

# KANE COUNTY MUTUAL CONFINEMENT PROGRAM FOR LIVESTOCK

## **Introductions:**

Changing technology in Agriculture has encouraged farmers to make increased investments in facilities and has concentrated larger numbers of livestock into individual buildings. This increased exposure has added up to a larger financial risk that today's farmer faces when confronted with a potential catastrophic loss.

In keeping with the production trends that are taking place, Kane County Mutual has revised and expanded their confinement program.

Loss of Income coverage is an addition to the program that will enable the insured to meet cash flow requirements when a damaged or destroyed building is being replaced.

Additional Operating Expense coverage is another optional coverage available that would provide protection if the insured needed to rent another confinement building while the building was out of commission due to a covered loss.

Suffocation coverage is available if the confinement building is equipped with approved alarms and/or generators.

The flexibility of field underwriting will allow you to pass on to your insureds the savings resulting from good management and well maintained facilities.

The following pages contain Rules and Options for underwriting, rating and inspection procedures for writing confinement risks.

## 1. Rules and Options

- A. Any confinement building with a value over \$35,000 must be inspected and rated in the confinement program.
- B. Confinement buildings may be written on the same policy as the rest of the farm risk.
- C. Livestock may be written at the scheduled farm rate or included in the blanket inventory and rated at the blanket rate.
- D. The Agent has binding authority up to \$400,000 per risk but the rate will not be established until the inspection has been completed.
- E. Risks over \$400,000 may be written but they require prior approval by the Kane County Mutual office.
- F. The Deferred Loss Payment Endorsement will apply to all confinement buildings. A waiver of this endorsement may be purchased. (See rating plan)
- G. A completed application must be submitted with a clear picture of each confinement building. A farm plat must be included showing all buildings on the farm with the distance between buildings noted on the plat. Notation must be made on the plat of the maximum value on the livestock in each confinement building.

## 2. Definitions

- A. A confinement building is a structure having a sole purpose of raising livestock in a controlled environment for proper health and efficiency.
- B. A "risk" is defined as all buildings and livestock within a 50-foot radius.

## 3. Inspections

- A. The agent is required to assist the field underwriter in scheduling the inspection and be present when the inspection is being conducted. Inspections will be done on all new risks and every one to three years thereafter.

**RATING PLAN  
FOR LIVESTOCK CONFINEMENT PROGRAM**

**1. Deductibles:**

- A. \$250 flat deductible is the base rate (not available).
- B. \$500 flat deductible is available at 90% of base rate.
- C. \$1,000 flat deductible is available at 80% of base rate.
- D. \$2,500 flat deductible is available at 70% of base rate.
- E. \$5,000 flat deductible is available at 60% of base rate.
- F. \$10,000 flat deductible is available at 50% of base rate.

**2. Base Rates:**

Rate per \$100 for confinement buildings.

Fire - \$1.30 less credits allowed by field inspection.  
Maximum credits allowable \$1.00.

Wind - \$.24 Replacement Cost loss settlement  
\$.26 ACV loss settlement

**3. Livestock Rates:**

Livestock may be rated at either the blanket rate or the scheduled farm rate.

**4. Waiver of Deferred Loss Clause:**

Apply a 105% charge to the base rate for the building.

**5. Loss of Income Endorsement:**

Rate - \$5.95 per \$1,000 of coverage.

**6. Additional Operating Expense Endorsement:**

Rate - \$6.07 per \$1,000 of coverage.

**7. Suffocation Endorsement:**

See Underwriting Guidelines for Suffocation Coverage.

The rate is based on the protection level of the confinement building to which the endorsement is attached. The coverage amount should be based on the value of the livestock in the building to which the endorsement is attached.

Rate:

Protection Level 1 -	\$3.40 per \$1,000.
Protection Level 2 & 3 -	\$4.53 per \$1,000.
Protection Level 4 -	\$5.67 per \$1,000.

## **UNDERWRITING CRITERIA FOR LIVESTOCK CONFINEMENT BUILDINGS**

All rating and inspection of Poultry and Livestock Confinement Buildings will be done by the field underwriter. The desired standards that will be used as guidelines in determining rates are as follows. These guidelines can also be used in planning new construction.

### **Age:**

1. Well maintained buildings up to 15 years of age.
2. Buildings 16 years and older should be well maintained, good structural condition, rewired or remodeled to current NEC specifications.

### **Heat:**

1. No heat.
2. Heat only during cold months.
3. Inspector will evaluate each heating system for safety.

### **Exposure:**

1. Ideal would be at least 100' separation between confinement buildings.
2. There should not be less than 50'.
3. LP tanks should be located according to industry standards. (30 feet from building for maximum credit).
4. Adequate water supply and fire protection.
5. Adequate ABC type dry chemical fire extinguisher in each building with heat devices and/or wiring.
6. Incinerators must be 100 feet from a building.

### **Management:**

1. There should be pride of ownership exhibited on farm premises.
2. Confinement buildings should be well maintained.
3. Owner/operator or tenant/operator living on premise.
4. No residence on premise acceptable with proper alarm.

### **Electrical Systems:**

1. 1. Must be in accordance with Articles of the National Electrical Code for Agricultural Buildings. (#547)

**Alarm Systems:**

1. Buildings should have approved alarm systems.
2. Approved system should include:
  - a. heat rise
  - b. heat drop
  - c. power outage
  - d. water pressure drop
  - e. ammonia build-up
3. Should have adequate "alert" system.

**Ventilation Systems:**

Adequate ventilation to maintain healthy environment for animals in summer and winter with determination to be made by field underwriter.

**Stand-by Power:**

1. Automatic Generator preferred.
2. Manual or PTO Generator acceptable.
3. Ongoing maintenance program (operational check).

**Roof Pitch:**

1. 5" rise for every 12' length.
2. 4" rise for every 12' length acceptable.

**Lightning Protection:**

1. Metal-clad buildings and bulk tanks grounded.

**Approved Insulation:**

1. Must be of low flame spread materials.
2. Urethane or Styrene foam must have acceptable covering.

**Fire Stops:**

1. Every 75' in buildings with dropped ceilings.
2. Approved material.
3. Open trusses covered every 75' are desirable.

**Fire Walls:**

1. Need for fire wall separation in confinements between office and furnace room to be determined by inspector.

## CREDIT SCHEDULE FOR LIVESTOCK CONFINEMENT BUILDINGS

Credits will be applied from 0 to a maximum of 100

Credits per \$100 of coverage

Age	.15
Heat	.15
Exposure	.15
Management	.15
Approved Electrical System	.15
Alarm System	.05
Approved Ventilation System	.05
Stand-by Power	.10
Roof Pitch	.05
Grounding System	.05
Approved Insulation	.05