



# Livestock insurance basics

## Part 3: Umbrella insurance

Shannon Sand

Regional Agricultural Economist

[Ssand2@unl.edu](mailto:Ssand2@unl.edu)

Dr. Matt Stockton

Agricultural Economics Extension Specialist

[Matt.Stockton@unl.edu](mailto:Matt.Stockton@unl.edu)



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# Overview

- What is umbrella insurance?
- Why is liability risk a concern in livestock operations?
- Goals:
  - Define umbrella insurance
  - Discuss liability exposure in livestock operations
  - How does umbrella insurance enhance existing coverage
  - Examples
  - Summary



# What is Umbrella Insurance?

- A secondary insurance policy that provides additional liability coverage beyond standard policies
- Typically covers
- Kicks in after primary farm/ranch liability limits are exhausted
- **NOT** a replacement for standard farm/ranch policy



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# What Does it Cover?

- Legal defense costs
- Bodily injury
- Property damage
- Libel/slander
- Liability from owned trucks/trailers/equipment



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# Why it Matters for Livestock Operations

- Animal escapes leading to accidents/injuries
- Visitor, workers or custom operators injured on property
- Contamination claims
- Equipment or trailer accidents during animal transport



# Example

- Escaped bull causes traffic accident
  - Liability exceeds \$1 million
- Umbrella policy covers beyond auto/farm liability





# How Umbrella Insurance Works

- Sits “on top of” existing liability policies
- Extension coverage in million-dollar increments (typically \$1-5 million)
- Can cover:
  - General liability (i.e. visitors)
  - Auto liability (i.e., hauling livestock)
  - Employers' liability in some cases





# What Umbrella Insurance Does NOT cover

- Worker's comp (separate policy)
- Damage to your own property or livestock
- Contract disputes
- Intentional acts



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# Example

- A delivery driver slips on ice near the calving barn
- \$1.2 million lawsuit
  - Farm liability covers \$1 million; umbrella pays the remaining \$200,000





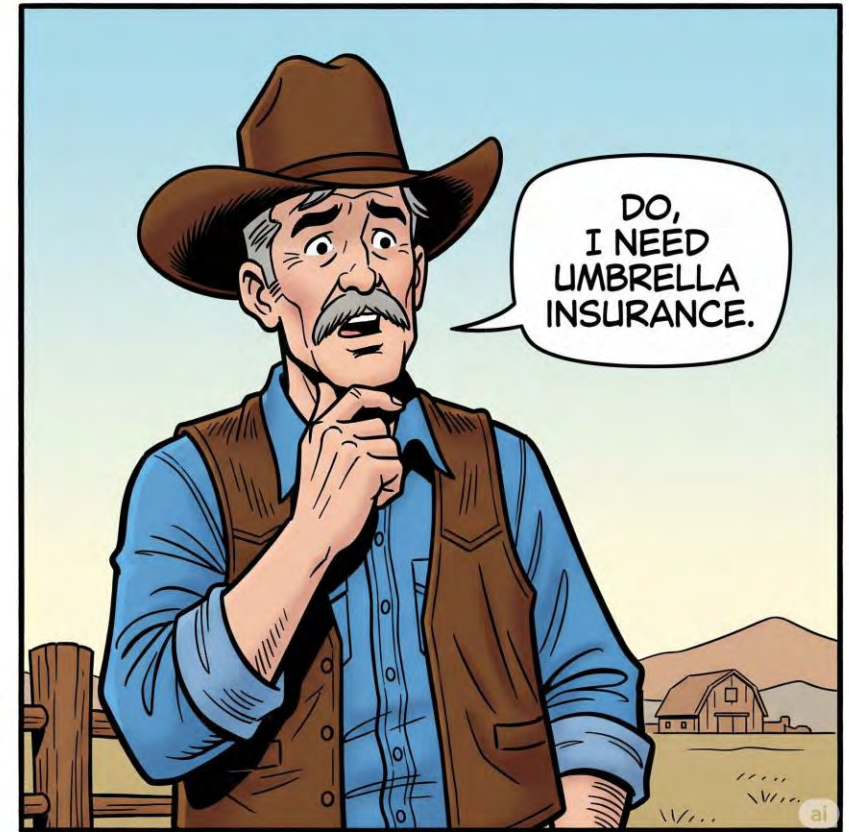
# Example

- Hosting school tours
  - Unexpected injury lawsuit



# Costs and Considerations

- Costs are variable
- Premiums based on:
  - Operation size
  - Number of employees
  - Vehicles and equipment
  - Livestock head count
- Typical annual cost: \$250-1,000 per million of coverage





# Integrating Umbrella Insurance in Your Risk Management Plan

- Some questions to ask:
  - Do I transport animals regularly??
  - Do I host agritourism or custom work?
  - Are my liability limits aligned with current market values and risks?
- Work with:
  - Licensed ag insurance agent to determine coverage levels



# Summary

- Umbrella insurance
  - Affordable protection
- Fills critical gaps
- Part of a strong risk management toolbox





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# Questions?



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