



## ASK MR. MUTUAL

(NOTE: Mr. Mutual's answers are based on the TP1 (1-13) edition provided by the Minnesota Association of Farm Mutual Insurance Companies. Individual policies may vary slightly and you should check any loss with your company and with the policy contract you may have.)

**Dear Mr. Mutual:** A storm late this last fall damaged the roof on our house and water leaked through the damage. We wound up with a large water stain on our ceiling and mold on some of the support beams for the roof. Is this covered?

**Mr. Mutual says:** Yes. Based on your statement that the roof was damaged in a storm, there is coverage for the resulting damage to the ceiling, etc.

**Dear Mr. Mutual:** We have a shed that's located close to the road that goes past our place. On Halloween, someone broke all the windows in the shed and spray painted obscenities on the wall facing the road. We reported the damage to the sheriff. Would the window damage be covered under our farm policy? How about getting the painted obscenities off the she wall?

**Mr. Mutual says:** Yes. All the damage is covered under the peril of Vandalism.

**Dear Mr. Mutual:** During the harvest last fall, one of my tractors caught fire and it was a total loss. I have replacement cost for the tractor on my farm policy, right?

**Mr. Mutual says:** No. Farm machinery is insured for Actual Cash Value. This value is determined by going to local dealers and using other sources to determine what you would need to pay a dealer to purchase a tractor of similar condition. This includes hours, condition, tire condition, etc. T he company will use SALES figures, not necessarily list prices. List prices generally are not what is ultimately paid for the tractor.

**Dear Mr. Mutual:** I had a loss last summer and the adjuster for the insurance company kept saying, "ACV." What the heck is ACV?

**Mr. Mutual says:** ACV means Actual Cash Value. The policy defines Actual Cash Value as: "...what property is worth in terms of money including deduction for depreciation and obsolescence." There are two very good ways to describe ACV. The first is an automobile. We all understand that once you drive a car off the lot, it goes down in value. Also, an automobile with 125,000 miles on it and rusty fenders is not worth as much as the same model with low mileage and no rust. The second is furniture. An older couch on a garage sale is worth, say \$50. The same couch brand new may be worth \$1,000.

In the example above for a tractor, ACV is the final amount you will be paid. In the case of personal property in a home that has replacement cost coverage, ACV is the amount you get paid until you repair or replace the property.

**Dear Mr. Mutual:** While we were away over Thanksgiving, our home was burglarized and among other items, our two year old Smart TV with an 80 inch screen was stolen. The cost of the TV was nearly \$4,500 when we bought it. Will we be able to get that cost back from our insurance company?

**Mr. Mutual says:** Yes and no. First, we will assume that you replaced the TV. Your policy will provide replacement cost coverage for "like kind and quality". If the exact same TV is now priced at \$3,500, you will receive \$3,500, not \$4,500. However, the television market is rapidly changing and quite often the TV you purchased two years ago is not available. At that time it is up to you and the company to negotiate an amicable settlement. You will also have a deductible on the claim which will come into play.

**Dear Mr. Mutual:** During the night a few weeks ago, the automatic ice

maker on our refrigerator somehow sprang a leak and we didn't discover it until the next morning. The kitchen floor was flooded and water had leaked through the flooring into the basement causing an awful mess that eventually required the services of a professional cleaning company. Would this be covered under our homeowners policy?

**Mr. Mutual says:** Yes, this is a covered loss, subject to your deductible.

**Dear Mr. Mutual:** A huge limb from the oak tree broke off during a windstorm last fall and came through the roof of our house just missing the bed where my son was sleeping. Before we could safely get up on the roof to put a tarp over the hole, it started raining with thunder and lightning and it rained most of the night and half the morning making it too risky to be walking around on the slippery roof. By the time we were able to get the hole in the roof covered, quite a lot of water had run into the bedroom and had seeped through the floor into the dining room below. Looking at our policy, I see where it says that in the event of a loss, we are required to take whatever action is necessary to prevent further damage. Would this damage be covered under our farm policy even though we were unable to get the hole covered until much later the next day?

**Mr. Mutual says:** Yes. The insurance company would not expect you to risk your safety to prevent further damage. When it is safe, you should protect your home.

**Dear Mr. Mutual:** I was putting up Christmas lights on my house when my nosy neighbor wandered over to see what I was doing. Even though I yelled at him to stay off the ladder propped against my porch because it wasn't safe unless someone was holding it and my wife had gone inside the house for a minute, he ignored my warning and climbed up the ladder anyway. Well, of course, it slipped and down went my neighbor. He suffered a badly broken leg in the fall that required surgery and he was off work for almost a month. He is suing for his medical bills, pain and suffering and loss of wages. His lawyer is claiming that the ladder was "an attractive nuisance." Do I have coverage for my legal expenses and if he should win in court, for the damages? Am I actually liable for his injuries even though I told him to stay off the ladder and I didn't invite him to come on my property?

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**RAM MUTUAL**  
INSURANCE

125 E. Hwy. 61  
Esko, MN 55733  
[www.rammutual.com](http://www.rammutual.com)