



EMPLOYER INSIGHTS: Agribusiness

COVID-19



AssuredPartners

What Issues Businesses are Facing

AssuredPartners wants to help you understand the insurance implications to your business. The costs associated with the outbreak are mounting and business disruptions have been set in motion. What we do know is that there are many factors in play. What we don't know is how the market will respond and at what level the government will step in to offer guidance and assistance.

The coronavirus impacts the agriculture sector largely in demand for food, food exports, biofuels, and farm labor. The industry is challenged by school and restaurant closures and limitations on food service (drive-up or delivery). However, the industry has benefited from runs on grocery store shelves as consumers stockpiled food in preparation for quarantines.

Fears of job losses and payroll cuts may lead consumers to cut back on purchases of more expensive meats like beef, lowering its demand. Cattle prices declined 19% in early 2020, and share values for major producers like Tyson Foods and JBS were down by 32-36%. Prices for corn and wheat have also declined with lower international demand linked to the virus. However, livestock producers are benefiting from lower feed prices that reduce operating costs.

Agricultural producers are expected to see disruptions in exports to China. The US and China signed a trade agreement in January 2020, but China may not be able to meet its commitments, due to the coronavirus outbreak and economic pressures. Starting March 2, Chinese importers of US agricultural products could apply for exemptions to the nation's tariffs on US goods, which makes US products more affordable. Exports to other countries are also being impacted by the virus. Perishable foods could spoil at the port or on ships, due to transport delays spurred by lack of labor at ports.

Producers of biofuel crops may be hurt by failed negotiation between Saudi Arabia and Russia regarding oil production volume and prices. If the global market is flooded with cheap oil, biofuel becomes a more expensive source of energy and demand declines. On the other hand, lower prices for gas and diesel fuel benefit crop producers as they power-up farm machinery and begin planting spring crops.

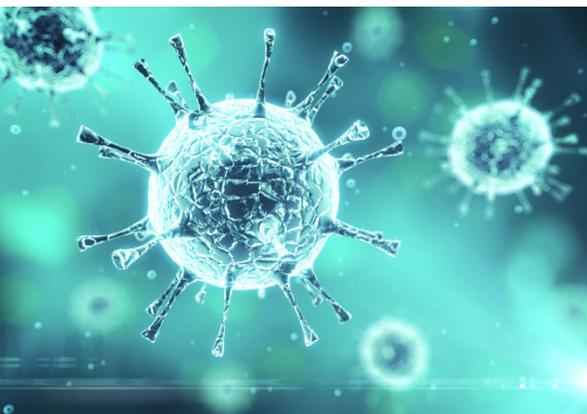
The agriculture sector has struggled with shortages of farm labor for years, but quarantines and closed borders may exacerbate the problem and further pressure farmers looking to plant spring crops and bring livestock to market. Another risk is the impact of the virus on senior farmers. The average age of farmers in the US is over 65 years, which puts many at higher risk of suffering severe effects, if the virus is contracted. The fact that agricultural operations are largely rural does somewhat insulate farmers from contracting the virus.

In these uncertain times, AssuredPartners has assembled the following resources focused on general understanding, liability, risk and coverage considerations. We will continue to monitor the situation and provide as much useful information as possible for our clients.

Some of the consideration areas are listed below:

- Agribusiness General Liability
- Agribusiness Automobile Concerns
- Agribusiness Property Concerns
- Agribusiness Workers' Compensation
- Employees Working from Home
- Property, Loss of Revenue, and Extra Expense
- Claims
- What's Next

The information provided is not intended as legal advice and should not be relied upon in lieu of your own legal guidance. The information and resources provided are not specific to your policy or coverage, and the terms and conditions of individual policies will ultimately govern. Local and federal health agencies can be consulted for the latest news and directives.



**For up-to-date information, please visit
our Resource Center:**

<https://www.assuredpartners.com/Coronavirus-Resources>

Agribusiness General Liability

Entities that interact with the public (convenience stores, grain and feed sales, implement dealers, livestock barns to name a few) may face litigation if customers believe they can link their illness back to these entities as the source. One potential liability exposure for businesses may be alleged negligence or lack of care.

These claims could arise from exposure due to the employer's alleged failure to use reasonable care to protect the general public, customers, workers or their families. Protecting your organization from COVID-19 related liability exposure should include your best practices on how your company interacts with third parties, both on premises and direct contact with your employees.

A few proactive steps your business may consider include:

- All drivers to remain in their vehicles while loading or unloading.
- Employees to take phone orders and meet customer at the doors or leave items on loading docks.
- Employees to be diligent about washing hands when interacting with each other.

Livestock sale barns have a unique set of concerns due to the nature of dealing with live animals and the timing of when a sale may need to take place. Guidance for livestock auction markets can be found on the Iowa Department of Agriculture and Land Stewardship's [website](#).

Agribusiness Automobile Concerns

The seasonal nature of agribusiness needs is starting to ramp up and the increased need for drivers during this time have added additional concerns and exposures for agribusinesses seeking these drivers. Beware of the following issues as we head into the spring season:

1. Driver regulations are [relaxed](#) and CDL renewals requirements are [postponed](#). Employers need to be vigilant about checking MVR's and discussing driving history and experience with new employees.
2. Take extra precautions to be sure extra-large loads are properly secured.
3. Review your normal routes with drivers to be sure the route is safe for the increased load size.
4. Now is not the time to ignore vehicle maintenance schedules. Be diligent about keeping all vehicles in good running order.

Agribusiness Property Concerns

Agriculture retail suppliers are focused on ensuring retailers have 30-90 days of farm chemicals and other supplies on hand to avoid potential disruption to the planting season if supply chains are disrupted more severely by COVID-19. These increased inventory levels need to be discussed and reviewed with your agent to be sure your stock limits are not below your current needs. If you are doing monthly stock reporting, be sure to take the time during these heavy inventory months to review your stock report with your agent for determination of proper values.

With this acceleration of shipments of fertilizer, seeds and ag chemicals to crop growing regions the following additional concerns should be addressed:

1. Are your cargo and transit limits sufficient for the potentially larger loads?
2. Are you using additional facilities for storage?
3. Are you using temporary or non-owned storage facilities?
4. Are you using different means of transportation that may require additional insurance considerations such as rail or barge?

Agribusiness Workers' Compensation

Agribusiness employers should be aware of potential safety concerns including the following:

- Employees may be working longer hours and therefore more tired throughout their shifts which can lead to increased injury.
- Employees may be taking on additional tasks they are not used to doing or properly trained for.
- Employees may seek shortcuts to get more done and bypass safety guidelines.

The employees of the ag industry are no stranger to long hours and hard work, but as an employer is it important during this time to stress the needs for safety and to show your concern for your workers through increased communications and reminders on how important it is to follow safety protocols.

In considering coverage for workers' compensation claims, insurers determine whether the injury occurred within the affected individual's scope of work. Coronavirus may be a humankind exposure rather than one peculiar to most employments, but a definitive conclusion on that point will only come in time as policies are reviewed, carriers make coverage determinations and the court opinions are issued. To be occupational and compensable as workers' compensations claims usually requires something peculiar about the work that increases the likelihood of getting sick.

As an employer, what are the main safety workplace guidance you should follow? Make sure your business is prepared with best practices including, Employee Travel, Business Continuity Plan and Education. Please refer to the [OSHA Guidelines](#) for additional details.

1. **Business Continuity Plan.** Refer to your company's business continuity plan. If you do not have such a plan in place, consider a working group of employees to determine business disruption issues and establish procedures to combat these in a quick timeframe. Make sure such plans address training and awareness for returning to a normal operations tempo since workers comp claims can increase once activity picks up.
2. **Education.** While this sounds elementary, employees, customers and on-site visitors could use the reminders regarding hygiene. Hang signs in common areas reminding those of the habit of washing your hands, cover faces while sneezing and coughing. Urge employees who aren't feeling well to stay at home and seek immediate medical attention if necessary.

Employees Working from Home

Working remotely is at center stage as our society works to practice social distancing and although the agriculture industry has been deemed an essential service it is still prudent for ag employers to seek ways to do their part in stopping the spread of virus. According to [AgCareers.com](https://www.agcareers.com), 84% of ag employers state their business could accommodate work from home for some or all of their employees.

For some of us, having employees work remote can be a new experience. Below are several helpful resources from LinkedIn, on the working from home environment.

- [Working Remotely](#) – 1 hour
- [Time Management: Working from Home](#) – 1hr 25 min
- [Being an Effective Team Member](#) – 31 min
- [Productivity Tips: Finding Your Productive Mindset](#) – 59 min
- [Leading at a Distance](#) – 36 min
- [Balancing Work and Life](#) – 28 min
- [Managing Stress for Positive Change](#) – 57 min

Property, Loss of Revenue and Extra Expense

With a pandemic or disease outbreak, organizations may be forced to temporarily close their operations and in doing so they may try to seek business interruption coverage under their insurance coverage. Most policies trigger coverage for business interruption only after the policyholder has experienced a direct physical loss to the premises in question caused by a covered peril.

It is likely that there will be first-party claims filed and adjudicated over the next months and years related to losses arising from the current pandemic. Some claims may occur in the way of a Direct Physical loss, which is typically triggered “as a result of direct physical loss or damage insured herein and occurring during the term of the policy to real and/or personal property insured herein.” This is usually the starting point when evaluating coverage, but the terms and conditions of the individual policy will govern.

In many cases, there will be Indirect Losses which will require specific policy triggers be met for Business Interruption coverage to apply. We anticipate that a significant number of business income loss claims may be brought under Civil Authority and Supply Chain disruption provisions but, again, the specifics will depend on the terms and conditions of individual policies and coverage determinations made by carriers. There may also be extra expenses incurred for cleaning/disinfection of property, equipment, inventory, etc. Like other policies, the form/coverage varies. However, due to the newness and the scope of economic impact from claims related to COVID-19, there’s a great deal of uncertainty of how coverage adjudication will ultimately be determined.

We strongly recommend that policyholders follow the steps mentioned in the CLAIMS SECTION below to collect and track any loss to their business.

Claims

We know that you may have questions as to your various policies and the applicability of coverage for the unique situations you are facing. Each scenario, client, and operation is different so, first and foremost, we suggest reaching out to your broker to discuss your specific situation.

Generally speaking, many policies will probably not provide coverage for a slowdown or disruption to your operations solely due to the Coronavirus. General liability policies may respond in the event a claim is made against you by a third party who claims to have contracted the virus at your property, but any determination on that point will be fact-specific and dictated by the terms and conditions of your policy.

Business interruption coverage provided by some property insurance policies requires a covered loss such as damage to your physical building before coverage is triggered. Even then, the Interruption is typically only covered to the extent that your business is impacted by the damage to the building.

In the event you believe a claim may be necessary, there are several steps you can take to assist with claim substantiation:

- Develop a detailed factual narrative outlining the loss.
- Record pertinent details of impairments, direct damage or bodily injury at/to the insured facilities or other property. When relevant, take numerous photos, retain surveillance video, and collect statements from all parties involved.
- Outline any Civil Actions or ingress/egress issues prohibiting access to insured locations that impair your normal operations.
- Where applicable to your situation, record any known interruptions with suppliers that impact your business.
- Track all costs/losses in real time. If a claim is pursued, losses will have to be specifically reconciled and tied to the triggers noted above.

Coverage for each unique claim scenario must be determined by the insurance company. Every claim will be evaluated based upon facts presented in conjunction with all applicable policy provisions and the law in the applicable jurisdiction.

Please also keep in mind that repair facilities and contractors could be operating with a reduced workforce, thereby delaying repairs to your property. Similarly, your insurance company might also be impacted by these current events, with possible delays to the normal adjusting process. The more information you can provide will greatly assist in getting your claim addressed as quickly as possible.

What's Next

AssuredPartners will continue to monitor the situation and will work closely with our clients to respond to any potential claim situations. As the situation progresses, we will communicate in a timely manner to keep our clients abreast of marketplace modifications. If you should have any questions about this topic and how it directly impacts your coverage, please contact your AssuredPartners team.

All future updates will be located on our Resource Center:

<https://www.assuredpartners.com/Coronavirus-Resources>

This communication does not capture all lines of coverage, all exposures or reflect advice specific to your needs. If you have questions regarding your specific coverages, please contact your local AssuredPartners broker team.

About AssuredPartners

Headquartered in Lake Mary, Florida and led by Jim Henderson and Tom Riley, AssuredPartners, Inc. acquires and invests in insurance brokerage businesses (property and casualty, employee benefits, surety and MGU's) across the United States and in London. From its founding in March of 2011, AssuredPartners has grown to over \$1.5 billion in annualized revenue and continues to be one of the fastest growing insurance brokerage firms in the United States with over 185 offices in 30 states and London. For more information, please visit www.assuredpartners.com.