



# Agriculture Market Update: Growing Challenges in a Shrinking Market

Agriculture is a cornerstone of the American economy, but securing comprehensive insurance coverage for ag-related risks has become increasingly difficult. From dairy farms and produce distributors to large-scale operations moving hundreds of millions in products, the agriculture sector is facing a tough insurance market shaped by rising prices, reduced limits and mounting underwriting scrutiny. Retailers and insureds alike are finding that even familiar renewals require more strategy, more detail and, often, more compromise.

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## CONTACT

To learn more about how Amwins can help you place coverage for your clients, reach out to your local Amwins broker.

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## Primary market activity

There has been an uptick in new primary entrants in the E&S agriculture market, with more options emerging for accounts that previously had only two or three viable landing spots. However, premiums remain high, often with \$25,000 minimums, and coverage is often far from comprehensive. Exclusions for water damage, wildfire and property loss are common on farm-related accounts, and in some cases, even claims-made forms have surfaced, raising concerns about the true protection being offered.

## Excess markets

In what many thought would be a plateau year for the excess casualty market, pricing has continued to rise and capacity has become even more constrained. Several recent renewals have shown limits being slashed mid-tower, with \$10M lines being cut to \$5M or less, forcing brokers to stitch together placements through creative quota shares. It's not uncommon to see three markets splitting a \$10M layer just to get a deal done. Carriers remain wary of auto-heavy schedules, which often drive the largest rate increases and are a major reason behind quota share placements in this space.

## Market response: avian flu and foodborne illness

The ongoing bird flu outbreak has reverberated across underwriting for agriculture, especially for accounts tied to raw milk or live poultry. Large losses, including multiple limit hits on certain dairy and raw milk accounts, have made some carriers unwilling to consider dairies at all. Retailers looking to cover avian flu risk have increasingly turned to captive structures, underscoring just how limited the traditional insurance market has become in this area.

The rise of communicable disease exclusions has also become an area of concern. While court decisions are still not readily available that food-to-person transmission should not be excluded under standard communicable disease wording, many carriers continue to rely on broad exclusions that significantly limit recovery in the event of a foodborne illness claim.

On a positive note, this has opened the door for well-structured forms with disease give-backs to win business, especially as policyholders realize just how much coverage can be eroded by unchecked exclusions.



## Underwriting scrutiny

Brokers are seeing a significant increase in underwriting questions, particularly around auto exposure, food handling and third-party contracts. Haulers and sub-haulers are a hot-button issue, with many insureds lacking formal agreements or risk transfer protocols on those third-party contracts. A billion-dollar farm company operating without contracts for its haulers isn't uncommon, but it's a red flag for underwriters.

Applications that once focused on revenue, fleet size and crop types are now accompanied by full HNOA supplements and in-depth questionnaires. Carriers want to know whether the operation touches product directly, how close it is to contamination risks such as cows or manure runoff, and whether food safety protocols can withstand a major outbreak or recall.

## Inflation impacts and emerging risks

Economic inflation continues to push sales figures up for agriculture clients, but rating methodologies don't always reflect the true risk. Even massive ag operations with \$200M–\$300M in sales may be rated at less than \$1.00 per thousand on the primary layer, a rate structure that appears out of sync with the risk profile. Helping to inform and educate underwriters on an insured's exposure, especially around food safety and distribution, has become essential for brokers trying to achieve rate adequacy without overcharging their clients.

From communicable disease exclusions to hidden carve-outs that limit liability for foodborne illness, small wording differences can carry major consequences. These are often embedded in base policies rather than called out in endorsements, making it easy for important coverages to be overlooked.

Pollution is another commonly overlooked risk in the agricultural marketplace. Many general liability policies coming off standard market agriculture packages are missing key coverages for ag spray, overspray and adjacent property damage. As a result, adding standalone contractors' pollution liability policies has become more common, especially for operations that apply chemicals on their own or neighboring fields.

Emerging risks like drone spraying are also beginning to complicate the market. While drone use has expanded from aerial mapping to actual chemical application, insurance solutions have not kept pace. Aviation markets typically cap chemical application liability, and many GL markets don't want the exposure at all, leaving policyholders to piece together drone liability with separate pollution policies for overspray.



## Labor challenges

On the human capital side, labor remains a concern. While migrant labor programs continue to support harvesting seasons, increasing scrutiny around documentation and immigration enforcement could introduce new hiring risks. Some insureds are unable to verify licenses or insurance for workers driving their vehicles — a growing problem when trying to secure hired and non-owned auto coverage.

## Takeaway

Navigating the agriculture market today requires diligence, creativity and a commitment to education, both for clients and underwriters. Retailers should be prepared to deliver detailed submissions with full supplements, clear risk transfer plans and a thorough understanding of the insured's operations. The growing reliance on quota shares and the sharp focus on auto exposures demand more strategic structuring, especially on excess placements.

Most importantly, retailers must read the forms — all of them. From communicable disease exclusions to hidden gaps in mobile food liability or consumption carve-outs, the details matter more than ever. With rates staying high and capacity continuing to shrink, ensuring the coverage matches the exposure has never been more critical.

## We help you win

As the nation's leading wholesale broker, relationships are our strength. To meet your client's evolving needs, Amwins puts our market relationships and expertise to work to continuously develop proprietary products, even in hard market conditions. Our agriculture specialists are better equipped to curate submissions, educate retailers and navigate the challenging E&S market to secure the best possible outcomes for our clients.

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