



Dairy Programs

B.C. DAIRY TALK

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Farm Insurance Policies Are You Covered?

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To be certain your current farm insurance policies covers *all* aspects of your operation, you should check with your insurance agent first. Any activities, regardless if they produce income or not, could be excluded in the policy and leave you exposed to personal financial risk.

Farm Operation Insurance Policies

Insurance Policy Is A Legal Contract

First, remember that an insurance policy is a legal contract between yourselves and the insurance company. Second, the terms of the insurance policy can not be amended or waived except by an endorsement or alteration which becomes a part of the policy. There is a clause in the policy which refers to a "material change in the risk". This refers to the policy being originally issued based on the information provided. If there is a change in the farm operation that would alter the statements and information first provided and which would materially change the risk, then this new information must be provided to the agent and the insurance company in order to be covered. This would include any custom farming, business pursuits or on-farm special activities (e.g. tours). The insurer may then assess the additional information and alter the coverage to include the added new operation or activity. This will often (but not always) result in additional premium requirements.

What Does a Basic Farm Operation Policy Entail?

A basic farm policy covers what is normally assumed to be part of a farming operation. A normal farming operation is considered to be the carrying on of an agricultural enterprise on farm land and typically involves:

- cultivation of soil
- production of crops
- raising of livestock
- operation of a roadside stand on the farm premises which sells *only* farm products produced on the farm.

Any other retail activity or mechanized processing is also excluded from normal farm operation coverage. This means that any other business activity or enterprise other than farming, which may or may not produce income is excluded from coverage.

Samples of What is NOT Covered...

To have items included in your policy may or may not cost any more, but to be included in the insurance policy the agent must know about them. For example, under business activities it does not usually exclude coverage for persons under 21 years who are baby-sitting, delivering newspapers or similar tasks, nor does it exclude personal liability relating to someone who is a sales agent or teacher. ***But they must be disclosed*** so that they can be described in the policy.

Some examples of activities that are *not* covered in normal farm policies are listed below:

- consumer farm days or tours
- farm tours for producers
- school tours

Some examples of particulars that your agent might require before any new item is included in the policy is listed below:

- parking facilities and parking supervision
- numbers and age groups of visitors anticipated
- the ratio of supervisors to visitors, particularly in the case of children
- if the visitor will have close access with animals or farm machinery

An example farm activity is a petting zoo *or* any special event that might involve visitors having active participation in a farm activity. Petting zoos in particular, have created numerous liability claims in recent years and insurers could be reluctant to provide this coverage. Hay rides and sleigh rides have also been a source of injuries resulting in liability claims. For this, detailed information would have to be provided relating to the area traveled, equipment used, safety precautions and supervision provided. Talk to your agent for the required details.

Farm Vehicle Insurance Policies

Farm vehicle operation under the Motor Vehicle Act allow producers to use the highways within, adjacent or otherwise connecting locations on the same farm,



without incurring the expense of commercial vehicle licencing and insurance rates. This allows for key farming activities, but does not permit secondary activities that could lead to more widespread operation of unlicensed farm equipment on highways, and in so doing, jeopardize road safety.

Samples of What may NOT be Covered...

- taking farm implements out for repairs that are *not* licensed for highway use and are *not* towed or trailered by a licensed vehicle
- going to help a neighbor whether it's clearing snow off a driveway or helping him bale hay
- plowing snow off of the end of your driveway which is legally municipal property
- picking-up or delivering supplies (e.g. fertilizer, feed) which have been sold to another producer

Check with your Motor Vehicle Branch or ICBC agent before engaging in any of these activities.

Are You Covered?

If you hesitated over any of the above mentioned activities or are doubtful about your policy - ask your agent. Most activities entered into can be accommodated by providing all the correct information. The important thing is not to assume that you have the full protection of your insurance policy. If any change in operation or activity is being considered, contact your insurance agent to obtain the necessary approval and coverage.

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