

Commercial Agriculture Industry Sees Effects of Hard Market

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Commercial agriculture risks are not only seeing the negative effects of mother nature between natural disasters, storms, and droughts, but also a hard market.

REINSURANCE

Reinsurance treaty pricing is increasing anywhere from 12% to 50%, depending on the reinsurer and the types of operations the insurance carrier is targeting. Farm and Agribusiness operations are on the high side due to the higher protection classes and more exposed property. The reinsurers are decreasing their per storm thresholds and increasing rates on insurance carriers. What used to be a \$30,000,000 per storm loss prior to getting into the reinsurance treaties, is now a \$10,000,000 per storm loss prior to getting into the reinsurance treaties.

CARRIERS

Carriers are loss limiting policies now and limiting their offerings to a set dollar amount. Carriers are also non-renewing accounts that are older frame buildings (i.e., frame feed mills, elevators, etc.). Valuation issues are changing from RCV to ACV, FRCV or even salvage value – these are items that the insurance carriers did not pay enough attention to over the years and are now taking action on.

Property deductibles are increasing from \$2,500, \$5,000, and \$10,000 to \$10,000, \$50,000, and \$100,000, depending on the operations, types of buildings, loss history. Due to the increase in property deductibles, carriers are implementing wind-hail percentage deductibles anywhere from 2% to 5%.

Carriers want to see loyalty in a risk. This is resulting in carriers being less likely to take on an account when they can see that an insured has moved their policy(ies) from one carrier to another multiple times over the past several years.

TIPS ON NAVIGATING THIS HARD MARKET

Do not wait too close to the renewal date to begin marketing an account. We need the information to begin marketing these accounts 60 days out. Understand that with the market changing, the likelihood of getting the same terms and conditions with a new carrier as the account had in the past are lower. Carriers are not interested in mid-term marketing of accounts. Set expectations with your insureds and make sure they know they need to keep you informed. If an insured receives an altered terms letter or a non-renewal letter, the insured needs to ensure that you are aware and let you know that they want it remarketed at renewal.

Arlington/Roe is here to help you retain your commercial ag accounts and win new ones. Please reach out to Steve Renihan, our commercial ag broker, who can help guide you through the process of these accounts during this hard market.

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