

Commercial Risk Summary – Agribusiness



NURSERIES

Category: Agribusiness

SIC CODE: 0181 Ornamental Floriculture and Nursery Products

5261 Retail Nurseries, Lawn and Garden Supply Stores

NAICS CODE: 111421 Nursery and Tree Production

Suggested ISO Farm and Commercial General Liability Code(s): 15699

Suggested Workers Compensation Code(s): 0005, 0035

Description of Operations: Nurseries propagate plants from seeds, cuttings or grafts, and grow them to a size usable by customers. Products grown include groundcovers, flowers, garden fruits and vegetables, herbs, shrubs, and trees. The business is highly seasonal, with most products sold during the spring and summer. Plants can be grown in the open in either fields or containers. They may also be grown in protected structures such as greenhouses designed to provide light and ventilation while protecting the plants from the elements. Trees and larger shrubs can be sold bare-root or balled and burlapped. The nursery may install purchased items on customers' premises or offer landscape design services. Nurseries depend on natural substances such as compost and manure to be successful, plus a number of chemical applications such as fertilizers, fungicides, herbicides and pesticides. Mowers, pickers, tillers, tractors and other types of farming machinery are required to support production.

Property exposures depend on the size of the operation, type of plants grown, and the number and types of buildings. Ignition sources include electrical wiring, fuel, heaters, and smoking. Lightning may strike buildings unprotected by rods and GFIs. Mechanical equipment can overheat or become jammed. Decaying organic material may spontaneously combust. Planned burning operations may become out of control and spread. Severe winds and tornados may destroy property. Many nurseries are located in rural areas where fire response time may be slow and a water supply undependable. Greenhouses may be constructed of glass or plastic, which are highly susceptible to damage by wind and hail. Greenhouses and plants in the open may be targeted by vandals. Business income exposure is high due to the seasonality of operations.

Crop insurance exposures are significant because unprotected plants grown in the open are susceptible to damage by animals, bacteria, drought, flooding, frost, fungi, hail, insects, lightning, snow, viruses, weeds, wildfire, wind and winterkill. While some of these can be mitigated by proper farming practices or chemical applications, others are considered fortuitous acts that can be covered by either crop/hail or multi-peril insurance.

Crime exposure comes from employee dishonesty and theft of money and securities. Pre-employment background checks should be done on all employees having access to cash. There should be a separation of duties between persons handling money and reconciling bank statements. Money should be regularly collected and moved away from the collection area, preferably to a safe.

Inland marine exposures include accounts receivable, computers, goods in transit, mobile equipment, and valuable papers and records. Computers are used for recordkeeping, including seed source information and product information that may be needed in case of a recall. Equipment stored in buildings can be damaged by fire, explosion or collapse. Items stored in the open can be damaged by hail or winds. Plants transported to customers can be damaged by overturn or collision.

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Premises liability exposures are moderate due to public access to the premises. Water on the walking surfaces due to watering of plants is common and must be attended to quickly to avoid slips and falls. Steps and uneven floor surfaces should be prominently marked. Sufficient exits must be provided and be well marked, with backup lighting systems in case of power failure. Parking lots and sidewalks need to be in good repair and generally level and free of exposure to slips and falls. If the business is open after dark, adequate lighting and appropriate security for the area must be present. If plants are installed at the premises of others, workers may damage customers' property or disrupt power sources. All utility lines must be identified prior to installation.

Products/completed operations liability exposures are moderate due to the possibility of contaminated plants from the use of chemical applications. Only FDA approved pest control chemicals should be used.

Environmental impairment liability exposures can be high due to the potential for air, land or water pollution from the use of horticultural chemicals and pollutants such as insecticides, fungicides, pesticides, herbicides, fuels for machinery and motor vehicles, and solvents. Use and disposal of all chemicals must be documented and meet all FDA and EPA standards.

Automobile exposures are moderate. Plant transport vehicles can be heavy and awkward, especially on narrow rural roads. Training and prior record of drivers, as well as condition and maintenance of vehicles, are the main items to consider.

Workers compensation exposures are high as nurseries are very labor-intensive. Work may be done at heights, increasing the risk of falls. Workers may be seasonal, speak another language, be underage and/or lack adequate training and supervision. Working around machinery, tools and equipment can result in a variety of injuries ranging from minor to severe. Slips, trips, falls, back injuries, broken bones, eye injuries and muscle strains are common. Exposure to chemicals and organic dust can lead to respiratory issues. Injuries can result from loading and unloading vehicles.

Minimum recommended coverages:

Buildings, Business Personal Property, Employee Dishonesty, Accounts Receivable, Computers, Goods in Transit, Mobile Equipment, Valuable Papers and Records, Crop Insurance, General Liability, Employee Benefits, Environmental Impairment Liability, Umbrella Liability, Automobile Liability and Physical Damage, Workers Compensation

Other coverages to consider:

Business Income and Extra Expense, Earthquake, Equipment Breakdown, Flood, Spoilage, Computer Fraud, Forgery, Cyber Liability, Employment-related Practices Liability, Stop Gap Liability

Source: Rough Notes

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Agent: The coverages listed below are suggested for consideration for agribusiness operations. After evaluating each of the listed coverages, check the recommended blank by those that apply specifically to this client. Make sure both the exposure and the coverage are explained to the client.

Client: For each of the coverages that the agent has recommended, initial whether you have chosen to accept or reject that coverage in the blanks provided.

PROPERTY COVERAGES

		Recommend	Accept	Reject	Not Applicable
Building and Personal Property Coverage Form					
Building		_____	_____	_____	_____
Business Personal Property		_____	_____	_____	_____
Personal Property of Others		_____	_____	_____	_____
Improvements and Betterments		_____	_____	_____	_____
Building and Personal Property Coinsurance					
Percentages	None 80% 90% 100%	_____	_____	_____	_____
Bldg	___ ___ ___ ___	_____	_____	_____	_____
BPP	___ ___ ___ ___	_____	_____	_____	_____
PPO	___ ___ ___ ___	_____	_____	_____	_____
I&B	___ ___ ___ ___	_____	_____	_____	_____
Alternatives to Coinsurance					
Agreed Value		_____	_____	_____	_____

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Functional Replacement Cost	_____	_____	_____	_____
Peak Season	_____	_____	_____	_____
Reporting Form	_____	_____	_____	_____
Other _____	_____	_____	_____	_____

Optional Property Coverage Forms

Commercial or Manufacturers Output Policy	_____	_____	_____	_____
Equipment Breakdown	_____	_____	_____	_____
Farmowners/Ranchowners	_____	_____	_____	_____
Legal Liability	_____	_____	_____	_____
Tobacco Sales Warehouse	_____	_____	_____	_____

Optional Property Endorsements

Additional Debris Removal	_____	_____	_____	_____
Ordinance or Law	_____	_____	_____	_____
Outdoor Trees, Shrubs and Plants Enhancement	_____	_____	_____	_____
Replacement Cost Valuation	_____	_____	_____	_____
Spoilage	_____	_____	_____	_____
Utility Services-Direct Damage	_____	_____	_____	_____

Other Property Options

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TIME ELEMENT COVERAGES

	Recommend	Accept	Reject	Not Applicable
Business Income With Extra Expense Coinsurance Percentage ____	_____	_____	_____	_____
Business Income Without Extra Expense Coinsurance Percentage ____	_____	_____	_____	_____
Extra Expense	_____	_____	_____	_____
Leasehold Interest	_____	_____	_____	_____
<i>Alternatives to Coinsurance</i>	_____	_____	_____	_____
Agreed Value	_____	_____	_____	_____
Maximum Period of Indemnity	_____	_____	_____	_____
Monthly Limit of Indemnity	_____	_____	_____	_____
Premium Adjustment	_____	_____	_____	_____

Optional Time Element Endorsements

Business Income from Dependent Properties	_____	_____	_____	_____
Ordinance or Law Increased Period of Restoration	_____	_____	_____	_____

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Utility Services

Other Time Element Coverages

PROPERTY AND TIME ELEMENT CAUSES OF LOSS

Recommend Accept Reject Not Applicable

Bldg BPP PPO BI EE

Basic ___ ___ ___ ___ ___

Broad ___ ___ ___ ___ ___

Special ___ ___ ___ ___ ___

Earthquake ___ ___ ___ ___ ___

Flood ___ ___ ___ ___ ___

Other Cause of Loss Endorsements

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INLAND MARINE COVERAGES

	Recommend	Accept	Reject	Not Applicable
Accounts Receivable	_____	_____	_____	_____
Animal Mortality	_____	_____	_____	_____
Bailees Customer	_____	_____	_____	_____
Difference In Conditions – DIC	_____	_____	_____	_____
Electronic Data Processing	_____	_____	_____	_____
Fine Arts	_____	_____	_____	_____
Goods in Transit	_____	_____	_____	_____
Mobile Equipment	_____	_____	_____	_____
Signs (Neon and Electric)	_____	_____	_____	_____
Valuable Papers and Records	_____	_____	_____	_____

Other Inland Marine Coverages

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

CRIME COVERAGES

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	Recommend	Accept	Reject	Not Applicable
Money, Securities and Other Property				
Employee Dishonesty	_____	_____	_____	_____
Computer Fraud	_____	_____	_____	_____
Destruction of Electronic Data or Programs	_____	_____	_____	_____
Extortion	_____	_____	_____	_____
Forgery or Alterations	_____	_____	_____	_____
Identity Fraud Expense	_____	_____	_____	_____
Lessees of Safe Deposit Boxes (Securities and Other Property only)	_____	_____	_____	_____
 Money and/or Securities Only				
Theft, Disappearance and Destruction	_____	_____	_____	_____
Robbery and Safe Burglary	_____	_____	_____	_____
Securities Deposited With Others	_____	_____	_____	_____
 Property other than Money and Securities				
Premises Burglary	_____	_____	_____	_____
Premises Theft	_____	_____	_____	_____
Robbery and Safe Burglary	_____	_____	_____	_____

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Other Crime Coverages

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

LIABILITY COVERAGES

	Recommend	Accept	Reject	Not Applicable
Commercial General Liability				
Occurrence Basis	_____	_____	_____	_____
Claims-Made Basis	_____	_____	_____	_____

Optional Liability Coverages

Cyber Liability	_____	_____	_____	_____
Directors and Officers	_____	_____	_____	_____
Employee Benefits	_____	_____	_____	_____
Employment-related Practices	_____	_____	_____	_____
Owners and Contractors Protective	_____	_____	_____	_____
Railroad Protective	_____	_____	_____	_____
Special Events	_____	_____	_____	_____

Other Liability Coverages

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_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

PROFESSIONAL AND E&O LIABILITY COVERAGES

_____	_____	_____	_____
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COMMERCIAL AUTO COVERAGES

	Recommend	Accept	Reject	Not Applicable
Liability	_____	_____	_____	_____
Physical Damage	_____	_____	_____	_____
Hired Cars	_____	_____	_____	_____
Non-Ownership Auto	_____	_____	_____	_____
P.I.P./No-Fault	_____	_____	_____	_____

Optional Automobile Coverages

Garagekeepers	_____	_____	_____	_____
Medical Payments	_____	_____	_____	_____
Uninsured Motorists	_____	_____	_____	_____
Underinsured Motorist	_____	_____	_____	_____

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Other Auto Coverages

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

WORKERS COMPENSATION COVERAGES

	Recommend	Accept	Reject	Not Applicable
Workers Compensation and Employers Liability	_____	_____	_____	_____
Stop Gap or Employers Liability Coverage	_____	_____	_____	_____
Federal Employers Liability Act	_____	_____	_____	_____
Longshore and Harbor Workers Coverage	_____	_____	_____	_____
Voluntary Compensation	_____	_____	_____	_____

Other Workers Compensation Endorsements

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

EXCESS LIABILITY COVERAGES

Recommend	Accept	Reject	Not Applicable
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Umbrella Policy _____

Excess Liability Policy _____

AVIATION COVERAGES

Aircraft Policy _____

Passenger Liability _____

CROP COVERAGES

Crop Hail Insurance _____

Multiple Peril Crop Insurance _____

Revenue Insurance _____

SPECIALTY COVERAGES

Environmental Impairment Liability Policy _____

Fiduciary Liability Insurance _____

International/Foreign Operations Insurance _____

Rain or Weather Insurance _____

Terrorism Insurance _____

Underground Storage Tank Liability – UST _____

Other Specialty Coverages

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_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

BONDS

Contract Bond	_____	_____	_____	_____
License and Permit Bond	_____	_____	_____	_____

Other Bonds

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

OTHER OPTIONS

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Comments

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I certify that I have reviewed my coverage needs in accordance with this checklist with my agent and I have accepted or rejected the recommended coverages as indicated by my initials in the spaces above.

_____ Signature of Client _____ Date

_____ Title

I certify that I have reviewed the coverages outlined in this checklist with my client and that the initials of the client indicate the acceptance or rejection of the coverages recommended.

_____ Signature of Agent _____ Date