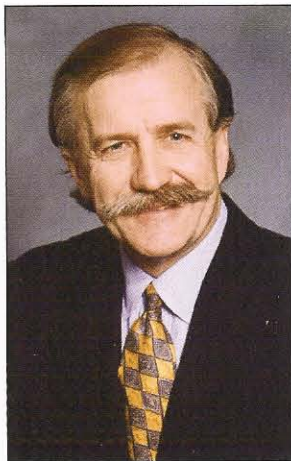


insurance for farms/ranches



By Mati Jarve
Attorney

IN A PRIOR ARTICLE WE WROTE ABOUT PROTECTING YOUR ASSETS BY INCORPORATING your business. Another way to protect your assets is to purchase insurance. However, in order to properly protect your assets you need to purchase the right kind of insurance. It is important to know that most homeowners policies are not intended to cover farms and ranches. As a matter of fact, your ranch or farm may not be covered at all under a homeowners policy. Although your home itself may be covered, other outbuildings may not be covered. Even more importantly, your personal liability may not be covered for any equine related activities. This is particularly likely if the equine related activities are deemed to be business related.

In order to effectively insure yourself it is advisable to purchase a package policy designed for equine farm and ranch operations. This will allow you to insure your property and liability exposure under one policy. The typical coverages that are available include the following:

1. Home and contents. This coverage is typically the same as the usual homeowners policy.
2. Outbuildings. This should include all farm/ranch buildings, including barns, indoor arenas, hay and equipment buildings, loafing sheds and other buildings used for farm/ranch purposes.
3. Equipment. All farm/ranch equipment should be included. It may be necessary to itemize major pieces of equipment on an endorsement, such as tractors, mowers, balers and the like. Smaller shop tools and hand tools generally do not need to be itemized.
4. Tack. Saddles, bridles, blankets and other horse related equipment are usually covered, but high value show tack may need to be separately scheduled and insured.
5. Personal property. Coverage on items such as jewelry, guns, collectibles and the like are typically quite limited. However it may be possible to schedule these items for their full value.
6. Office equipment. This would include furniture, computers, electronic equipment and the like. Again, the coverage is usually limited unless specifically scheduled and insured.
7. Liability. Personal and business liability should be included for ownership of the farm/ranch. In addition, coverage for training, boarding, riding instructions, shows, etc., should be included. It would be wise to obtain coverage for off-site activities such as shows, clinics, trail rides and the like.
8. Other horses. If you have horses belonging to others on your farm/ranch, it would be advisable to obtain coverage for your liability for sickness, injury, death or theft of such horses. Once again, this may require a separate rider on the insurance policy.

For all of the above risks, (except liability, since it doesn't apply) you should inquire about the availability of "replacement cost" instead of "fair market value" in appraising your loss in the event of a claim. The difference can be substantial. For example, if you make a claim for stolen office equipment insured for "fair market value" you would receive the value of the equipment at its depreciated value. On the other hand, if the equipment were insured at "replacement cost" you would get the amount that it would cost to replace that equipment without regard to depreciation.

As always, it is advisable to consult with an experienced and knowledgeable insurance agent to make sure you are covered for the risks that are most relevant to your situation. Otherwise, you may not be protecting your assets.

Mati Jarve is the managing partner of the Marlton, New Jersey law firm of Jarve & Kaplan, LLC. He is certified by the New Jersey Supreme Court as a Civil Trial Attorney and the National Board of Trial Attorneys as a Trial Advocate. Licensed in New Jersey, Pennsylvania and Arizona, he maintains a national practice in civil litigation, including equine related issues. An original member of the American Farrier's Association, he occasionally still finds time to shoe his daughter, Kati's, show horses. Questions, comments or suggestions can be e-mailed to mjarve@nj-triallawyers.com, by visiting www.nj-triallawyers.com.