

**OREGON MUTUAL INSURANCE COMPANY  
COMMERCIAL LINES MANUAL  
DIVISION FOUR – FARM  
UNDERWRITING GUIDELINES**

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1. The Oregon Mutual farm program is intended to help meet the varying needs of farm customers by providing flexibility and options in building customers' insurance policies.

The farm policy is a unique commercial policy because it allows the combination of coverage for the insured's business and personal exposures in one policy. This mixture of exposures makes it extremely important for the agent to thoroughly analyze the needs of each customer and provide complete underwriting information on the farm application. Careful risk selection is important and will lead to a profitable program. Accounts should not be bound with Oregon Mutual until there is confidence that all of the exposures are understood.

Oregon Mutual is offering coverage for customers under either the Farm Combination policy or by combining the Farm Property, Inland Marine and CGL forms. Completion of the ACORD Agriculture Application and Oregon Mutual Supplemental Application(s) are required.

2. New Business Farm coverage can only be written by agents that have been given Farm authority.

3. **Eligibility Guidelines**

A. **Field Crops include, but are not limited to:**

Alfalfa hay	Peavine hay
Alfalfa seed	Peppermint for oil
Barley	Peppermint for rootstock
Beans, dry edible	Potatoes
Bent grass seed	Radish seed
Bentgrass seed, creeping	Rice, wild
Birdsfoot trefoil seed	Reed canary grass seed
Canola oil	Rye
Clover & Ladino seed, white	Ryegrass seed, annual
Clover seed, arrowleaf	Ryegrass seed, perennial
Clover seed, crimson	Safflower
Clover seed, red	Silage, corn
Clover seed, subterranean	Silage, hay
Clover seed, sweet	Silage, mint
Corn for grain	Sorghum
Cotton	Soybeans
Dill for oil	Spearmint for oil
Fescue, chewings	Spearmint for rootstock
Fescue, hard	Straw, grain
Fescue, red	Straw, grass
Kentucky bluegrass seed	Sugar beets for seed
Meadow foxtail seed	Sugar beets for sugar
Meadowfoam	Sunflower oil & seed
Oats	Vegetable & flower seeds
Orchard grass	Vetch seed, common
Peas, Austrian winter	Vetch seed, hairy
Peas, dry field	Wheat
Peas, wrinkled green seed	Wheatgrass seed

Coverage for growing crops is not available.

Additional charge is applied for processing crops of others.

Risks growing or storing certified seed are not eligible.

**OREGON MUTUAL INSURANCE COMPANY  
COMMERCIAL LINES MANUAL  
DIVISION FOUR – FARM  
UNDERWRITING GUIDELINES**

---

3. **Eligibility Guidelines (Continued)**

B. **Fruit, Nut and Berry include, but are not limited to:**

Almonds	Gooseberries
Apples	Grapes
Apricots	Hazelnuts
Blackberries, Evergreen	Loganberries
Blackberries, other	Peaches
Blueberries	Pears, Asian
Boysenberries	Pears, Bartlett
Cherries, sweet	Pears, winter & other
Citrus Fruits	Pistachios
Cherries, tart	Prunes & plums
Cranberries	Raspberries, black; raspberries, red
Currants, red	Strawberries
Elderberries	Walnuts

C. **Horticulture and Specialty Products include, but are not limited to:**

Bulbs, flower	Plants, bedding
Christmas trees – no "u-cut"	Plants, foliage
Conifers	Plants, potted
Evergreens, broadleaf	Poplars, hybrid
Flowers, cut	Shrubs, deciduous
Greenhouse crops	Sod – no installation
Greens, cut	Trees, deciduous
Mushrooms – no stands	Trees, flowering
Nursery crops	

Coverage for growing nursery stock is limited to named perils.

D. **Vegetable & Truck Crops include, but are not limited to:**

Artichokes	Lettuce
Asparagus	Mustard
Bean, Lima	Onions, green
Beans, snap	Onions storage
Beets	Parsley
Broccoli	Parsnips
Brussels sprouts	Peas, green
Cabbage	Peppers
Cantaloupes & muskmelons	Radishes
Carrots	Rhubarb
Cauliflower	Rutabagas
Celery	Spinach
Corn, sweet	Squash & pumpkins
Cucumbers	Swiss chard
Eggplant	Tomatoes
Endive	Turnips
Escarole	Wasabi
Garlic	Watermelons
Horseradish	

**OREGON MUTUAL INSURANCE COMPANY  
COMMERCIAL LINES MANUAL  
DIVISION FOUR – FARM  
UNDERWRITING GUIDELINES**

---

**3. Eligibility Guidelines (Continued)**

**E. Livestock and Poultry include, but are not limited to:**

Alpacas	Llamas
Cattle & calves	Ostriches
Chickens (incidental only)	Rabbits
Emus	Rheas
Equine	Sheep & lambs
Fish Farms	Equine ranches, riding stables, commercial breeding, or boarding of horses for others
Goats – pasteurized products only	
Apiary	

No Dairy cattle operations.

No mink farms.

No wild animal farms except bison.

No short term rentals or guide services of horses, mules or llamas.

Guided farm tours require underwriter approval.

**F. Hobby Farms**

Farms with over five large animals such as cattle, pigs, alpaca, llamas or any combination thereof.  
Farming gross receipts over \$10,000.

**4. Risks with one or more of the following characteristics are generally ineligible and cannot be bound, however, they may be referred to underwriting for review:**

- A. Risks that are not insured to value or with other exposures that are not adequately insured.
- B. Risks previously cancelled or refused renewal.
- C. Resort or dude ranches.
- D. Vacant farms or farms not occupied at least 9 months of the year.
- E. Farms where dwelling or other buildings replacement values exceed market value.
- F. Feed lots.
- G. Farms or ranches held primarily for investment purposes.
- H. Farms or ranches where the primary function is recreational use, including fishing.
- I. Risks with picker cabins.
- J. Risks harvesting grain for others.
- K. Farms with private air strips.
- L. Risks that have polyurethane insulation, unless treated with an acceptable fire retardant coating.
- M. Public horse shows or rodeos conducted on premises.
- N. Equine risks with rentals, pony rides, hay/sleigh/carriage rides or guide services.
- O. Farms with fee hunting.
- P. Farms with petting zoo.

**OREGON MUTUAL INSURANCE COMPANY  
COMMERCIAL LINES MANUAL  
DIVISION FOUR – FARM  
UNDERWRITING GUIDELINES**

**5. AUTHORITY LIMITS**

<b>Agents Binding Authority</b>	
Primary Dwelling (Coverage A)	\$ 850,000
Course of Construction	\$ 850,000
All Outbuildings Combined at any one location	\$ 1,500,000
Any One Outbuilding (including confinement building)	\$ 750,000
Farm Personal Property Including Mobile Ag Equipment (Scheduled or Unscheduled) at any one location	\$ 1,500,000
Receipts – Not Exceeding	\$ 2,000,000
Liability Limits – Not Exceeding	\$ 1,000,000/2,000,000
Medical Payments	\$ 5,000

**6. NEW BUSINESS**

Risks in wildfire or brush areas must be submitted for approval.

Photos of all buildings must be submitted with application.

If a dwelling is more than 40 years old and hasn't been updated it will be classified as a Type II or III Dwelling. Dwellings with shake roofs will be classified Type II regardless of age. Log homes are eligible as Type II or III. If any dwelling has a solid fuel burning device a photo and Acord 73 Solid Fuel Questionnaire must be completed and submitted with the application. If a solid fuel burning device is the primary heat source a permanently installed thermostatically controlled heating system must be available as a backup system, and flue and chimney cleaning and inspection in accordance to NFPA 211 must be verified.

Manufactured/Mobile Homes older than 10 years old at policy inception will be classified Type III.

**Type I Dwellings**      Minimum dwelling limit – \$125,000  
                                  Maximum \$2,000,000 – Maximum total subject \$6,000,000  
                                  Minimum tenant HO limit – \$40,000  
                                  Minimum prefabricated home limit – \$40,000  
                                  Contents are required at 70% with replacement cost

Must also meet the following:

- A. Have superior characteristics with excellent quality interior and exterior construction and be modern in every aspect.
- B. Be in excellent condition (new or good as new) showing evidence of proper maintenance and good housekeeping, and with roof in excellent repair.
- C. A modern heating system (not space heaters or stoves) consisting of one of the following:
  - 1. Central heating plant consisting of a permanently installed warm air furnace, hot water or steam plant resting on an incombustible base, and vented to a masonry lined chimney built from the ground, or to an approved factory made vent pipe; or
  - 2. A permanently installed, modern electric heating system installed by a competent electrician in compliance with local building code requirements; or

**OREGON MUTUAL INSURANCE COMPANY  
COMMERCIAL LINES MANUAL  
DIVISION FOUR – FARM  
UNDERWRITING GUIDELINES**

---

**6. NEW BUSINESS (Continued)**

- C. 3. Rigidly piped and permanently installed thermostatically controlled approved gas or oil fueled floor, ceiling or wall furnaces, provided that all the foregoing are vented to a masonry lined chimney built from the ground, or to a factory made vent pipe; or
- 4. Permanently installed 220 volt electric heater listed by a recognized testing laboratory and attached by a three contact plug to an electric wiring system.
- D. Continuous enclosed foundation (excluding porches).
- E. Modern interior plumbing system.
- F. Modern electrical system, in good condition, properly installed by a competent electrician in compliance with local building code requirements.

**Type II Dwellings**      Minimum dwelling limit – \$100,000  
Maximum \$2,000,000 – Maximum total subject \$4,000,000  
Minimum tenant HO limit – \$20,000  
Minimum prefabricated home limit – \$40,000  
Contents required at 70% with replacement cost

Must also meet the following:

- A. The dwelling must have standard characteristics with good quality interior and exterior construction and modern in every respect, and it must be in good condition showing evidence of proper maintenance and housekeeping.
- B. The roof must be in good condition with no indication of excessive wear (such as missing or curling shingles or broken tiles) or lack of maintenance (such as debris or moss build-up). Refer all wood shake roofs and composition roofs over 20 years old to underwriting for consideration prior to binding.
- C. A modern heating system as outlined in Type I or gas or oil fired space heaters or stoves which are thermostatically controlled.
- D. Plumbing that is otherwise eligible (see Plumbing) must be updated to copper or galvanized steel or replaced with PVC.
- E. Original wiring must be replaced.
- F. Circuit breaker box must be appropriately updated.

**Type III Dwellings - Refer to Business Unit Manager for consideration**

These would be any habitational buildings not qualifying for Type I or II above.

**Earthquake Coverage (Not Applicable in California)**

- A. All dwellings must be bolted to the foundation.
- B. For dwellings built prior to 1960, evidence of bolting is required within 30 days of binding coverage. We will accept either of the following:
  - 1. Contractors statement or certificate of completion. The statement must include the name and address of the contractor, their license number and a description of how the entire home is bolted. The date of completion must also be provided.
  - 2. Photo of bolting. We will accept photos as proof of bolting if they clearly show the method used to attach the frame to the foundation.
- C. Ineligible exposures:
  - 1. Dwellings that are not bolted to their foundations. Manufactured/Mobile Homes that are not strapped, tied, or bolted to a permanent foundation.
  - 2. Dwellings built on a hillside (in excess of a fifteen-degree slope).
  - 3. Dwellings located in an area experiencing recent volcanic activity.
  - 4. Dwellings with a soft story (garage or other large open area with multi-room living quarters above).
  - 5. Dwellings with more than two stories.

**OREGON MUTUAL INSURANCE COMPANY  
COMMERCIAL LINES MANUAL  
DIVISION FOUR – FARM  
UNDERWRITING GUIDELINES**

---

**6. NEW BUSINESS (Continued)**

**Earthquake Coverage (Continued)**

- C. 6. Dwellings with large amounts of glass and minimal framing on one or more sides or with floors and roofs with extreme overhangs and balconies.
- 7. Dwellings built on filled or unstable land or where soil conditions or liquefaction exposures are likely to increase the amount of damage sustained.
- 8. Log homes.
- 9. A risk whose combined characteristics would suggest an above average exposure to the peril of earthquake (in comparison to other properties located within the same state).

**\*\*\*Earthquake Moratorium – Any Time There Is An Earthquake Of 5.0 on the Richter Scale Or Greater, Coverage Cannot Be Bound Or Added Within a 100 Mile Radius Of The Epicenter Until A Period Of 30 Days Has Passed.\*\*\***

**Outbuildings**

Outbuildings built prior to 1960 are ineligible for property coverage unless the following conditions have been met:

- A. No electrical service is allowed in the structure, including wiring, extension cords, or self-powered heating units, or
- B. The electrical system has been updated by a licensed electrician, or
- C. The electrical system has been inspected and approved by a licensed electrician, and
- D. The structure shows exceptional housekeeping.

**Type I Barns, Stables & Outbuildings – Minimum Limit of Insurance – \$10,000**

Must also meet the following:

- A. Have superior characteristics and be in excellent repair.
- B. No floor above the lowest ground level and not exceeding a height of 26 feet from the lowest ground level to peak.
- C. Foundation under all exterior walls (or the two longest walls in granaries or corncribs) must be continuous and of mortared masonry or concrete construction. Buildings framed on poles of minimum six inch diameter at ground line, set a minimum of four feet below ground level, may be considered as satisfying this requirement when the poles have been pressure treated with wood preservative.
- D. Floor throughout must be incombustible.
- E. Fully enclosed with no open sheds attached.
- F. Contain no hay or straw.

Grain storage structures may be considered as complying with the requirements contained in A. through F. when such structures are of all metal construction (tanks, bins and quonsets) securely bolted on continuous mortared masonry or concrete foundation and are used exclusively for bulk storage of grain. Such structures written for not less than \$1,000 qualify as Type I (minimum \$10,000 limit is not applicable). If written for less than \$1,000 classify as Type III.

Coverage B property (except that subject to the Coverage A Extension and private greenhouses) is categorized as Type I.

**Type II Barns, Stables & Outbuildings – Minimum Limit of Insurance – \$5,000**

Must also meet the following:

- A. Have better than average characteristics and maintenance.
- B. Foundation under all exterior walls (or the two longest walls in granaries or corncribs) must be continuous and of mortared masonry or concrete construction. Buildings framed on poles of minimum six inch diameter at ground line, set a minimum of four feet below ground level, may be considered as satisfying this requirement when the poles have been pressure treated with wood preservative.

**OREGON MUTUAL INSURANCE COMPANY  
COMMERCIAL LINES MANUAL  
DIVISION FOUR – FARM  
UNDERWRITING GUIDELINES**

---

**6. NEW BUSINESS (Continued)**

**Type II Barns, Stables, and Outbuildings (Continued)**

- C. Building must be fully enclosed. If open sheds are attached, the appropriate premium shall apply.
- D. Hay or straw storage is permitted.
- E. All metal or steel grain bins with dryers not meeting the Type I requirements.

**Type III Barns, Stables, and Outbuildings**

All buildings not eligible for Type I or Type II classification, also buildings occupied or constructed for crop drying, grain grinding, seed grain cleaning and drying, alfalfa or hay chopping; private greenhouses and portable buildings, and structures.

Private greenhouses are those which are appurtenant to a dwelling and are therefore Coverage B Property.

Other greenhouses can be covered under Coverage G - Barns, Outbuildings and Other Farm Structures.

**Type I Silos – Minimum Limit of Insurance – \$25,000**

All steel reinforced concrete construction with integral roof, foundation and walls with unloading from the bottom, built after 1989 and complying with NFPA 61B.

**Type II Silos – Minimum Limit of Insurance – \$10,000**

Masonry, including tile, hollow concrete block, solid concrete stave, brick or steel or reinforced concrete not qualifying for Type I.

**Type III All Silos not Eligible for Type I or Type II Classification**

Wood frame silos must be referred to underwriter for approval.

**Property Deductibles**

The minimum deductible for dwellings, outbuildings and their contents is \$1,000.

**Ponds or Private Dams**

For risks with ponds or private dams the following underwriting information is required:

- A. Size in acres
- B. Description of the location on the property and what would be in its way if it failed.  
Is it an attractive nuisance to neighboring children?

**7. SCHEDULED JEWELRY Binding Authority – Jewelry**

**Per Item Maximum – \$35,000**

**Per Schedule Maximum – \$125,000**

- A. An itemized list stating the description and value of each item must accompany the application.
- B. All items valued \$5,000 to \$15,000 will require a bill of sale (if a recent purchase) or an appraisal.
- C. A current bill of sale or appraisal less than two years old is needed for items valued in excess of \$15,000.

**8. BOATOWNERS Binding Authority for Physical Damage – \$55,000**

- A. All boats must be stock and used for pleasure or farm use only. Watercraft classified or designed for rough or white water excursions, homemade or kit boats, racing boats, rubber rafts, or amphibious land/water craft are not eligible for coverage. Jet boats are generally ineligible for coverage, refer to underwriter for exception.
- B. Personal watercrafts are eligible under the Boatowners' Coverage for liability and physical damage. The following are ineligible for coverage:
  - 1. Personal Watercraft rented to others.
  - 2. Personal Watercraft used to carry persons or property for a fee.

**OREGON MUTUAL INSURANCE COMPANY  
COMMERCIAL LINES MANUAL  
DIVISION FOUR – FARM  
UNDERWRITING GUIDELINES**

---

**8. BOATOWNERS Binding Authority for Physical Damage – \$55,000 (Continued)**

- B. 3. Personal Watercraft used in professional exhibitions or officially sanctioned events including the practice or preparation for such events.
- 4. Personal Watercraft used in prearranged speed or racing contests.
- 5. Personal Watercraft capable of carrying more than 2 people.
- 6. Personal Watercraft in excess of 1000 cc's.
- C. Maximum acceptable speed is 45 MPH, maximum length is 26 feet.
- D. All watercraft must be owned by an individual or two or more resident relatives.
- E. All operators of the watercraft must have a current valid driver's license or permit, and their driving record must qualify under the automobile guidelines.
- F. Boats over ten (10) years old should not be written unless evidence of superior condition and maintenance can be demonstrated.
- G. All boats must be insured to 100% of their current market value. Values may be verified with a current bill of sale, appraisal, or through a Buc Marine Guide.
- H. Acceptable length to horsepower ratios are listed below. A risk whose hull length to horsepower ratio exceeds these guidelines can be submitted only a non-bound basis. All requests must include a completed Acord 82, Watercraft Application, and a photograph of all watercraft.

<b>OUTBOARDS</b>	
<b>Hull Length</b>	<b>Maximum Horsepower</b>
12 ft.	40 hp
13 ft.	50 hp
14 ft.	60 hp
15 ft.	70 hp
16 ft.	90 hp
17 ft.	100 hp
18 ft.	125 hp
18.1ft. – 26 ft.	135 hp
<b>INBOARD, INBOARD/OUTBOARDS, JET</b>	
<b>Hull Length</b>	<b>Maximum Horsepower</b>
Up to 16 ft.	150 hp
16.1 ft. – 18 ft.	175 hp
18.1 ft. – 22 ft.	200 hp
22.1 ft. – 26 ft.	225 hp



**OREGON MUTUAL INSURANCE COMPANY  
COMMERCIAL LINES MANUAL  
DIVISION FOUR – FARM  
UNDERWRITING GUIDELINES**

---

**9. SNOWMOBILES**

- A. Physical damage and liability coverages are available for snowmobiles, up to 1,000 cc's, used for farming and personal recreation.
- B. No more than one per family member unless used strictly for working on the farm.
- C. Requests for coverage must include a list of drivers with their driver's license information if auto is written elsewhere.

The following are ineligible for coverage:

- A. Snowmobiles rented to others.
- B. Snowmobiles used to carry persons or property for a fee.
- C. Snowmobiles used for business purposes other than farming.
- D. Snowmobiles operated in a pre-arranged race, speed, pushing, pulling, jumping, demolition, or stunting activity or contest, including the practice or preparation for such activity or contest.

**10. ALL TERRAIN VEHICLES**

- A. Physical damage and liability coverages are available for ATV's on and off premises.
- B. No more than one per family member unless strictly used for working on the farm.
- C. No three wheelers.
- D. Requests for coverage must include a list of drivers and their driver's license information if auto is written elsewhere.

The following are ineligible for coverage:

- A. ATV's rented to others.
- B. ATV's used to carry persons or property for a fee.
- C. ATV's used for business purposes other than farming.
- D. ATV's operated in a pre-arranged race, speed, pushing, pulling, jumping, demolition, or stunting activity or contest, including the practice or preparation for such activity or contest.

**11. SWIMMING POOLS, ZIP LINES, ALPINE SLIDES AND TRAMPOLINES**

- A. Pools must be completely surrounded by fence with a lockable gate.
- C. Pools with slides or diving boards may not be bound.
- D. Trampolines and skateboard ramps may not be bound.
- E. Photographs are required for all swimming pools.
- F. Zip lines and alpine slides are not eligible.

**12. FARM LIABILITY AND FARM CGL OPTIONS**

**Limits to \$1,000,000 per occurrence are available subject to underwriting approval.**

**Higher limits are available with Umbrella, see 15. Farm Umbrellas.**

- A. The Farm Liability form FL 00 20 provides coverage for claims arising from the insured's locations, farming operations and products, and the insured's personal activities. It can be written monoline or as part of a Farm Combination policy.

**OREGON MUTUAL INSURANCE COMPANY  
COMMERCIAL LINES MANUAL  
DIVISION FOUR – FARM  
UNDERWRITING GUIDELINES**

---

**12. FARM LIABILITY AND FARM CGL OPTIONS (*Continued*)**

The following exposures are not eligible for the Farm Liability form:

- A.
  - 1. Farms owned or controlled by food manufacturers or processors and operated principally for the purpose of supplying the manufacturing or processing operations, whether or not such operations are on the farm premises.
  - 2. Farms where the principal purpose is to operate freezing or dehydrating plants.
  - 3. Farms with farm dwellings with more than four families.
  - 4. Farms on which farm dwellings are used for business purposes.
  - 5. Risks with incidental fee hunting or fishing exposures will be considered for an additional premium.
- B. For accounts that do not qualify for the Farm Liability form use the Commercial General Liability form CG 00 01. This provides insurance to cover the policyholder's liability arising out of the ownership, use or maintenance of farm premises described in the declarations, including buildings used as residences, and optionally, farms rented to others or held for sale or rental. The liability is considered a separate coverage part and subject to the rules in the Division Nine-Multiple Line, Commercial Package policy Subdivision. Farm premises and operations and one (1) residence premises are included in the base premium.

**13. FARM COMBINATION COVERAGE**

- A. To be eligible for farm combination coverage, property coverage must be written on all farm dwellings, farm personal property, and other farm structures owned by the insured in addition to all of the liability associated with the operation, must be insured. An exception to this would be if all buildings are not under common ownership.

**14. EQUINE OPERATIONS**

- A. Equine Care, Custody and Control Coverage may be written on all types of equine. Maximum limits that may be bound are: \$25,000 per animal and \$250,000 per occurrence and \$250,000 aggregate.
- B. Liability for training, lessons or instructions may be provided for an additional charge. For jumping, vaulting, polo, roping, gymkhanas and other speed timed events or games, and driving in excess of one pair may not be bound without underwriter approval.

**15. FARM AUTOMOBILE COVERAGE**

**Limits to \$1,000,000 CSL are available subject to underwriting approval. Higher Limits available with Umbrella, see 16.**

- A. Automobile coverage is available under the Commercial Auto program and requires a completed ACORD 127, Business Auto Section.
- B. Farm truck lay-up credit is available on farm trucks based on the amount of time they are used on public roads.
- C. Please refer to the state automobile exception pages for additional details.

**16. FARM UMBRELLAS**

**Limits of \$5,000,000 available. Higher limits possible subject to underwriter approval.**

- A. Farm Umbrella policies are available but cannot be bound by the agent.
- B. If the Farm CGL coverage is written instead of Farm Liability, then the Commercial Umbrella with a farm endorsement must be used instead of the Farm Umbrella.