

# CHECK INSURANCE COVER

**Farmers and landowners are being advised to check that their insurance cover reflects the relevant risks they face and that they are not over-paying on their premiums.**

"The nature of businesses, and therefore the risks they carry, is changing rapidly," said Matthew Berryman, director with farm business consultancy CLM.

He explained that with more and more farmers introducing new enterprises or diversifying, perhaps converting buildings to use as a livery, for instance, or leasing them out for storage, it was vital to keep insurers informed.

"Brexit and the Covid-19 pandemic also saw prices of machinery and building materials shoot up, meaning replacement costs can be higher, while extreme weather events also present new risks," added Mr Berryman.

"For any meaningful business, insurance costs are at least £10,000 a year, and I have one client for whom it's about £35,000. When a cost runs to five figures, you need to

be asking if you're getting value for money."

Set against a backdrop of rising premiums, it's worth getting competitive quotes, suggested Mr Berryman. He pointed out that while farmers would typically do this for other purchases, some were tempted to stay with the same insurance provider simply out of habit.

He went on: "In years gone by, insurance discussions typically focused on buildings, machinery and public and employer liabilities. Nowadays there's more to consider. I'm also often asked about 'consequential loss', for example to cover the money that might be lost while a building or item of machinery is being replaced or when business activity temporarily ceases.

"This can be expensive, so farmers are sometimes reluctant to insure against it, but it's worth considering if you have a specialist business or use hard-to-replace machinery and equipment. For 'traditional' farm enterprises, 18 months might have been the period typically considered, but vineyard owners might face an interruption of up

to four years if there were, say, a theft of bottled wine or damage to vines which then had to be replaced."

Annie Streeter, a West Sussex-based Senior Agent with NFU Mutual, agreed it was important for farmers to review their cover.

"I'm having a lot of conversations with farms, estates and vineyards about inflation. We're checking the replacement cost of vehicles, machinery and equipment. The turnover of a lot of businesses has risen because their costs and revenues have gone up.

"We're asking such questions as: 'Have we got our stock of fuel at the right figure?' and: 'Are stored crop valuations correct?' If you're using a much bigger trailer, and perhaps carting a higher-value crop, you need to make sure it is reflected in your goods-in-transit cover.

"It's important to make sure you're not under-insured, but also that you're not over-insured, which could be the case as some costs have fallen from their immediate post-pandemic peak," she said.