miles away has an outbreak on his farm. Normally, integrators quarantine all farming operations within a certain radius. If your farm is shut down due to an outbreak elsewhere, this coverage steps in and pays for your loss of income.
WELL COVERAGE

- Your wells are vital to the poultry growers process. Making sure they are covered properly in case of breakdown is extremely important.

- Replacement cost vs. Actual Cash Value

Example:

Lightning strikes your well and seizes the collar which disables water flow to a portion of your barns, causing the others to seize. Having those wells covered at replacement cost will save you the worry about what out of pocket expenses will be needed to dig and replace the damage.

Replacement Cost = DEDUCTIBLE ONLY!!
EARTHQUAKE

- Never a covered peril under Special, Broad, or Basic Form.

- Can be added for additional premium.

- Example Deductibles include: 5%, 10%, 20%, or 25% of the building limit, NOT THE LOSS.
LIABILITY

▪ Most Integrators will require $1,000,000 liability limit.

▪ Covers the insured for third party claims.
  ▪ Ex. Someone comes onto the farm not part of the operations and gets injured.

▪ Policy will pay up to $1,000,000 for a lawsuit filed against the farmer.

▪ Higher Limits are available with an Umbrella Policy.