

ADDITIONAL COVERAGE FOR MACHINERY FORM

COVERAGE E – SCHEDULED FARM PERSONAL PROPERTY & UNSCHEDULED FARM PERSONAL PROPERTY (BLANKET)

COVERAGE F – FARM SERVICE BUILDINGS & STRUCTURES

In addition to the provisions, conditions, **terms** and exclusions found in the General Policy Terms, the following provisions, conditions, **terms** and exclusions will apply in regard to Coverage E and F.

FARM DEFINITIONS

The definitions listed below will apply to this coverage section. Other terms in bold are defined in the General Policy **Terms**.

1. **Farm Products, Grain, Feeds and Seeds** means threshed seeds, threshed beans, vegetables, root crops, bulbs, silage, ground feed and manufactured and compounded stock foods, in buildings, structures, sacks, wagons or trucks.
2. **Hay, Straw, Fodders, Ensilage** means hay, straw, fodder and ensilage while:
 - a. in farm service buildings and silos on the **insured premises**; and
 - b. In stacks, windrows and bales while in the open.
3. **Machinery, Vehicles and Equipment** means machinery, vehicles, tools, supplies and equipment used in the operation of the farm. This does not include:
 - a. Any machine or vehicle used in any contest or prearranged competitive event;
 - b. Brooders, fences, windmills and wind chargers and their towers;
 - c. **Motor vehicles** (other than wagons and trailers designed for farming purposes and used primarily on the **insured premises**), **motorized vehicles**, camper bodies, pick-up toppers, water craft, aircraft, **recreational vehicles**, fifth wheel or bumper hitch trailers, trucks, motorcycles, their engines, tires, parts and equipment of any of these;
 - d. Manufactured gas, liquefied petroleum gas, gasoline and their containers;
 - e. Bulk milk tanks, bulk feed tanks, barn cleaners, pasteurizers, boilers or any permanent fixtures attached to or within a building; and
- f. Portable buildings and portable structures.
4. **Poultry** means chickens, ducks, and geese.
5. **Livestock** means cattle, sheep, swine, goats, horses, mules, donkeys, and hybrids thereof.
6. **Silos** are defined as a structure including attached sheds and permanent fixtures.
7. **Additional Farm Dwellings** means farm dwellings, as scheduled, on the **insured premises**. This includes additions, fixtures and outdoor equipment used for servicing the dwelling. This excludes the **residence** covered under Coverage A.
8. **Farm Service Buildings and Structures** means farm buildings as scheduled. This includes attached sheds and permanent fixtures. This excludes farm dwelling or **silos**, whether or not attached to a structure.
9. **Irrigation Equipment** means irrigation systems, pipes and permanently attached pumps, motors, and controls. Irrigation equipment also include any pivot attached to the structure.
10. **Tenant's Improvements and Betterments** means permanent fixtures, alterations, decorations and additions, made or acquired at **your** expense, which are part of the described **farm service buildings** or farm structure.
11. **Private Power and Light Poles and Outdoor Wiring** will include attached outdoor switch boxes, fuses, electrical boxes and wiring, all belonging to **you** and located on the **insured premises**. **We** do not cover any building, dwelling or structure the wiring or pole is attached to.
12. **Outside Automated Feed and Grain Handling Systems** shall include elevator legs, spouts,

augers, conveyors, motors, wiring and switches, all whether attached to a building or not.

The definition of **insured premises** is modified when used in connection with this form.

13. **Insured Premises** also means:

- a. the farm premises described in the Declarations;
- b. other land **you** use for farming;
- c. New farm premises acquired or leased during the policy period.

14. **Farm Service Fences and Gates** – means specifically insured pens, chutes, gates, corrals and plastic or board fences located on the **insured premises**. **We** do not cover field or pasture fences, woven or barbed wire fences, cattle or hog panels, posts or gates.

FARM PROPERTY COVERAGES

Scheduled Farm Personal Property – **We** cover the classes or items of farm personal property for which a **limit** of liability is stated in the schedule while on the **insured premises** or while temporarily removed. This coverage is subject to all policy **terms** that apply to property coverages unless amended by this form.

Unscheduled Farm Personal Property (Blanket) – When a **limit** is stated in the Schedule of Coverage and/or Declarations Page, this policy covers the **insured's** farm personal property (blanket) usual and incidental to the operation of the farm, while on the **insured premises** or while temporarily removed. This coverage is subject to all policy **terms** and conditions that apply to property coverage unless amended by this form.

We do not cover:

- a. Personal Property covered under Coverage C;
- b. Accounts, bills, currency, deeds, evidences of debt, moneys and securities.
- c. **Fences and gates**, windmills, wind chargers, and their towers; radio and television antennas;
- d. **Motor vehicles** (other than wagons and trailers designed for farming purposes and used principally on the **insured premises**),

motorized vehicles, camper bodies pick-up toppers, watercraft, aircraft, **recreational vehicles**, fifth wheel or bumper hitch trailers, trucks, motorcycles, their engines, tires, parts and equipment of any of these;

- e. **Livestock** while in transit by common carrier, in public stock yards, in commercial feed lots, or in a condominium;
- f. Dogs, cats and fur bearing animals;
- g. **Poultry** injured or killed by vehicles ;
- h. Turkeys, fish, birds, race horses, reptiles and animals other than **livestock** and **poultry**;
- i. **Farm Products** stored or being processed in public elevators or warehouses, seed houses, drying plants or manufacturing plants;
- j. Machines, tools, supplies and equipment used in any **business** of the **insured** other than farming operations;
- k. Loss to tires and tubes, unless caused by fire, wind or is coincident with other loss or damage covered by this policy;
- l. Loss or damage to any property which has become affixed to or become a permanent part of any structure;
- m. Standing seed or forage crops, straw or stubble;
- n. Permanent buildings and portable buildings and structures; and **automated feeding or grain handling systems**, including auger, conveyor, motor, switches and structures;
- o. **Irrigation equipment**;
- p. Property acquired and held for resale;
- q. Sawmill equipment and ethanol-alcohol producing equipment;
- r. Property separately described and specifically insured in this policy or any other policy;
- s. Rented or borrowed equipment and **machinery**;
- t. Crops in the open except as specifically provided for in this policy.

Limitations on Blanket Farm Personal Property – The special **limits** shown below do not increase the Coverage E **limit**.

- a. The value each head of **livestock** that is not scheduled is **limited** to \$2,000 per head;
- b. **Our limit** of liability is \$2,000 per each non-scheduled head of **livestock**;
- c. **Our limit** for any one stack, bag or pile of **hay, straw, silage, or fodder** is **limited** to \$40,000. Any group of stacks, bags, piles or bales of **hay, straw, silage or fodder** separated by less than 50 feet is considered one stack; and
- d. Our **limit** for all **poultry** insured by this policy is limited to \$5,000.

Coverage F – Farm Service Buildings and Structures – **We** cover the items of farm real property located on the **insured premises** and for which a **limit** of is stated in the schedule. This coverage is subject to all policy **terms** that apply to property coverages unless amended by this form.

PROPERTY NOT COVERED (Unless specifically scheduled and described on the Declarations Page as applicable to this coverage form.) This form does not cover loss to:

1. Property covered under Coverages A, B or C, or the Additional Property Coverages pertaining to those coverages.
2. Outdoor antennas, satellite dishes, their lead-in wiring, accessories, masts, towers and private power and light poles unless specifically insured.
3. Trees, plants, shrubs, lawns and growing crops.
4. Devices, accessories or antennas designed for reproducing, receiving, transmitting, recording or playing back data, sound or picture while in or on a **motorized vehicle, farm equipment** or watercraft unless such device accessory or antenna is permanently installed in the insured **motorized vehicle, farm equipment** or watercraft.
5. Film, tape, wire, telephone, radio, record or other media for use with any device designed for reproducing, receiving, transmitting, recording or playing back data, sound, or

picture while in a **motorized vehicle, farm equipment** or watercraft.

6. Buildings or structures in the process of being moved, reconstructed or torn down.
7. **Gates, fences** and corrals.
8. Any property used in any **business** other than farming.

INCIDENTAL PROPERTY COVERAGES

This form provides the following Incidental Property Coverages. These incidental coverages do not increase the **limit** stated for Coverage E or F and are subject to the policy deductible.

1. **Grain in the Open** – **We** cover up to the \$2,500 for fire and lightning loss to unharvested corn, small grain and soybeans if corn, small grain or soybeans are covered by this policy at the time of loss. This insurance shall be excess insurance over any other valid and collectible insurance available to the **insured**.
2. **Territorial Limits** – On scheduled and blanket farm personal property Coverage E. Territorial coverage is extended to farm personal property located temporarily off the **insured premises** but within the borders of the state the **insured premises** is located and 100 miles into any bordering state subject to any restriction of coverage listed below.
 - a. **Grain, Hay in Barns, Hay in Stacks, or Other Farm Personal Property** – **You** may apply the **limit** for **grain, hay** in barns, **hay** in stacks, or other farm personal property. This does not cover **grain, hay** in barns, **hay** in stacks, or other farm personal property while:
 - i. Being stored or processed in manufacturing plants, public elevators, warehouses, seed houses or drying plants;
 - ii. In transit by common carrier; or
 - iii. In public sales barns and yards.
 - b. **Livestock** – **Livestock** is covered while temporarily removed from the **insured premises**. This does not cover **livestock** in

transit by common carrier, in public stockyards, in commercial feedlots or in a condominium.

3. **Materials and Supplies** – The **limit** that applies to a building or other structure includes all materials and supplies intended to be used in the construction, alterations or repair of such buildings or structure. These items must be on or adjacent to the **insured premises**. Coverage under this class also includes materials necessary and incidental to the maintenance and upkeep of **machinery** and land, commercial fertilizers, fuel and lubricants, insecticides, herbicides and medicines all while on the described premises.
4. **Subsequently Acquired Machinery** – The following insurance shall be excess over any other valid and collectible insurance available to **you**.
 - a. **Machinery, Vehicles and Equipment** – **We** cover newly acquired **machinery, vehicles and equipment** which are not replacement items. **Our limit** on all such items is the greater of:
 - i. \$15,000 or
 - ii. 25% of the **limit** shown in the schedule for **machinery, vehicles and equipment**.

This coverage applies for 30 days from the date of acquisition or until the expiration date of the policy, if it occurs first. Within 30 days of acquisition **you** must report the acquisition to **us**. **You** must give **us** a full description of the new **machinery** and pay an additional premium.
 - b. **Scheduled Farm Machinery** – **We** cover items acquired as replacements of scheduled **farm machinery**. **Our limit** is the smaller of the **limit** of liability specified for the replaced item plus \$15,000 or the actual cash value. The additional \$15,000 **limit** applies for 30 days from the date of acquisition or until the expiration date of this policy, if it occurs first. Within 30 days of acquisition, **you** must report the acquisition to **us**. **You** must give **us** a full

description of the new **machinery** and pay **us** the additional premium required. If this is not done, the **limit** of the liability for the machine that was replaced applies.

5. **Emergency Removal** – **We** pay for loss to covered property while removed from the **insured premises** for preservation from damage from perils insured against. Such property is covered against loss from perils insured against for 30 days. This coverage does not extend past the expiration date of the policy.
6. **New Construction of Farm Service Buildings** – **We** cover newly constructed **farm service buildings** located on the **insured premises** beginning on the day construction begins. This coverage will cease 60 days after the day construction begins or when the policy is terminated, whichever occurs first. **Our limit** for all new **farm service buildings** under construction is the greater of:
 - a. \$15,000 or
 - b. 10% of the total amount of insurance applying to all **farm service buildings** listed on this policy. This sum does not include **farm service buildings** under construction.
7. **Cargo** – **We** will pay up to \$500 for loss caused by collision or overturn to retrieve scheduled or blanket farm personal property lost while in transit on any **farm implement** or **farm vehicle**. **We** do not cover:
 - a. The cost to extract **pollutants** from land or water.
 - b. The cost to remove, restore or replace any land or water.
8. **Debris Removal** – **We** pay the reasonable cost **you** incur to remove debris of scheduled **farm service buildings** and/or **additional farm dwellings** (Coverage F) that have sustained a loss caused by a peril Coverage F provides coverage against. **We** do not cover:
 - a. The cost to extract **pollutants** from land or water.
 - b. The cost to remove, restore or replace any land or water.

If the amount to be paid for the actual damage to the schedule property plus the debris removal expenses is more than the **limit** for the damaged property an additional 5% of the **limit** of the damaged property can be applied toward debris removal expense. **Our limit** for debris removal to all scheduled **farm service buildings** will not be more than \$600 per occurrence. All other provisions and **terms** of this policy apply.

FARM PERILS SECTION – Excluding Scheduled and Unscheduled Farm Machinery

This policy insures against direct physical loss to property covered under Coverage E – Scheduled or Unscheduled Farm Personal Property and Coverage F – **Farm Service Building and Structures** caused by the following perils: Coverage applicable only to property when described and shown in the Schedule of Coverages and/or Declarations page.

1. **Fire or Lightning** – This does not cover loss resulting from any electrical appliances, devices, fixtures, or wiring caused by electrical currents artificially generated unless fire ensues, and then only for the loss caused by such fire.
2. **Windstorm or Hail** – This does not cover loss:
 - a. Caused directly or indirectly by frost, cold weather, ice (other than hail), snow or sleet, all whether wind-driven or not;
 - b. Caused by weight of ice, snow, sleet or rain on any portion of an insured structure;
 - c. To the interior of a building, or to the property inside, caused by dust, rain, sand, sleet, snow or water, all whether wind-driven or not. Loss caused by dust, rain, sand, sleet, snow or water is covered if these elements enter through an opening in the roof or walls resulting from damage caused by the direct force of wind or hail;
 - d. To **hay, straw, fodder and ensilage** while outside of buildings;
 - e. To farm produce in stacks, shocks or swaths; or
 - f. To windmills, wind pumps, wind-driven generators and towers, signs, cloth or fabric awnings, cloth or plastic tarpaulins (excluding permanent tarpaulin roofing) perishables while outside of buildings, outside radio and television equipment and antennas.
3. **Explosion** – This does not cover loss caused by:
 - a. explosion of steam boilers, steam pipes, steam turbine or steam engines, if owned by, leased by or operated under the control of the **insured**;
 - b. shock waves caused by aircraft known as “sonic boom”;
 - c. electric arcing;
 - d. rupture or bursting of rotating or moving parts of machinery caused by centrifugal force or mechanical breakdown;
 - e. breaking, bursting or rupture of any internal combustion motor, engine or transmission;
 - f. rupture or bursting of water pipes;
 - g. rupture, bursting or operation of pressure relief devices; or
 - h. rupture or bursting due to swelling of the contents of any building or structure caused by water.
4. **Riot or Civil Commotion**
5. **Aircraft** – This means only direct loss from actual physical contact of an aircraft or objects falling from an aircraft with covered property. This does not include loss caused by overspray.
6. **Vehicles** – This means direct loss from actual physical contact of a **vehicle** with covered property. This does not cover loss:
 - a. Caused by **vehicles** owned or operated by an occupant, employee or owner of the **insured premises**;
 - b. To **fences**, driveways, septic tanks, waste holding facilities, slurry systems or walks;
 - c. Damage caused by the force or movement of the **vehicle** to itself or attached equipment; or
 - d. Damage that occurs as a result of an object thrown or propelled by a vehicle.
7. **Smoke** – This means direct loss caused by sudden and accidental damage from smoke. This does not cover loss caused by smoke from

shop heaters, agricultural smudging, portable heaters or industrial operations.

8. **Vandalism** – This does not cover:

- a. Loss if the **insured premises** are vacant for 30 consecutive days immediately before the loss; the **insured premises** will be considered vacant if the dwelling has been vacant for 30 consecutive days immediately before the loss.
- b. Loss caused by anyone residing at the **insured premises**, employee or by person to whom the covered property is entrusted.
- c. **Farm products, hay, straw, fodder or ensilage** stored outside of buildings.

A special deductible applies.

9. **Theft** – This means any act of stealing or attempt to steal. This does not cover loss:

- a. Committed by an **insured**, employee, tenant, or to any other person to whom the property is entrusted;
- b. Disclosed on taking inventory;
- c. By conversion, embezzlement or checks, money orders or promissory notes which are not paid upon presentation;
- d. By voluntary parting of title to or possession of property;
- e. By escape or mysterious disappearance;
- f. By larceny or swindling, fraud, trick or false pretense;
- g. Loss to any **farm service buildings** or structures if the **insured premises** they are located is vacant for 30 consecutive days immediately before the loss; the **insured premises** will be considered vacant if the dwelling has been vacant for 30 consecutive days immediately before the loss;
- h. Theft of buildings or building materials until the structure is completed and being used for its intended use; or
- i. Of **grain** or **livestock** unless there is physical evidence showing forcible entry or exit from the **insured premises**.

A special deductible applies.

10. **Collision** – **We** cover direct and accidental loss to covered farm personal property covered under Coverage E caused by:

- a. Collision of **farm machinery** with another object; or
- b. Upset or overturn of **farm machinery**, except while being transported on, loaded on or unloaded from another vehicle by common carrier.

Collision does not cover loss or damage:

- a. To tires or tubes unless such loss is coincidental with a covered collision loss;
- b. To soil preparation or tillage equipment striking an object on or below the surface of the ground;
- c. Caused by the impact of **farm machinery** or **equipment** with the surface of the ground. Collision that occurs as a result of striking a depression, other than man-made, in the terrain of a farm field or pasture will be considered loss by collision;
- d. Due to intake of foreign object(s) into harvesting or forage equipment or implements; or
- e. To silo unloaders.

A special deductible applies.

11. **Collapse onto Farm Supplies** – **We** will pay for loss to farm supplies and equipment in the building. **We** do not cover the damage to the building. The cost to remove the farm supplies and equipment is limited to the value of all insured farm supplies and equipment located inside the collapsed building.

12. **Livestock and Poultry Perils** – In addition to the applicable perils above, **we** cover insured **livestock or poultry** for death or destruction made necessary by the following perils:

- a. Lightning or electrocution by artificially generated electrical currents;
- b. Loading on or unloading from **vehicles** other than common carriers;
- c. Loss that occurs as a direct result of collision, overturn or collapse of a **vehicle** or trailer, other than common carrier.
- d. Collapse of bridges, buildings and culverts;

- e. Accidental shooting by someone other than **you, your** employees or tenants;
- f. Accidental drowning and;
- g. Attack by dogs or wild animals.

We do not pay for loss:

- a. If death occurs resulting from a disease the animal communicated;
- b. Caused by dogs belonging to **you, your** employees or tenants;
- c. Running into streams or ditches or against **fences** or other objects;
- d. Caused by fright, smothering, suffocation, or asphyxiation;
- e. Loss caused by suffocation, heat or lack of oxygen due to mechanical or electrical failure;
- f. That occurs as a result of inadequate, insufficient or improper ventilation unless such death or injury is a direct result of smoke from fire;
- g. Made necessary as a result of stepping or falling into holes or depressions;
- h. Freezing or smothering in blizzards or snowstorms;
- i. Caused by neglect or improper care, feed, health care, temperature stress or management; or
- j. Caused by any **vehicle** or **equipment** owned or operated by an **insured**, tenant or employee of the **insured**.

Death of **livestock** is not covered unless reported to us in time to permit a licensed veterinarian to perform a postmortem examination. In no event will **we** provide coverage if reported to **us** more than 48 hours after death.

This coverage is excess over any other collectible insurance.

COVERAGE FOR FARM MACHINERY ONLY

Applicable to all **Farm Implements, Machinery, Vehicles and Equipment**.

Perils Covered

In addition to the applicable broad form farm perils, **we** will provide special physical damage coverage to covered property unless the loss is caused by a peril that is excluded below or that is excluded in the Exclusions That Apply To All Coverages section of this form or in the General Policy Terms, MS-2. The loss must be due to a sudden external cause.

Exclusions

The Following exclusions apply in addition to the Exclusions That Apply To All Coverages:

We do not pay for a loss if one or more of the following excluded perils apply to the loss, regardless of other causes or events that contribute to or aggravate the loss whether such causes or events act before, at the same time as, or after the excluded peril.

We do not cover:

1. Loss caused as a result of the intake of rock(s), post(s) or other foreign object(s) into any **Farm Implement or Machine**, this includes but is not limited to combines, balers and forage harvesters;
2. Loss to soil coulters, plow lays, shovels, sweeps, disk chisels, blades, and similar parts used to open, move or dig soil or other material;
3. Loss caused as a result of the process to construct, assemble, alter, adjust, repair, service, or maintain the covered property. If a fire or explosion results, **we** do cover the loss caused by the fire or explosion;
4. Damage to tires or tubes. **We** do cover tires and tubes on covered items if:
 - a. The loss is caused by fire, windstorm, theft, or vandalism; or
 - b. The loss also damages the insured item and is not excluded.
5. Electrical currents created as a result of improper grounding, internal voltage or arcing within a system. This exclusion applies only to the property in which the current is generated or through which it passes. If a fire or explosion

results, **we** do cover the loss caused by the fire or explosion;

6. Mechanical breakdown or failure. This includes rupture, bursting, collapse or denting caused by centrifugal force or a vacuum. If a fire or explosion results, **we** do cover the resulting loss caused by the fire or explosion;
7. Faulty workmanship or materials, vibration, smoke from agricultural smudging or industrial operations, dampness or dryness of atmosphere, wear and tear or extremes of temperature;
8. A quality, fault or weakness in covered property that causes it to damage or destroy itself;
9. Insects, birds, reptiles, wild or domestic animals, or rodent damage;
10. A dishonest act or illegal act, done alone, or in collusion with another by:
 - a. **You**;
 - b. Others who have an interest in the property;
 - c. Others to whom **you** entrust the property; or
 - d. The employees or agents of 1, 2, or 3 whether or not they are at work

We do cover loss caused by dishonest acts by carriers or other bailees for hire.
11. **Equipment** used to plant, cultivate or harvest illegal crops;
12. A race, pushing, pulling, or speed contest;
13. Improper, or lack of, use of lubricants, coolants, hydraulic fluids, or fuels;
14. Loss reported to **us** after repairs have been made;
15. Use contrary to manufacturer's recommendations;
16. Loss of use of damaged farm machine;
17. Loss discovered during maintenance or after harvest has been completed for the year. All harvest losses must be reported as soon as your harvest is completed or no later than December 10 of each calendar year; or
18. Silo unloaders

"How much **we** pay for loss or claim" in the General Policy Provisions is modified and replaced by the following as respects to Coverage E & F, Incidental Coverages.

1. Losses are settled on the basis of actual cash value including deduction for depreciation, condition of property at time of loss, and present use of item or structure. The term actual cash value means: The amount which it would cost to repair or replace damaged property with material of like kind and quality, less allowance for physical deterioration and depreciation.
2. **Our Limit:**
 - a. Farm Personal Property – For loss to farm personal property, we pay the lesser of the following amounts:
 - i. The applicable **limit**;
 - ii. The amount of **your** interest in the property;
 - iii. The cost of repairing or replacing the property with materials of equivalent kind and quality to the extent practical;
 - iv. The amount computed after applying the deductible or other limitation applicable to the loss;
 - v. The amount computed by the application of any pro rata clause or co-insurance;
 - vi. Any special **limit** applying to the property;
 - vii. The actual cash value of the property at the time of loss.
 - b. **Pro Rata Distribution Clause Coverage E** – When **we** cover two or more farm locations, **our limit** for **grain**; **hay** in barns and stacks; **machinery**, **vehicles** and **equipment**; and **poultry** shall be calculated separately for each of the items.

Our limit is the proportion of the amount of insurance for the item that the value of the property covered under the item at each farm location bears to the total value of the property covered under the item at all locations.

HOW MUCH WE PAY FOR LOSS OR CLAIM

- c. Co-Insurance Provision – **We** pay no more than the proportion of the loss to covered property that the Coverage E-Unscheduled Farm Personal Property (blanket) **limit** bears to 80% of the actual cash value of the farm personal property at the time of loss. **We** will not pay the full amount of any loss if the blanket value at the time of loss, times the coinsurance (80%), is greater than our **limit** for that coverage. **We** will determine what we will pay using the following steps:
- Multiply the value of the blanket at the time of loss by 80%.
 - Divide the limit of insurance (shown on the declarations) by the figure determined in step (1).
 - Multiply the total amount of loss, before the deductible, by the figure determined in step (2).
 - Subtract the deductible from the figure determined in step (3).

We will pay the amount determined in step (4) or the limit of insurance, whichever is less.

Example #1 (Underinsurance)

The actual cash value of blanket property at time of loss is \$250,000.

The coinsurance percentage is 80%.

The **limit** of insurance for this coverage is (insurance amount) \$100,000.

The deductible is \$250

The amount of loss is \$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$ (the minimum amount needed to meet your coinsurance provision).

Step (2): $\$100,000 / \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered by this policy.

Example #2 (Adequate Insurance)

The actual cash value of blanket property at time of loss \$250,000.

The coinsurance percentage is 80%.

The limit of insurance for this coverage is (insured amount) \$200,000.

The deductible is \$250

The amount of loss is \$40,000

The minimum amount of insurance to meet **your** coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the **limit** of insurance in this example is adequate and no penalty applies. **We** will pay no more than \$39,750 (\$40,000 amount of loss minus the \$250 deductible).

The calculation of the actual cash value of the farm personal property at the time of loss shall not include the value of farm personal property acquired, not as replacement items, within the previous 30 days.

The value of **livestock** is limited to \$2,000 per head. **Livestock – Our limit** of liability does not exceed \$2,000 per head.

Our limit of liability for any one stack, bag or pile of **hay, straw, silage or fodder** is limited to \$40,000. Any group of stacks, bag, piles, or bales of **hay, straw, silage, or fodder** separated by less than 50 feet is considered one stack.

Our limit for all **poultry** insured by this policy is limited to \$5,000.

d. Special **Limits** of Liability

- To non-specified **farm machinery**, implements, tools and equipment used in the operation of the farm, **we** will pay up to 10% of the sum insured for any one item. **We** do not cover buildings, including portable buildings on any property specifically insured nor does it cover land **motorized vehicles** or trailers subject to **motor vehicle** registration, **recreational vehicles**, trucks, motorcycles, **fences** or **gates**.
- Poultry** – **We** pay no more than the cash market value on the farm at the time of loss. **Our limit** for all **poultry** on the **insured premises** is limited to \$5,000.

- iii. Scheduled **Livestock** – **Our limit** on any one head of **livestock** is the smaller of the actual cash value or the amount shown on the declarations if individually described. If described by class, our **limit** is the smallest of the following amounts:
 - 1. Actual cash value at the time of loss;
 - 2. Amount stated on the declarations page for this class or;
 - 3. 120% of the amount obtained by dividing the **limit** shown in the declarations for each class by the number of head of **livestock** owned by the **insured** within that class at the time of loss.
- iv. Portable Buildings and Structures – **We** pay no more than the proportion of the **limit** for portable buildings or structures as the value of each is to the aggregate value of all such portable buildings or structures owned by the insured at the time of loss.

3. Deductibles

- a. The deductible, if applicable, applies to all coverages and perils provided by this form unless otherwise stated on the Declarations or Endorsement.
- b. **We** pay only that part of the loss over the deductible stated on the Declarations or Endorsement. The deductible applies per loss and separately to each covered location. In no event can the loss exceed the amount of coverage shown less the deductible. When a loss affects two or more items at the same location with different deductible amounts, the highest deductible amount applies.
- c. Special deductibles, if applicable, under Perils of – Vandalism, Theft and Collision – any losses under these perils will be adjusted by deducting the higher amount:
 - i. \$250;
 - ii. The deductible stated in the Declarations Page; or

- iii. Any other special deductible applying to that coverage
- d. Deductible for **Farm Machinery** – For all covered **machinery** losses, **we** pay that part of the loss over \$250, or any special deductible applying to this coverage, whichever is greater.

SPECIAL PROVISIONS – EXCESS INSURANCE

If a claim is made under this policy for loss to property and the loss is also covered by an expressed or implied warranty or a guarantee issued by the manufacturer or vendor of the property, then this policy shall apply only on an excess basis to the amount of loss in excess of the manufacturer's or vendor's liability under its expressed or implied warranty or guarantee.

OPTIONAL COVERAGES

These coverages are provided only when a **limit** is shown or it is indicated that coverage applies for that specific optional coverage on the Declarations or Endorsement form.

- 1. Cab Glass Coverage – **We** cover the breakage of glass or glass substitute constituting a part of the cab windows of the mobile **farm equipment** specifically listed on the Declarations page as having this coverage apply. No deductible applies.
- 2. **Private Power and Light Poles and Outside Electrical Wiring** – When coverage is specified on the declarations. **We** will extend coverage to include Weight of Ice, Sleet and Snow coverage to power and light poles and outside electrical wiring you own that are located on the **insured premises**. **We** do not cover any building, dwelling or structure the wiring or pole is attached.
- 3. **Farm Service Building Vehicle Peril Endorsement** – **We** will extend coverage to a **farm service building** insured under Coverage F that is damaged as direct result of a collision with a **vehicle**.