



MIDWEST INSURANCE CORPORATION

Agriculture Insurance in 2024

Presented by:
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Topics of the Day

- ▶ Current Insurance Industry Outlook & Causes
- ▶ Farm Insurance Refresher & Changes to Expect
 - ▶ Property
 - ▶ Liability
 - ▶ Umbrella
- ▶ Business Insurance
 - ▶ General Liability
 - ▶ Business Auto
 - ▶ Work Comp
 - ▶ Cyber
 - ▶ Professional/E&O

The background features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. These shapes are primarily located on the left and right sides of the frame, creating a modern, dynamic feel. The central area is a clean, white space where the text is placed.

Insurance Industry Outlook

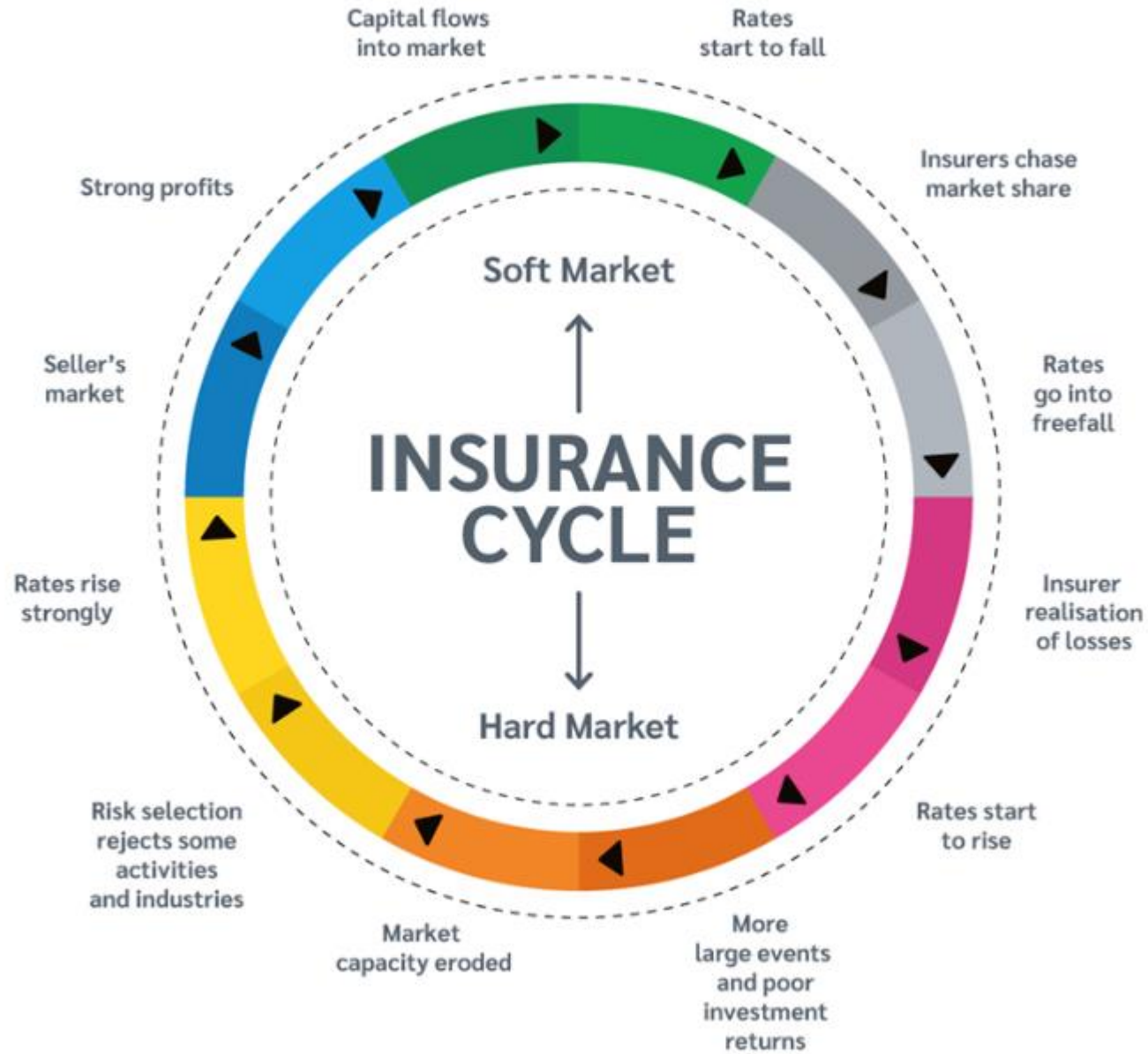
Up Until Now...

- ▶ Stable
- ▶ Predictable
- ▶ Growth Without Sacrificing Profitability

- ▶ Climate change
- ▶ Inflation
- ▶ COVID Acceleration

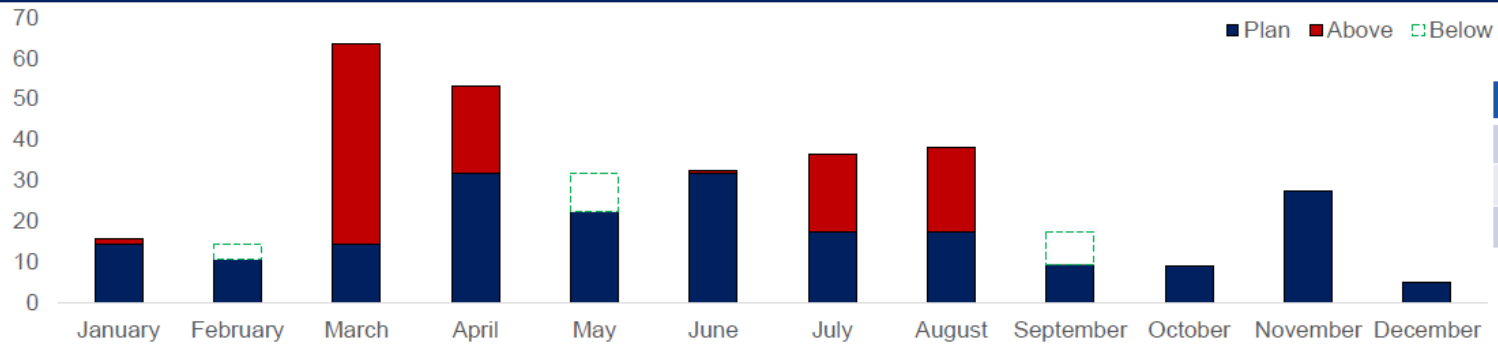
At This Point Forward...

- ▶ 5th year of hard market
 - ▶ 2025 should see some softening, if a calm 2024
- ▶ Inflation
- ▶ Rate
- ▶ Insurance to Value (ITV) Crackdown
- ▶ Cosmetic Damage Exclusion (CDE)
- ▶ Wind/Hail Deds (W/H)
- ▶ Reinsurance
- ▶ Excess/Umbrella Limitations
- ▶ Rates are thin
 - ▶ Deductibles don't have as much of an impact



NWAG CAT & Weather Losses - \$91M unfavorable thru September

2023 CAT & Weather Losses



	2023 YTD
Actual	281
Plan	190
Variance	91

Actual	16	10	63	53	22	32	36	38	9			
Plan	14	14	14	32	32	32	17	17	17	9	28	5
Variance	1	(4)	49	21	(9)	1	19	21	(8)			

- Severe weather has led to 6 of 9 months exceeding weather plan.
- Hurricane Idalia losses of \$1M are accounted for in August. Total Hurricane plan for the year is \$4M.
- CAT events have been unfavorable to Plan through July by \$105M but is partially offset by favorable Non-CAT weather results (\$14M favorable).
- \$3M in Hurricane and \$23M in Wildfire losses remain in the forecast for the remainder of 2023.

Combined ratio deteriorates.

P&C projections are worse than anticipated.

The net combined ratio for the property and casualty (P&C) industry, which jumped to 107.3% in Q2 2023, is forecast to hit 103.8 at year-end, according to actuaries at both the Insurance Information Institute and Milliman, the latter of which serves as the actuarial firm for American Public Entities Excess Pool (APEEP), which serves as ICAP's first layer of reinsurance. The projection is worse than the 102.2 combined ratio that was predicted earlier this year; actuaries attribute the deteriorated position to several factors, which have not only impacted the P&C industry as a whole, but have also had an effect on ICAP and its membership. Referable factors include the following:



Replacement Costs for P&C

Between 2020 and 2023, replacement costs increased an average of 45%, which is significantly higher than inflation.



Catastrophic weather events

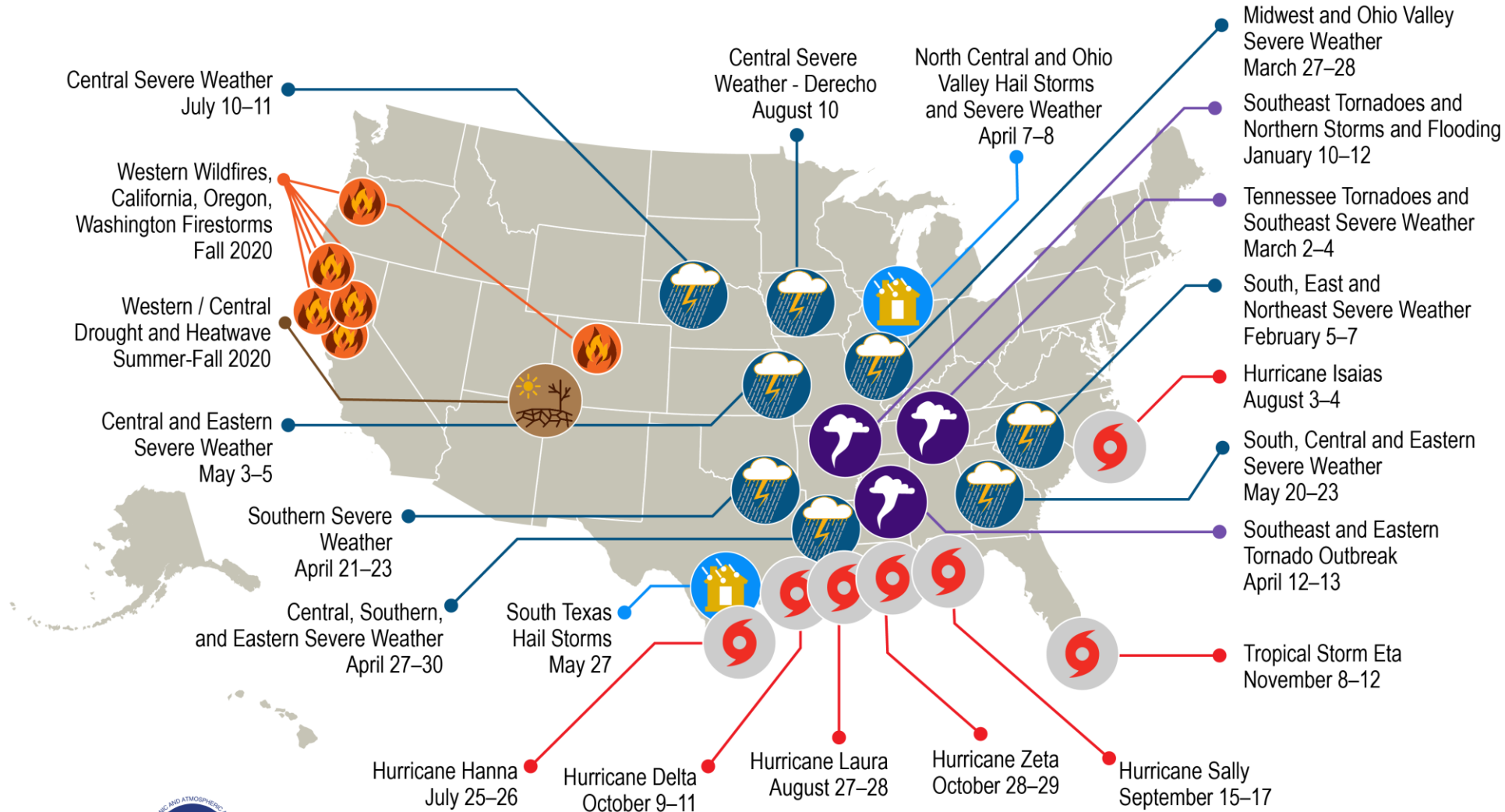
Iowa has been hit by 77 billion-dollar weather events since 1980; 25 of those events occurred during the last five years.



Premiums lag behind claim costs

Higher premiums and interest rates will improve industry results, but the inflection point has not yet been met.

U.S. 2020 Billion-Dollar Weather and Climate Disasters



This map denotes the approximate location for each of the 22 separate billion-dollar weather and climate disasters that impacted the United States during 2020.

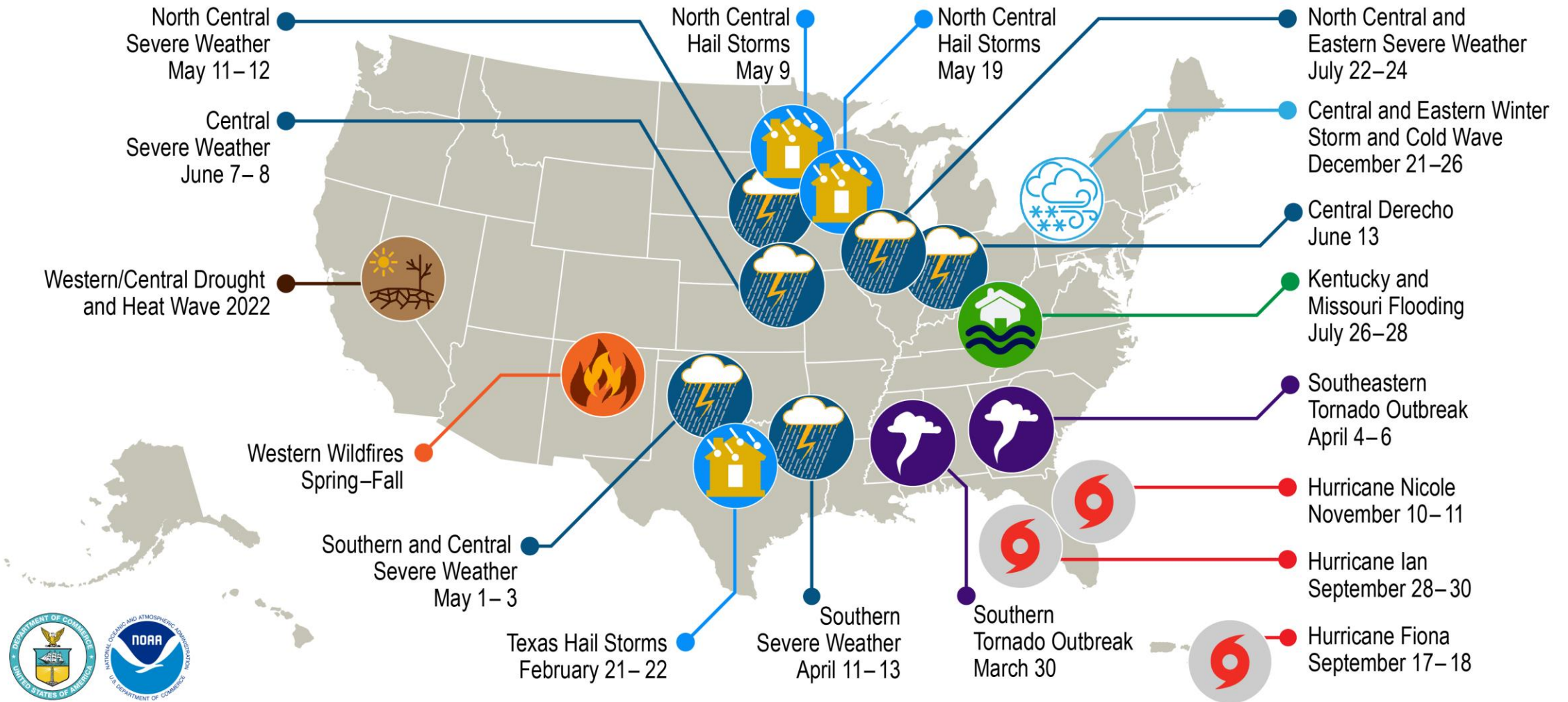
U.S. 2021 Billion-Dollar Weather and Climate Disasters



This map denotes the approximate location for each of the 18 separate billion-dollar weather and climate disasters that impacted the United States January-September 2021.









U.S. 2022 Billion-Dollar Weather and Climate Disasters

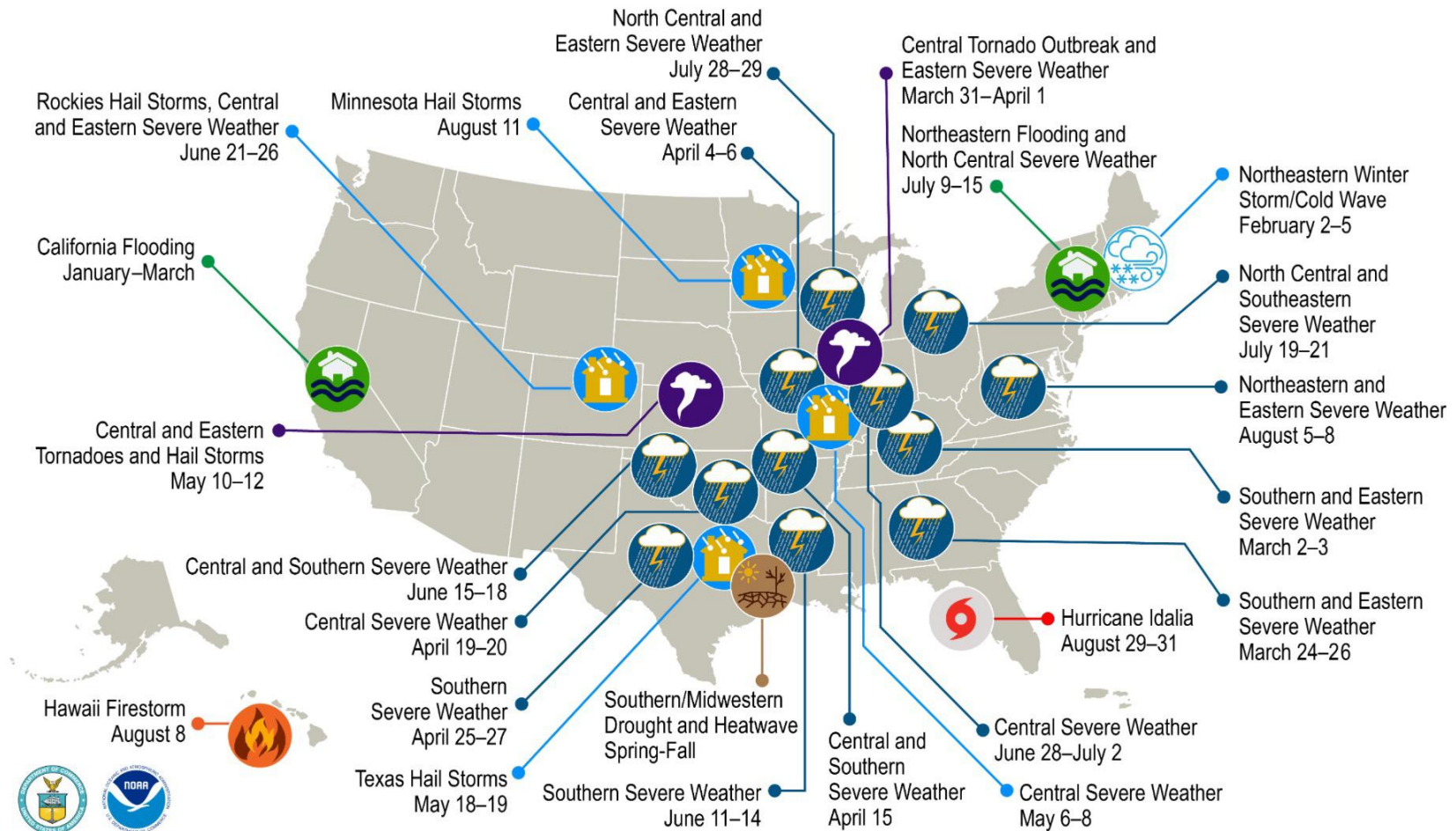
-  Drought/Heat Wave
-  Flooding
-  Hail
-  Hurricane
-  Severe Weather
-  Tornado Outbreak
-  Wildfire
-  Winter Storm/Cold Wave



This map denotes the approximate location for each of the **18 separate billion-dollar weather and climate disasters that impacted the United States in 2022.**

U.S. 2023 Billion-Dollar Weather and Climate Disasters

-  Drought/Heat Wave
-  Flooding
-  Hail
-  Hurricane
-  Severe Weather
-  Tornado Outbreak
-  Wildfire
-  Winter Storm/Cold Wave



This map denotes the approximate location for each of the 24 separate billion-dollar weather and climate disasters that impacted the United States through September 2023.

WHAT IS A CONVECTIVE STORM?

According to weather.gov, the term “convection” is used specifically to describe vertical transport of heat and moisture in the atmosphere, especially by updrafts and downdrafts in an unstable atmosphere. The terms "convection" and "thunderstorms" often are used interchangeably, although thunderstorms are only one form of convection.



HAIL



WIND/TORNADO



LIGHTNING

National Weather Service

2023

- [July 28th](#) - Significant severe winds across parts of eastern Iowa and northwest IL
- [June 29th](#) - Widespread wind damage in northeast MO and west central IL
- [June 24th](#) - Davenport airport tornado
- [May 7th](#) - Widespread wind damage, very large hail, and a few tornadoes
- [May 6th](#) - Damaging winds and large hail in southeast IA and west central IL
- [April 4th-5th](#) - Very large hail, damaging winds, and a few tornadoes in eastern IA, west central IL, and northwest IL
- [March 31st](#) - Tornado outbreak across eastern IA and northwest IL
- [January 16th](#) - 2 Tornadoes in Iowa

2022

List of all tornadoes - [ArcGIS Story Map](#)

- [November 4th-5th](#) - Heavy Rain, Hail, and Damaging Winds
- [September 18th](#) - Large hail and damaging winds
- [August 19th-20th](#) - Hail, heavy rain, and 3 brief tornado touchdowns
- [July 24th](#) - early morning storms along highway 20 brought damaging wind
- [July 23rd](#) - small hail, damaging wind, and heavy rain in parts of eastern IA and north central IL.
- [July 5th](#) - Damaging wind and brief tornado in eastern IA.
- [July 4th](#)
- [June 15th](#)
- [May 31st](#) - Brief tornado in McDonough county in IL
- [May 13th](#) - Large hail and several landspout tornadoes in IL.
- [March 5th](#) - Damaging wind and several brief tornadoes in eastern IA.

2021

List of all tornadoes - [ArcGIS Online Map](#)

- [December 15th](#) - High winds, strong storms, record warm temperatures
- [October 11th](#) - Brief tornado in Putnam county in IL
- [August 26th](#) - Large hail, damaging winds in Keokuk county in IA
- [August 25th](#) - Damaging winds and brief landspout tornado in Henry county in IL.
- [August 24th](#) - Damaging winds over northeast IA and northern IL
- [August 10th](#) - Damaging winds
- [August 9th](#) - Tornadoes in north central IL
- [July 14th](#) - Multiple tornadoes across eastern IA
- [July 9th](#) - Large hail southeast IA and west central IL
- [June 22nd](#) - Isolated large hail and severe wind eastern Iowa and northeast Missouri
- [June 20th](#) - Scattered severe weather with one tornado in southern Dubuque county
- [June 18th-19th](#) - Wind and hail in southern IA and west central IL
- [June 11th](#) - Isolated severe winds in Des Moines county, IA
- [April 7th](#) - Brief tornado in Linn county, IA
- [March 23rd](#) - Brief tornado touchdown in Lee county, IA.

It's Not JUST Weather...

- ▶ Unprecedented Frequency and Severity of Weather Events
- ▶ Nuclear Verdicts
- ▶ Thermo Nuclear Verdicts
- ▶ Florida, California, Midwest
 - ▶ Hurricanes, Wildfires, Convective Storms
- ▶ Social Inflation
- ▶ Litigation Funding
- ▶ Plaintiff Advertising
- ▶ Reinsurance
 - ▶ Everything above, along with Cyber
- ▶ Capacity



Dynamic Factor	1980's	2023
Social Inflation	*	*
Nuclear Verdicts	*	*
Plaintiff Advertising		*
Litigation Funding		*
Diminished Immunity		*
Liability Crisis	*	*
Insurance Crisis	*	

What is the result of all of this?

- ▶ County Mutuals and other Regional Carriers are struggling
 - ▶ Consolidating or getting out of markets completely
 - ▶ Farmers Mutual Hail Exiting P&C market
- ▶ National Carriers are being selective with renewals and new business
- ▶ Underwriting Initiatives to reduce exposure

Basics of Property & Casualty Insurance

Property, Liability, Umbrella

Property

- ▶ Structures

- ▶ Valuation

- ▶ Replacement Cost (RC)
 - ▶ Actual Cash Value (ACV)



Property

- ▶ Structures

- ▶ Valuation

- ▶ Replacement Cost (RC)
 - ▶ Actual Cash Value (ACV)

- ▶ Perils

- ▶ Basic
 - ▶ Broad
 - ▶ Special



Special, Broad & Basic Perils

- ▶ “**Basic**” Form will **ONLY** cover your property from *named perils*.
- ▶ The named perils covered in a Basic Form include:
 - Fire
 - Lightning
 - Windstorm or Hail
 - Explosion
 - Smoke
 - Vandalism
 - Aircraft or Vehicle Collision
 - Riot or Civil Commotion
 - Sinkhole Collapse
 - Volcanic Activity

Special, Broad & Basic Perils

- ▶ **“Broad”** Form is made to cover all perils the Basic Form covers, along with some additional common perils that could occur. Burglary/Break-in damage
 - Falling Objects (like tree limbs)
 - Weight of Ice and Snow
 - Freezing of Plumbing
 - Accidental Water Damage
 - Burglary/Break-in damage

Special, Broad & Basic Perils

- ▶ “**Special**” Form provides the most protection for your property.
- ▶ Special Form Coverage covers all perils **UNLESS they are specifically excluded**. This approach is also referred to as “open perils” coverage, providing a list of general events with specific incidents that are **NOT** covered within the policy being clearly listed.

Special, Broad & Basic Perils

- Flood
- Government Action
- Ordinance or Law
- Nuclear Hazard
- Sewer and Drain Back-up
- Earth Movement
- Sinkhole
- Loss due to faulty zoning, poor workmanship, faulty materials, and defective maintenance
- Wear and Tear
- Damage to property caused by insects, birds, or rodents
- Intentional Damage
- Power Failure - originating away from the described premises
- War - including undeclared and civil war
- Neglect
- Bacteria and Virus
- Fungus, Wet Rot, Dry Rot, Bacteria, and Mold

Property

- ▶ Structures
 - ▶ Valuation
 - ▶ Perils
- ▶ All The Other Things
 - ▶ Equipment
 - ▶ Irrigation Pivots
 - ▶ Rec Vehicles
 - ▶ Stored Grain
 - ▶ Peak Season



Property

- ▶ Structures & All The Other Things
- ▶ Valuation
- ▶ Perils
- ▶ Deductibles
 - ▶ AOP-All Other Peril
 - ▶ W/H-Wind/Hail
 - ▶ Flat or Percentage
 - ▶ Per Building AND Business Personal Property
- ▶ Limitations
 - ▶ CDE-Cosmetic Damage Exclusion



Liability

- ▶ Premises Liability
- ▶ Based on Acres
- ▶ Absentee Landlord Risks
 - ▶ Minimized risk



Named Insureds

- ▶ Named Insured Should Match Assessors Site
- ▶ Individual
- ▶ Partnership
 - ▶ List partnership name, if applicable
 - ▶ Percent of ownership for each partner
- ▶ LLC's & Trusts
 - ▶ Some companies require list of members & trustees & percent of ownership
 - ▶ They will not be listed as Additional Insured, they are covered under the entity
- ▶ Corporations

Contracts

Protecting your client



Contracts

- ▶ With whom?
 - ▶ Clients
 - ▶ Tenants
 - ▶ Operators
 - ▶ Contractors
- ▶ Minimum Liability Requirements
- ▶ Additional Insured status
- ▶ Proof of Insurance
 - ▶ Certificate of Insurance

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HUNTING AND FISHING ENDORSEMENT

This endorsement modifies insurance provided under the following:

Farmers Personal Liability

1. Liability and Medical Payments To Others Coverage is extended to cover hunting and fishing operations, facilities, or services provided or furnished on an "insured location" by an "insured" for a charge.

2. The EXCLUSION SECTION is amended as follows:

- a. Exclusion F. 24. is deleted and replaced by the following:

"Bodily injury" or "property damage" arising out of any hunting or fishing operations, facilities or services provided or furnished on an "insured location" by an "insured" for a charge. This exclusion will apply when your receipts from all hunting and fishing operations are greater than \$5,000 for the twelve months before the beginning of the policy period.

- b. The following Exclusions are added to item E.

Coverage L and Coverage M do not apply to:

- (1) "Bodily injury" sustained by

- (a) Any employee as a result of his employment by the "insured" arising out of the hunting and fishing operations; or
- (b) The spouse, child, parent, brother or sister of that employee as a consequence of (a) above.

This exclusion applies:

- (a) Whether the "insured" may be held liable as an employer or in any other capacity; and
 - (b) To any obligation to share damages with or repay someone else who must pay damages because of the injury;
- (2) "Bodily injury" arising from illegal hunting or fishing (This includes, but is not limited to, the hunting of animal or wild life out of season.);
 - (3) "Bodily injury" or "property damage" arising out of draft or saddle animals, vehicles for use therewith, "motor vehicles", aircraft, or watercraft owned, operated or hired by or from the "insured" or an employee; or
 - (4) "Bodily injury" or "property damage" for which any "insured" can be held liable by reason of:
 - (a) Causing or contributing to the intoxication of any person;
 - (b) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
 - (c) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

All other provisions of this policy apply.

Umbrella

- ▶ Goes Over Liability ONLY
 - ▶ Farm
 - ▶ Auto
 - ▶ Employers Liability
- ▶ How Much Coverage?



Acceptability & Assessing Risk

What makes you client appealing to a carrier



Insightful (Risk Management)



Good Looking (Good Housekeeping)



Fit (Well Maintained)



Intelligent (Loss Prevention)



Protective (Also Loss Prevention)



Dependable & Trustworthy (Tenure)



Paid for Premium Membership (Best in Class)



























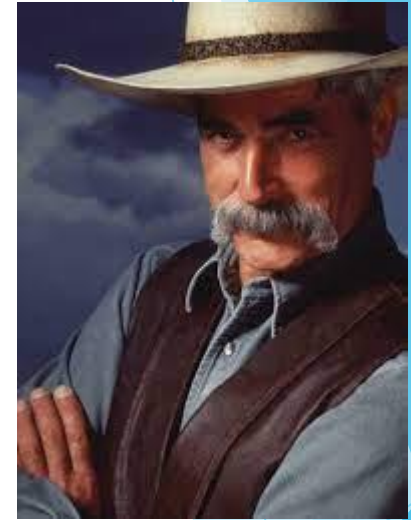
New Business / Renewals

Talking points with new client/prospects

To insure or not to insure

- ▶ Does the client use it?
- ▶ Would the client rebuild it?
- ▶ Condition?
 - ▶ Can we get coverage on it?
 - ▶ If not Replacement Cost, then Actual Cash Value?
 - ▶ Actual Cash Value is changing or has changed in some cases
- ▶ Company Expectations

It ain't how
it used to be...



Then what?

- ▶ Coverage
- ▶ Valuation
- ▶ Deductibles
- ▶ Limitations
- ▶ Self-Insuring

- ▶ CLAIMS

Claims

To file or not to file



Things to think about before filing a claim...

- ▶ What is the amount of damage?
- ▶ What is their deductible?
 - ▶ Flat? Per Building? Percentage?
- ▶ What is their loss history?
- ▶ Market Impact Regarding Claims History

Covering Your Firm

- ▶ Property w/ BPP
- ▶ General Liability
- ▶ Business Auto
- ▶ Inland Marine
- ▶ Workers Compensation
- ▶ Umbrella
- ▶ EPLI
- ▶ Cyber
- ▶ Professional/E&O

The Core Coverages

- ▶ Property w/ BPP
 - ▶ Inland Marine
- ▶ General Liability
- ▶ Business Auto
- ▶ Workers Compensation
- ▶ Umbrella

Employment Practices Liability

- ▶ Coverage for the business against claims by employees
 - ▶ Discrimination
 - ▶ Wrongful Termination
 - ▶ Wrongful Discipline
 - ▶ Negligent Evaluation
 - ▶ Sexual Harassment
 - ▶ And Others

Cyber Coverage

- ▶ Cyber coverage should be used to protect the important data of the business and personal data of your clients
- ▶ Protect against phishing, hacking, ransom, etc
- ▶ There are different levels of cyber protection available, so an evaluation of your specific business and the exposures are important
- ▶ Cyber prevention is becoming more important. Multi-Factor, Password Maintenance, Education are just some mitigation steps that can help protect your business

Professional Liability/E&O

- ▶ Designed to protect against claims arising from errors, omissions, mistakes, or negligence in the delivery of professional services
- ▶ Everyone in this room has an exposure - realtors, farm managers, appraisers, or any combination
- ▶ Mitigation Practices
 - ▶ Contracts
 - ▶ Relationships with other Professionals
 - ▶ Don't assume & Document

Questions???