

Finance

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How to get your farm insurance in order

Your policy needs a regular check-up — you don't want to be paying too much or run the risk of being under-insured

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When the annual farm insurance policy renewals notice comes in the door, many of us simply pay the amount due and never question whether the policy is still fit for purpose.

We could be paying too much because there are more competitive providers in the marketplace, or we could be paying too little because we are under-insured.

To be guilty of the former is simply poor financial management. To be guilty of the latter could have serious ramifications.

While farm insurance is often perceived as unnecessarily complex it can be simplified down to two things: protecting other people if you cause them harm (liability); and protecting your own property.

Public liability insurance

This refers to insurance that will protect the public if they are injured or suffer damage caused by the farmer's negligence.

The key to this is the term negligence. The farmer must be at fault for this insurance to pay on

their behalf.

The public is everyone outside your family or an employee. Agricultural contractors are not employees.

Farm accidents are far too common and many can result in a claim against the farmer for compensation, so it is imperative that your policy has adequate cover to meet a very substantial claim.

I have encountered cases where there was not adequate cover to meet the full extent of the compensation being sought in farm accident cases. Such a situation can threaten the very existence of the farm.

Employer's liability insurance

This is similar to Public Liability except it protects employees rather than the general public. The term employee includes a neighbour giving you a hand, even if they are not being paid.

Cover can be available for both family and non-family workers. Some policies will also cover voluntary helpers.

There can sometimes be a grey area between whether somebody is an employee or a contractor. While it can be complex, the rule of thumb is that if you pay someone a fixed price, they are most likely a contractor but if you pay them for their time, they are most likely an employee.

Regardless, a farmer will need

both public and employers' liability to cover both.

Environmental impairment insurance

This is a vital cover that many farmers do not even realise is missing from their policy. It covers environmental damage and the associated clean-up costs.

Without this included in their policy, farmers are not covered for gradual pollution from say a slurry tank or oil tank.

Public Liability will cover you if a slurry tank wall collapses suddenly but will not cover you if there is gradual seepage, say through a cracked wall. You need environmental impairment cover for this.

Other types of cover

These are some of the other cover items that will apply on many farms. With some specialist enterprises, you may need to inform the insurer.

- Farm-dwelling house and farm outbuildings - cover should include contents, storm damage and fire brigade charges and accidental damage.
- Tractors and agricultural vehicles — cover for accidents and theft
- Legal expenses — cover for issues such as property disputes, alleged wrongful dismissal of employees or contract disagreements.
- Theft — cover for stock, diesel and tools.

- Specialist equipment — all risks cover for specialist equipment, including AI flasks, cameras, tack, trailers, calving cameras.
- Sheep worrying — protection for your sheep flock against fatal injury arising from dog attack.
- Pedigree livestock — cover for death or infertility.
- Loss of milk — cover for loss due to failure or loss of power or accidental contamination.
- Forestry — cover for storm and re-instatement cover, and fire cover.

Erecting new facilities

Many farmers would use separate contractors for different parts of a building job — someone for the shuttering, someone else for the steel, someone for the electrics etc. In these cases, you become the project manager and you are responsible for the insurance for the overall job.

Some insurers will accommodate building work on the farm policy, but some will not. Check this out before you commit as you may not want to be left with such a huge exposure for high-risk work.

Being under-insured

It is important that you make your insurer or broker aware of any new buildings or equipment because if the insured value is less than the replacement cost, you may only get partially compensated in the event of a claim.

Cost of insurance

The table below sets out a quotation I recently received from a leading underwriter for a fairly typical 90ac farm. The quote was €1,755; it does not include motor vehicle cover.

Shop around as farm insurance is currently quite competitive.

Typical insurance cover

Cover details	Value
House	€300,000
House contents	€75,000
Machinery inc tractors	€95,000
Outbuildings	€100,000
Livestock (inc theft)	€100,000
Farm contents	€10,000
Employer's liability (€2,500 wages p.a.)	€13m
Public liability	€6.6m
Environmental liability	€2.6m

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