

Wisconsin

2013

SUGAR CREEK MUTUAL INSURANCE COMPANY

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# Agent Liability Manual

SUGAR CREEK MUTUAL INSURANCE COMPANY

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## Eligibility

The following types of risks are eligible:

- The owner occupant of a one-to-four family dwelling used only for private residential purposes.
- The tenant of an apartment or dwelling who occupies the premises for residential purposes.
- The owner of a condominium or cooperative unit who occupies the unit only for private residential purposes.
- An occupant of a dwelling under a life estate arrangement or purchasing the dwelling under a long-term contract.
- The owner and intended occupant of a dwelling under construction. The dwelling must be for private residential use only.
- The owner of a seasonal dwelling that meets all eligibility requirements. (note: premises only coverage, unless company also insures their primary residence)
- A mobile home used for private residential purposes that is not self-propelled and is permanently situated at a fixed location.
- Eligible farm property such as dwellings, barns, granaries, outbuildings, and other structures used in connection therewith, and their contents; livestock, grain and hay, farm implements and machinery; situated on land used for grain, fruit, livestock, dairy or other farming purposes

The following types of risks are NOT acceptable:

- Vacant property (abandoned)
- Property for sale
- Property that is in the process of foreclosure or forced sale or where the owner has filed for bankruptcy
- Risks that show obvious lack of maintenance, or are in poor condition
- Risks that have known water or land contamination problems
- Persons who raise, board, breed or groom dogs. This includes kennels and kennel operations.
- Any applicant who owns or cares for a dog that is known to have previously bitten or caused any injury or property damage.
- Any applicant who owns or cares for any: Pit Bull or Pit Bull type (Pit Bull, American Bulldog, American Pit Bull, American Staffordshire Terrier, Colorado Bulldog, Northwoods Bull Dog, English Bull Terrier), Rottweiler, Chow Chow or Doberman Pinscher.
- Premises with horse exposures that involve raising, selling, breeding, training, racing, showing, exhibition, or any other business exposure.
- Deer, elk, buffalo, mink and game farms.
- Any applicant who owns or cares for any exotic animal (Exotic animal means any animal that is native to a foreign country or of foreign origin or character, is not native to the United States, or was introduced from abroad. This term specifically includes animals such as, but not limited to, lions, tigers, leopards, elephants, camels, antelope, anteaters, kangaroos, and water buffalo, and species of foreign domestic cattle, such as Ankole, Gayal, and Yak).
- Cattle Sales or Auction Barns.
- Premises that have a commercial exposure other than farming that is not addressed elsewhere in this manual.
- Premises with Sawmills
- Premises with Gravel Pits
- 5 family or more dwelling/residence/apartment
- Dairy Milk Processing Plants
- 3 Wheelers
- Swimming pools with Diving Boards
- Improperly fenced swimming pools
- Watercraft in excess of 250 HP or in excess of 30'
- Jet Ski's seating more than 2 people or capable of pulling skier/tube
- Improperly fenced manure pits
- Christmas Tree "Cut Your Own" operations

## Named Insured

In *Personal Lines* policies such as Dwelling, Homeowner and Farmowner where you are providing *Personal Liability* coverage, the *Named Insured* must be listed as an Individual. This should be the individual (or husband/wife) who has ownership interest in the property, and this is their primary residence. This is notably different than in *Commercial Insurance* where the *Named Insured* should be the actual “legal entity” of the business which in many cases is not an Individual. The main difference is that Commercial policies (CGL) are not providing personal liability coverage.

Unmarried persons cohabitating or living in the same household should both be listed as Named Insureds. This includes persons of the same or opposite sex or any unrelated persons residing in the same household.

Trusts – As stated above for liability purposes the Named Insured must be a person. The Trust should be added as an Additional Insured Premises Only .

## Underwriting the Risk in the Field

The agent is the first person to view the risk, and, for underwriting purposes, he or she should be able to obtain all information that is pertinent to the risk. The agent will be the “front line” underwriter for the company. Successful underwriting is based on good teamwork – with the agent and the Company underwriter working as a team. It is necessary to thoroughly examine the risk to properly assess the liability exposures. The moral character of the insured, physical characteristics of building and equipment, operations, and insurance history should all be examined. There are four main sources of liability exposures:

- The residence premises
- The farm premises
- The farm operations
- The personal activities (both on and off the premises) of any Insured

## Maintenance of Premises

The property must be in good condition. All steps/stairs should have railing when necessary. General rule of thumb – a railing is needed whenever you have 3 or more steps. Building Codes also require guardrails on decks above 24”. Are there any maintenance concerns that could present a slip & fall danger or other liability exposures?

## Loss History

A minimum of a 3 year loss history must be provided. Information must include date of loss, description of loss and amount paid or currently reserved. Coverage cannot be bound if the insured has had any prior liability losses – consult company for approval.

## Attractive Nuisances

Is there an attractive or unusual object or structure (usually man-made) that may entice young children and pose additional liability exposures?

### Swimming Pools

*The following **RULES** apply:*

- 1) *All in-ground swimming pools must be fenced.*
- 2) *No diving boards are allowed.*

The following **GUIDELINES** apply:

- 1) Above ground pools should be fenced. Coverage should not be bound if the above ground pool is not fenced. Consult the company for approval.
- 2) Slides may not be acceptable. Coverage should not be bound and company should be consulted for approval.

### Other Water Exposures

Are there any ponds, lakes or other water exposures on the property? If yes, please provide a photo and advise the following: How large is the water source? How deep? Any swimming? Is it visible from the road? Fenced? Any Public access? Any additional liability exposures like rope swings from trees, platforms or diving boards? Any dock or pier? Condition?

### Trampolines

Coverage cannot be bound if the insured has a trampoline. Consult company for exceptions.

### Other

Are there other unacceptable attractive nuisances? Some examples include a zip line, a snowboard ramp, a skateboard ramp, a go cart or motocross track, etc. All of these types of risks pose serious liability exposures and liability should not be written if they exist.



## Dogs

The following **RULES** apply:

- 1) Risk is **NOT** eligible if there are any of the following breeds (or any vicious dog):

American Bull Dog	Doberman Pinchers
American Pit Bull	English Bull Terrier
American Staffordshire Terrier	Northwoods Bull Dog
Chow Chows	Pit Bulls
Colorado Bulldog	Rottweilers

- 2) Risk is **NOT** eligible if any dog has previously bitten or caused damage or injury.

- 3) If there is a Dog Liability claim on an existing policy, the dog must be removed or destroyed (and verification provided), or the account will be set up for Non-Renewal.

The following **GUIDELINE** applies:

Company approval is required for any of the following breeds of dogs:

Akitas	Huskies
Alaskan Malamutes	St. Bernard's
German Shepherd	Wolf type Hybrids
Great Danes	

## Fences

An individual must maintain fences in a manner, which conforms to state statutes. Refer to Wisconsin Statute 90.02.

## Farm Machinery

Farm equipment must be kept in good working condition. Safety guards should be on the machinery. The safety of other people is of primary concern. Farm machinery must have proper lighting and identification emblems. When an Insured uses farm machinery on the road, state requirements must be met. Refer to Wisconsin Statutes 347.21, 347.22, 347.245 and 348.08.

## Manure Pits

All manure pits must be fenced. The industry recognized standard is Code 382 & 313 from the Natural Resources Conservation Service.

## Implements of Husbandry

Questions arise whether or not we can insure farm trucks or semi tractor trailers under the farm liability policy if they are “implements of husbandry”. There are two main considerations – 1) State Statutes regarding requirements of registration (see below), and 2) policy language and applicable liability exclusions.

There could be possible coverage disputes over both:

- 1) Whether the vehicle or implement in question meets the criteria for the exceptions for motor vehicle registration, AND
- 2) Whether it meets the definition of the liability exclusion in the form of “it is designed for use on public roads”.

In most instances it is in the best interest of the policyholder, the agent and the company to address this liability exposure through the use of an Automobile policy.

In addition, an automobile policy provides broader protection for a policyholder in that it may have Medical Payments coverage, Uninsured Motorists coverage and Underinsured Motorists coverage, all of which are not available under a Farm Liability policy.

If a vehicle does meet the requirements of the state making it exempt from motor vehicle registration consult the company to determine coverage eligibility under the farm liability policy. If approved by the company, the farm truck must be specifically scheduled (WMS GL500 1.0) and the appropriate premium charged. A charge is made for each unregistered farm truck. This endorsement can only be used with Initial Farm Liability – it cannot be used with Initial Residence, Lessors Risk or Incidental Farm classifications. Consult company for specific endorsement language and restrictions.

Current Wisconsin Statutes regarding farm vehicles exempt from registration:

341.05 When vehicles exempt from registration. A vehicle, even though operated upon a highway of this state, is exempt from registration if any of the following applies:

341.05(7) The vehicle is a farm tractor used exclusively in agricultural operations, including threshing, or used exclusively to provide power to drive other machinery, or to transport from job to job machinery driven by a farm tractor.

341.05(9) The vehicle is a trailer or semi- trailer used exclusively for the transportation of farm machinery, implements, produce or supplies on a farm or between farms.

341.05(17) The vehicle is an implement of husbandry.

341.05(28) Notwithstanding s.241.26(3)(ar), the vehicle is a farm truck tractor being operated solely in intrastate transportation and is transporting manure, grains, silage, haylage, or equipment between fields or between a farm and a field at the time of operation or is being operated from its point of purchase to the operator’s farm. This subsection does not apply to transportation by a common motor carrier or contract motor carrier.

341.01(2) Notwithstanding s.341.26(24) “implement of husbandry” means a vehicle or piece of equipment or machinery designed for agricultural purposes, used exclusively in the conduct of agricultural operations and used principally off a highway, or a trailer-mounted bulk fertilizer container.

IMPORTANT NOTE: per discussions with the DOT, Statute 341.05(28) is very limited – it only applies to semi tractor trailers, and only between fields or between a farm and a field. For example, if the semi tractor trailer is going to an elevator, co-op or anywhere other than “field to field” or “field to farm” it would NOT be exempt from registration.

Examples of farm trucks that *may* qualify under this coverage:

- 1) A farm truck that has a manure spreader permanently mounted that is used solely on the farm.
- 2) A farm truck that has a TMR feed mixer permanently mounted that is used solely on the farm.

Examples of farm trucks that would NOT qualify and should not be endorsed:

- 1) A regular grain truck that has not been modified in any way.
- 2) A dump truck.
- 3) A flatbed truck.
- 4) A grain truck or a semi tractor trailer that travels on the road to an elevator, a co-op, etc. off the insured premises.

Consult company for eligibility before binding.

## Milk Contamination

*The following **RULE** applies:*

*If the Insured has two milk contamination claims during any 365-day period, the policy will be non-renewed or an exclusion must be attached excluding any further milk contamination claims. The exclusion would become a permanent part of the policy.*

## Pollution Liability

The policy contains an absolute pollution liability exclusion. Limited Farm Pollution Liability may be available by endorsement for an additional premium – consult company.

*The following **RULE** applies:*

*Liability should NOT be written if the insured has had a prior pollution claim.*

## Fire Legal Liability

Farm Personal Liability (GL2) – Both the GL2 2.0 from the AAIS Farmowner Program and the GL2 1.0 from the AAIS Personal & Premises Liability Program contain an exclusion for “damage to property that is rented to, occupied by, used by, or in the care of an “insured”. However, both of these exclusions include an exception for “property damage caused by fire, smoke, or explosion”. This exception to the exclusion is essentially providing Fire Legal Liability coverage up to the Coverage L Liability limit.

Commercial Liability Coverage Farm Premises and Operations (GL610 1.0 & GL610 2.0) – The GL610 also contains an exclusions for property damage to property owned by, occupied by, or rented to you, except as covered under Coverage O Fire Legal Liability. Refer to company as to whether they provide any “limited” Fire Legal Liability (Coverage O) automatically, and whether increased limits are available if desired.

PLEASE NOTE: This is not property insurance coverage. Any indemnity is based upon the concept of negligence.

## Classifications

### Personal Liability

#### Initial Residence Premises

Provides coverage for the principal residence and the personal activities of the Named Insured and relative residents in the Insured's household and other persons under the age of 21 in the care of the insured or in the care of resident relatives. This includes foster children in an Insured's care, as long as they are less than 21 years of age. Coverage is not available for foster adults over the age of 21.

A residence includes incidental garages. There is no limit to the amount of acreage, provided the land is not used for farming purposes. Additional land should be listed on the declaration page.

If additional land is used for farming and NOT farmed by the Insured, you would classify/rate it as Initial Residence Premises and add the additional code/charge for Incidental Lessor's Risk. (IE: land is rented to another who farms the land) If the additional farmland is farmed by the Insured, the initial residence rate would NOT be used, a farm classification/rate would be used.

NOTE: the AAIS HO policy contains a Business Exclusion, and farming is included in this definition. Therefore, if your insured does any "farming" you would need to charge the Incidental Farm Liability or full Farm Liability. Farming is defined as the use of premises for the production of crops or the raising or care of "livestock", including all necessary operations. "Livestock" is defined as cattle, sheep, swine, goats, horses, mules, donkeys and hybrids thereof. If horses are present, a charge must be made. If your insured has horses, you should use either Incidental Farm or Initial Farm codes/rates.

#### Initial Residence Premises (Premises Only)

Provides coverage for the residence listed. Coverage is restricted to the described location(s). No personal liability coverage is provided. This coverage applies when the dwelling insured is not the Insured's primary residence. This would include rental dwellings, seasonal homes and out of state owners. Supporting coverage may be required – consult the company.

## Farm Liability

### Initial Farm Premises Dairy Farm

Provides coverage for the full time farm operation. The initial farm premises includes the principal residence, the farm buildings and 240 acres of farmland in conjunction therewith. Coverage is provided for the farm premises, for the personal activities and farming activities of the Named Insured and relative residents in the Insured household and any other person under the age of 21 in the care of the Insured or in the care of resident relatives. This includes foster children in an Insureds care, as long as they are less than 21 years of age. Coverage is not available for foster adults over the age of 21.

This category is intended for the full time farmer. Additional charges must be made for each acre over 240 and acreage should be limited to 2,000 acres. If the farm exceeds 2,000 acres, the company must be contacted for approval. The following information must be provided for farms over 2,000 acres:

- Is most of the acreage contiguous?
- How far does the insured have to travel to get to all farm locations?
- Are there any major highways that need to be traveled or crossed?
- Is any farm machinery routinely left at any farm location(s) other than the main farm location?

NOTE: The insured(s) cannot have other Personal Liability coverage elsewhere.

### Initial Farm Premises Non-Dairy

Provides coverage for the full time farm operation. The initial farm premises include the principal residence, the farm buildings and 240 acres of farmland in conjunction therewith.

Coverage is provided for the farm premises, for the personal activities and farming activities of the Named Insured and relative residents in the Insured household and any other person under the age of 21 in the care of the Insured or in the care of resident relatives. This includes foster children in an Insureds care, as long as they are less than 21 years of age. Coverage is not available for foster adults over the age of 21.

This category is intended for the full time farmer. Additional charge must be made for each acre over 240 and acreage should be limited to 2,000 acres. If the farm exceeds 2,000 acres, the company must be contacted for approval. The following information must be provided for farms over 2,000 acres:

- Is most of the acreage contiguous?
- How far does the insured have to travel to get to all farm locations?
- Are there any major highways that need to be traveled or crossed?
- Is any farm machinery routinely left at any farm location(s) other than the main farm location?

NOTE: The insured(s) cannot have other Personal Liability coverage elsewhere.

## Initial Farm Premises (Premises Only)

Provides coverage for the farm premises listed. Coverage is restricted to the described location(s). No personal liability coverage is provided.

This coverage applies when the premises is not the Insured's primary residence. Personal Liability coverage is with another company.

Supporting coverage may be required – consult the company.

## Incidental Farm Premises

Provides farm liability for mini-farms and hobby farms. The incidental farm premises includes the Insured's principal residence and the farmland and farm buildings in conjunction therewith. Coverage is provided for the farm premises and for the personal activities and farming activities of the Named Insured and relative residents of the Insured household, and any other person under the age of 21 in the care of the Insured or in the care of resident relatives.

This includes foster children in an Insured's care, as long as they are under 21 years of age. Coverage is not available for foster adults over the age of 21.

This category is intended for the part-time farmer or hobby farmer whose farm exposure is minimal. It should also be used for a farm that is no longer active, but we have farm outbuildings (barn, etc) that pose an additional liability exposure. There is no limitation to acreage. Incidental Farm Premises (or full Farm Liability depending on the circumstances) should also be used when the insured has animals that fall into the policy definition of "livestock" such as cattle, sheep, swine, goats, horses, mules, donkeys and hybrids thereof. The HO policy (initial residence premises) contains a Business Exclusion, and "farming" is included in this exclusion. "Farming" is defined as the use of premises for the production of crops or the raising or care of "livestock", including all necessary operations. Each risk will be evaluated on its own merit.

## Incidental Farm Premises (Premises Only)

Provides coverage for the farm premises listed. Coverage is restricted to the described location(s). No personal liability coverage is provided.

This coverage applies when the premises insured is not the Insured's primary residence. Personal Liability coverage is with another company.

Supporting coverage may be required – consult the company.

**THE FOLLOWING LIABILITY EXPOSURES MUST BE CHARGED IF THEY EXIST:**

## Additional Farm Location – Flat Fee

A flat fee premium is charged when the Insured farms any location in addition to the first location (primary location). This charge is a “flat fee” per policy regardless of the number of Additional Locations. Additional locations include: locations separated by a roadway, separate legally defined locations, any location in which the Insured must travel on the roadway to get to. Vacant land, wood lots and any location not used for farming purposes are not considered an additional farm location.

Charge for locations the Insured is actually using. If locations are rented out, no charge is made. The intent of this flat rate is to cover the exposure of road travel with farm machinery. If the exposure exists, the flat fee should be charged.

The majority of farmers are on the roads at some point. There is no additional form needed. All locations should be shown on the declaration page.

If a dwelling is located on the additional farm location, the appropriate premium should be charged, provided the Insured owns this dwelling. If occupied by Additional Insured, refer to code 78090. There is no charge for additional sets of farm buildings.

## Each Acre Over 240

This includes all “farmland” owned by, used by, leased to, or rented to any insured. A charge is made for each “farmland” acre over 240 acres. No charge is needed for vacant land or woodland (non-farmed). If the farm exceeds 2,000 acres, the company must be contacted for approval.

The following must be provided for farms over 2,000 acres:

- Is most of the acreage contiguous?
- How far does the insured have to travel to get to all farm locations?
- Are there any major highways that need to be traveled or crossed?
- Is any farm machinery routinely left at any farm location(s) other than the main farm location?

No additional form needed. All farm locations and total acreage should be shown on the declaration.



## Incidental Lessors Risk

Provides coverage for farmland that the insured rents to others or leases to others. If the insured farms the land, lessors risk cannot be used and farm liability must be charged.

You would charge for Initial Residence and add the Incidental Lessors Risk charge. If there is a dwelling on the farm location that is rented or leased to others, you must also make the appropriate charge for that exposure in addition to the Lessors Risk charge.

## Household Residence Employee

Coverage for liability arising out of injuries sustained by domestic employees of an insured not covered OR not required to be covered by Workers' Compensation Insurance is included under the liability section of the policy.

A premium should be charged if the Insured hires a person on a *regular basis* to perform duties in connection with the maintenance or use of the Insured premises.

This includes persons who perform *household or domestic services* or duties of a similar nature elsewhere for the Insured. Residence Employees normally include maids and housekeepers, butlers, nannies, cooks or chefs, and gardeners. Rated per employee.

NOTE: this charge does not apply to "Home-Care Providers". No coverage is provided for Home-Care Providers. Home-Care providers are persons hired in a private home to give primary-care to an individual such as help in walking, bathing, preparing meals, supervising use of medications and exercise therapy and other duties commonly associated with the meaning of primary-care giver. While a home-care provider may assist in some domestic duties these are "incidental" to the primary-care duties and the courts have consistently held that home-care providers are NOT domestic or household residence employees.

## Horses

A premium is to be charged for *all* horses owned by OR in the care, custody, or control of any Insured. Donkeys used for the same purpose as horses (ridden) should be charged for. No charge for miniature horses. As the number of horses (owned & boarded) may vary throughout the year, the insured should estimate the maximum number of horses they will have at any one time and the company will charge accordingly.

*The following **RULES** apply:*

- 1) *Total Maximum number of horses is 15 (including boarded horses).*
- 2) *Horses must be used for Pleasure use only (no riding lessons, teaching, instructing, etc).*
- 3) *Professional showing, racing, competition or breeding is NOT permitted.*
- 4) *Draft horses that are used strictly for work on the farm may be covered with no charge.*
- 5) *Boarding – maximum of 10 horses.*
- 6) *All horses must be charged for.*

Note: Wisconsin has an Equine Immunity Statute (895.481), however there are several exceptions to this Statute and there are many instances where the insured may still be found liable. *Even with the Equine Immunity Statute there is still a substantial liability exposure.*

## Coverage Options

### Watercraft Liability

All AAIS personal liability forms contain a watercraft exclusion. In addition, they each give back some “limited” watercraft liability through the Watercraft Incidental Liability Coverage. The parameters for the limited coverage that is granted may be different in the various liability forms so you will need to look at these on a case by case basis and review the specific liability form being used. In addition, the WAMIC State Amendatory endorsement being used may alter the Watercraft Liability Coverage. A premium is charged for *each* outboard over 50 HP; each inboard, or I/O (Inboard/Outboard) motorboats; any sailboat over 26’; and for each jet ski. The number, model, and hp must be provided. Please provide Name, DOB and DL # for all household members.

*The following **RULES** apply:*

- 1) *Watercraft must be owned by individuals and used for personal pleasure use only. Individuals who use boats for racing, competition, stunts or pulling more than two skiers at one time are NOT eligible.*
- 2) *Watercraft in excess of 30’ or Sailboats in excess of 40’ are NOT eligible.*
- 3) *Motorboats and sailboats with sleeping facilities or galleys are NOT eligible for coverage. The insured will need to obtain separate coverage elsewhere with a watercraft policy.*
- 4) *Motorboats in excess of 250 HP are NOT eligible. The insured will need to obtain separate coverage elsewhere with a watercraft policy.*
- 5) *Jet ski’s capable of seating more than 2 people, or pulling skier/ tuber are NOT eligible.*

NOTE: Coverages provided under the Incidental Watercraft Coverage or Watercraft endorsements are not meant to be as “broad” and specialized as the insured may obtain by getting a separate stand alone “Watercraft or Boatowner Policy”.

## Office, School or Studio Use

All AAIS personal liability forms contain “Business” exclusions. Coverage maybe provided for an incidental office, professional, private school, or studio occupancies located in the principal residence of the Insured, in a related private structure on the insured premises, or in a dwelling occupied by the Insured as an additional residence premises.

A flat charge is made. A description of the business is needed.

*The following **RULES** apply:*

- 1) *The business must be conducted by an “insured”.*
- 2) *The dwelling must be occupied principally for residential purposes.*
- 3) *There is no other business conducted on the premises.*
- 4) *The Insured employs no assistants or employees.*
- 5) *The residence has not been altered to accommodate the occupancy.*

Coverage under this endorsement is not intended to provide off premise coverage. No Professional Liability Coverage is provided. Nursery schools would not be acceptable.

NOTE: If off premises coverage or broader coverage is desired, refer to the Home-Based Business Program if written by your company. (The Home-Based Business Program is a Commercial Program, but is an “endorsement” to your underlying HO/FO policy and not a Stand-Alone Commercial policy)

## Additional Premises Coverage

Seasonal Residence Occupied By the Insured  
 Rented To Others – One Family  
 Rented To Others – Two Family  
 Rented To Others – Three Family  
 Rented To Others – Four Family

Liability coverages may be extended to include an additional one, two, three or four family dwelling that is owned by the Insured and rented to others. All locations must be listed. If the Named Insured is the owner occupant of a multi-family dwelling, the residence units that are rented to others should be rated accordingly. This is only intended for rental property when extending coverage from the insured’s primary policy. If a separate policy is written for the rental property the base classification for Initial Residence Premises Only and the Initial Residence-Premises Only rate must be used for each rental dwelling. A flat charge is made for *each* additional premises based on the Coverage L limit of the policy.

*The following **RULES** apply:*

- 1) *All rental property must be owned by the insured(s) personally (not in a business name or other entity).*
- 2) *All rental property must be in good condition.*
- 3) *5 family or more are NOT eligible.*
- 4) *Apartment Buildings are NOT eligible.*
- 5) *Total # of units of all rental properties cannot exceed 8. If over 8 cannot extend liability to any.*

The following **GUIDELINE** applies:

- 1) Company may require verification of liability insurance of tenants. Special care should be taken when inspecting rental units. The upkeep and maintenance must be above average. Refer to Wisconsin Statutes 101.145(4) and 101.645(3).

### Recreational Motor Vehicle

The basic policy provides automatic coverage for Recreational Vehicles while “on the insured premises”. Coverage for an Insured’s recreational vehicles while “off” the Insured premises can be added by endorsement for an additional charge. Recreational vehicles can include snowmobiles, all terrain vehicles (ATV’s), and golf carts. Serial numbers must be submitted for each recreational vehicle insured.

Premiums are fully earned. A flat charge is made for each recreational vehicle.

All recreational vehicles should be described (year, mfg, model & HP).

*The following RULES apply:*

- 1) *Liability should NOT be written if the insured has 3 Wheelers.*
- 2) *Mopeds or Motorized Bicycles are NOT eligible.*
- 3) *Snowmobiles used for racing or stunting activities are NOT eligible.*
- 4) *Snowmobiles rented to others or used to carry others for a fee are NOT eligible.*

The following **GUIDELINES** apply:

- 1) Utility type ATV’s are generally acceptable. Sport Type ATV’s may not be written – consult company. A partial list of “sport” type ATV’s is attached.
- 2) High Performance snowmobiles. The following website can be used to determine the performance of a particular snowmobile. ([www.amsnow.com/buyers](http://www.amsnow.com/buyers) guide). Any snowmobiles classified as either “Muscle Performance” or “Sport Performance” will not be written. In addition, some “High Performance” may not be acceptable – coverage cannot be bound – consult company for approval.

NOTE: It is important to note that endorsing Recreational Vehicle liability to a personal liability policy does not provide as broad of coverage as the insured would have with a stand-alone Recreational Vehicle type policy which is more of an automobile type policy. There may be some serious coverage gaps including but not limited to Medical Payments, UM and UIM.

**Example “Utility” type ATV**



**Example “Sport” Type ATV**



**List of some sport ATV’S:**

**Arctic Cat**

50 2x4  
90 2x4  
90 2x4 4-stroke  
90 automatic  
400 DVX 2x4

**Bombardier**

DS650  
DS650 Baja  
DS50  
DS90  
DS90 4-stroke  
Quest 50  
Quest 90  
Quest 90 4-stroke

**Honda**

Fourtrax 90  
Fourtrax 300 EX  
Sportrax 90  
Sportrax 250 EX  
Sportrax 300 EX  
Sportrax 400 EX

**Kawasaki**

KFX 50  
KFX 80  
KFX 400  
KFX 700 V Force  
Lakota Sport  
Mojave  
Mojave 250

**Polaris**

Predator 90  
Predator 500  
Predator, Troy Lee Edition  
Scrambler 50  
Scrambler 500 4x4

**Suzuki**

Quadrunner 160  
QuadSport 50  
QuadSport 80  
QuadSport Z250  
QuadSport Z400

**Yamaha**

660R Raptor  
Badger (2000)  
Banshee  
Blaster  
Breeze (2000)  
Raptor 50  
Raptor 80  
Warrior  
YFZ 450

### Incidental Business Pursuits

Coverage may be provided for an Incidental Business Activity that is conducted on the Insured premises. This endorsement provides protection against claims for Bodily Injury or Property Damage resulting from occurrences on the insured premises. Coverage is not provided for off premises coverage, Products Liability (except an insured's own farm products), Completed Operations coverage or any Professional Liability coverage. (NOTE: if these coverages are desired please refer to the Home Based Business program if written by your company for eligibility).

A flat charge is made for each Incidental Business Pursuit.

A description of the business and estimated annual gross receipts must be provided.

The following **RULES** apply:

- 1) *The business is incidental to the primary occupancy of the premises as a residence.*
- 2) *The Incidental Business does not involve any premises other than the described Insured location.*
- 3) *The Insured is the sole proprietor of the Incidental Business and the business does not involve any partnership or co-owner relationship.*
- 4) *The Incidental Business does not have any employees.*
- 5) *Use of ladders or off ground picking is NOT eligible.*
- 6) *Cut-Your-Own Christmas Tree Operations are NOT eligible.*
- 7) *Processing Operations (jam, maple syrup, etc.) are NOT eligible.*

The following **GUIDELINES** apply:

- 1) The Incidental Business does not exceed \$50,000 in gross annual receipts.
- 2) If business is not eligible for either IBP or HBB liability coverage should not be written for the entire risk, or the Business must be excluded with an ML304.

A greater degree of care is necessary when a business is operated on the Insured premises. Maintenance of the premises must be above average. For any business exposures not listed, refer to the Home-Based Business Program, Commercial Programs or consult the company.

**Warehouse** - Individuals who store boats, cars, or recreational vehicles for a fee in a building on the Insured premises. In these situations gross receipts are not considered. The number of units stored in the building will determine acceptability. The maximum number is ten. If the number exceeds ten, a commercial liability policy is necessary. This coverage is not intended to cover Property Damage to the property in storage. The company will require an ML304 signed excluding liability for damage to items in storage.

NOTE: Please refer to Wisconsin Statute 99.01. If the insured does anything with the property being stored (puts them in, moves them around, takes them out, etc.) the insured would by statute be considered a “Public Warehouse Keeper”, and would be required to be licensed. He would also require special Warehouse Keepers Liability Insurance or a BOND, neither of which is offered by our company. In these situations, IBP should NOT be added to the policy. The insured should obtain coverage elsewhere and the company will require an exclusion signed by all insureds for this activity for their files.

**Baby-sitting** - A person who is caring for children in their home for compensation is conducting a business pursuit. Baby-sitting for three or less can be endorsed as an Incidental Business pursuit. The following are not eligible: 1) caring for 4 or more children (not including their own children or relatives) OR 2) if the insured has or is required by statute to have a License. NOTE: This is a “premises” only coverage, there is no liability coverage provided off premises.

**Roadside Markets, Pick Your Own Operations** - This is for the sale of the Insured’s own products. Fruit or vegetable pick-your-own operations are acceptable provided there is no use of ladders or off ground picking. No processing operations (jam, maple syrup, etc.). This Incidental Business Pursuit can only be added to a Farm Liability policy.

**Retail Sales** - Coverage may be provided for the Insured while engaged in retail sales. The Insured is eligible for coverage if he/she is an employee of another. Some examples of acceptable pursuits are cosmetics (i.e., Mary Kay), household products (i.e., Amway), and seed and fertilizer sales. The type of sales and amount of gross receipts should be described.

### **Additional Insured – Premises Only**

Coverage may be provided for Additional Insureds (persons, corporations, partnerships) who do not occupy a residence on the Insured locations. This provides coverage on the Insured premises and for operations necessary or incidental to the premises. Personal Liability is not provided. Additional Insureds cannot be listed as a farm employee.

A flat charge is made for each Additional Insured added.

### **Additional Insured Lessor of Leased Equipment**

This option extends coverage to include a person or organization from whom the insured leases equipment.

A flat charge is made for each Additional Insured added.

### **Additional Insured – Including Personal Liability**

Provides coverage for Insureds occupying a separate residence (household) either on or off the Insured premises. When there are individuals who operate and/or own the farm jointly, they can each have their respective interests insured under one policy.

A flat charge is made for each Additional Insured.

*The following RULES apply:*

- 1) *Each Additional Insured must occupy a separate residence.*
- 2) *They must have an interest in the farming operation.*
- 3) *The Additional Insured must be a person, no other entity is permissible.*
- 4) *The Additional Insured must NOT carry any other Personal Liability.*

Coverage is provided for the Additional Insured's residence and for the personal activities and farming activities of the Additional Insured, and relative residents in the Additional Insured household, and any other person under the age of 21 in the Additional Insured's care or in the care of resident relatives. An Additional Insured cannot be named as a farm employee. Persons may occupy the same dwelling but maintain separate households. Personal Liability is provided per household.

### **Farm Employees Liability**

180+ days/Employee  
 40-180 days per year  
 Less than 40 days/Employee

Extends coverage for Coverage L – Liability, and Coverage M – Medical Payments To Others to apply to “bodily injury” to a “farm employee” while performing duties in connection with the “farming” operations of any “insured”.

It is important to note that the basic policy EXCLUDES coverage for “bodily injury” to a “farm employee”. Since most farms have employees (even if only part time occasional help such as during haying season, planting, harvesting, etc.) it is very important that agents are aware of this exclusion.

The rating categories are defined in terms of number of days worked in a calendar year by each employee. The length of the individual working day is not measured in terms of a specified number of hours.

A workday is one day upon which the employee reports for work. For example, an individual who milks one hour per day, 365 days a year, would be a full time employee.



It is recommended that all prospective farm employers be offered the minimum farm employee coverage to cover unexpected short-term employees. Farmers that hire various employees periodically are asked to use their best estimates as to the number of employees that will be working in the year.

The Named Insured and spouse, and any Additional Named Insureds (PL) and spouse cannot be classified as employees.

Farmers who are subject to the provisions of the Worker's Compensation Act, or voluntarily choose to carry Worker's Compensation coverage, are NOT eligible for coverage under this endorsement. You cannot carry both Worker's Compensation coverage and Farm Employee Liability coverage. Please refer to WI Statute 102.04 and 102.07. A farmer becomes subject to the ACT and must carry a worker's compensation insurance policy when he employs six or more employees (at one or more locations) on the same day for 20 days (consecutive or nonconsecutive) during a calendar year. A calendar year is January through December. The farmer must have worker's compensation insurance within 10 days after the 20th day of employment. Some relatives of the farmer are not counted as employees when determining by statute whether or not they are required to carry worker's compensation. IMPORTANT NOTE: The basic form also has an exclusion which excludes any liability that is payable OR must be provided under a worker's compensation, occupational disease, unemployment compensation or disability benefits law. Basically this means that if your insured should have been carrying Worker's Compensation coverage (if required by statute), then any Farm Employee Liability coverage is null and void.

It is also important to note that coverage under Farm Employee liability coverage is not as "broad" as coverage under a Workers Compensation policy. There are several important distinctions/differences, including but not limited to:

- Workers Compensation is "exclusive remedy" and coverage applies regardless of fault or negligence on the employer. With Farm Employee Liability coverage, if there is no liability or negligence on the "insured" (Employer), only Medical Payments coverage would be available.
- Workers Compensation is "unlimited", while Farm Employee Liability Coverage is limited to the Coverage M and Coverage L policy limits.
- Workers Compensation includes not only coverage for the medical expenses, but also lost wages, and other things such as pain and suffering, etc. In contrast, under Farm Employer Liability Coverage, in the event there was no liability or negligence on the "insured", Coverage M would only cover the medical expenses.

Minors 12 years of age or older may be employed in agricultural pursuits. However, there are occupations in agriculture that are prohibited to minors between the ages of 12 and 15. The Wisconsin Administrative Code should be consulted for a detailed list. This may be obtained from the company. The Insured's children are exempt from these limitations. However, be aware a new state law mandates that any child under the age of 16 may NOT operate a farm tractor or self-propelled farm implement on a public highway unless the child has been certified as successfully completing a tractor and machinery operation safety-training course. The company should require copies of the completion certificate for all children under the age of 16 who may be operating farm equipment.

### Custom Farming

Custom farming is any farm operation the Insured performs for other persons for remuneration. In the AAIS Farmowner Program (liability forms GL2 2.0 edition and GL610 2.0 edition only) Coverage for liability arising out of custom farm work that does not exceed \$5,000 in annual receipts and does not involve the application of pesticides or herbicides is automatically provided as an incidental or supplemental coverage.

Coverage for liability arising out of custom farm work that exceeds \$5,000 in annual receipts can be added to policies that include farm personal or commercial liability coverage.

In the AAIS Personal & Premises Liability Program (liability form GL2 1.0 edition) there is no automatic Incidental Liability coverage for Custom Farming. When using this form if coverage is desired for Custom Farming it must be endorsed regardless of the annual gross receipts.

A flat rate is charged based on the estimated total annual gross receipts.

The following **GUIDELINE** applies:

- The gross receipts cannot exceed \$50,000. Consult company if over \$50,000.

Description of Custom Farming operation and estimated annual gross receipts must be given. PLEASE NOTE: The premium reflects the exclusion of pesticide or herbicide application. Insureds who apply pesticides or herbicides (custom application) should obtain other coverage and an ML-304, specifically excluding coverage, will be attached to the policy. This coverage is not intended for commercial applicators.

## Other Optional Coverages

### Personal Injury

Coverage may be provided for personal injury. Personal injury means damages for which an Insured is legally liable caused by false arrest, false imprisonment, wrongful eviction, wrongful entry, wrongful detention, malicious prosecution, libel, slander, defamation of character or invasion of privacy.

A flat charge is made.

*The following RULES apply:*

- 1) *Coverage cannot be added if any "insured" has had a prior Personal Injury claim.*
- 2) *Prohibited Professions: Public Officials, Clergy, Publishers, Advertisers, Day Care, Bartenders, Professional Athletes, Celebrities, and High Profile People.*

### Waterbed Liability

This optional endorsement extends Coverage L Personal Liability to apply to property damage arising out of the insured's ownership or use of a waterbed on the insured premises. However, damage to the waterbed itself, or to its frame, supports, attachments or accessories, is not covered. This liability can only be attached to a tenant or renter's policy.

The premium indicated on the rate schedule applies separately to each waterbed.

PLEASE NOTE: Coverage is not provided for the following:

- Damage to personal property owned by an Insured
- Any damage caused intentionally or at the direction of an Insured
- Sagging or collapse of the floor on which the Insured waterbed is located, if the building construction does not conform to the governing building codes
- Damage caused by or resulting from the waterbed, if it is not assembled, installed, filled, emptied, located and maintained in accordance with manufacturers specifications

It is intended to provide coverage for damage to property of others.

### Private Structures – Rented To Others

This optional endorsement is used to provide property and liability coverage for a specifically scheduled related private structure that is rented or held for rental to others for residential purposes only. Scheduled structures are covered for loss caused by a peril insured against that applies to Coverage B. NOTE: this coverage is available only under the Homeowner Program.

## Hunting or Fishing On Premises

Coverage may be provided for hunting or fishing activities conducted on the insured premises. The value of all payments (money, goods, or services), received by the insured, must exceed \$2,000 before a charge is necessary for the activity. A description and amount of gross receipts should be listed on the declaration page. Wisconsin Statute 895.52 contains limited recreational activity immunity. If the insured is receiving payments exceeding \$2,000 annually, the Recreational Immunity Statute no longer applies.

This coverage is meant for “Incidental” exposures only. If the gross annual receipts exceed \$5,000 it is NOT eligible under this coverage and the insured would need to obtain Commercial Liability insurance.

## Damage Caused By Livestock

Coverage may be provided for the actual cash value of damage to property of others caused by an insured's livestock when their livestock exit or escape the insured premises, regardless of legal liability. The damage or destruction must be caused directly by livestock owned or in the care of an Insured when the livestock escape from the Insured premises.

This additional optional coverage is a “goodwill” coverage that is available regardless of whether the insured is legally liable or negligent.

The limit of liability provided is \$500. For an amount other than \$500, consult the company. A premium charge may be associated with this coverage; consult company for rate and code.

## Hired & Non-Owned Auto Coverage

Non-owned auto liability provides coverage for bodily injury or property damage caused by an auto the named insured does not own, lease, hire, or borrow, but is used in connection with the named insured's farming business. The non-owned auto must be used by someone other than the named insured.

Hired auto liability provides coverage for bodily injury or property damage caused by an auto the named insured leases, hires, or borrows on an occasional basis. It does not include autos that the named insured leases, hire, or borrows from its employees or its partners or executive officers.

Coverage for Non-owned and Hired Auto liability coverage may be provided by endorsement for an additional charge on farming risks only. Only risks rated with “initial farm liability” codes are eligible for this coverage. This coverage cannot be added if the farming operation owns vehicles that are insured on a Commercial Auto policy and this coverage is available through that policy. Please provide NAME, DOB and DL # of all “insureds” and all “employees”.

*Cont.*

The following **RULES** apply:

- 1) Coverage cannot be written if any “insured” or “employee” has had a major violation in the last 5 years.
- 2) Coverage cannot be written if any “insured” or “employee” has had a license suspension or revocation in the last 5 years.

The following **GUIDELINE** applies:

- 1) Refer to eligibility requirements in the 1st Auto personal auto programs. To be eligible for this coverage the risk should meet the requirements of the Optimal Program.

### Named Person Medical Payments

Coverage “N” Named Person Medical Payments pays for necessary medical expenses incurred by persons listed on the Declarations page for this coverage/endorsement (Named Persons) if they arise out of an accident causing bodily injury while performing duties in connection with the farming operations of any insured. (Note: domestic and personal activities are not considered farming operations.)

It is important to note that this coverage is NOT health insurance. This optional coverage is simply intended to provide Medical Payments coverage for the Named Insured or Additional Insured (or spouse or family member) who may not be eligible for coverage as a Farm Employee. For coverage to apply the person must be shown on the Declarations as a Named Person for Coverage N.

The only limits available are \$1,000; \$2,000; \$3,000; \$4,000 and \$5,000 per person per occurrence. In addition there is a \$10,000 annual Aggregate Limit per person, and a \$100 deductible per occurrence.

This coverage is excess over any other available medical, health or accident insurance, regardless if the coverage is primary or excess.

Make the appropriate charge.