

Hello,

I am ready to issue both new policies for xxxx xxxxxxxxxxxx xxxxxxxxxxxx. I happen to notice both accounts are located in New York. You and I have never discussed the enterprise direction and concern regarding New York Labor Law 240. Please review the attached policyholder notice that goes out on all NY policies.

You may already be familiar with the NY Labor Law and why insurance companies are concerned about the impact this old antiquated law has on a land owner/insured. Right now, Travelers Agribusiness has a potential \$11m liability loss for an injured contractor (see brief attached). Therefore, I thought I should make you aware of our underwriting position on NY risks.

Basically, the concern is this...when a landowner hires a contractor or handy man to perform work on premises, the landowner may have an exposure if this 3rd party is injured. For protection, it is important the insured obtain from the contractor a Certificate of Insurance for both General Liability and Work Comp. On the GL, the insured should also require Additional Insured status on the contractor's policy for the work being performed.

It is imperative the Additional Insured status be in the individual name and any other entity under which the land is owned. I mention this because on the \$11m claim I cited above, we found the insured did require a COI on both the GL and WC and they did obtain Additional Insured status under the contractor's GL. In addition, they also obtained an Indemnification Agreement (hold harmless) from the contractor. These actions are exactly what is needed! However, here was the loophole...the Additional Insured status read in the individual's name and not the farm name. Therefore, we are on the hook because the farm name was not also listed as an Additional Insured. Therefore, it is imperative an insured be very careful in the handling of this. Both their individual name and any other operating entity should also be listed as an A.I.

This is really a matter of education by the agent. Many insured's may not realize their potential risk without guidance.

Underwriting guidelines effective immediately:

1. Any Excess coverage (new and renewal) must be approved by RVP when the farm is located in New York.
2. When you or your agent determines there is any kind of construction taking place on our insured's premises – we must receive a copy of the COI from the general contractor that also names our insured as an additional insured on their policy. We need this prior to the project taking place.

Please confirm with your NY brokers they are aware of this, have educated the insured about the risk and concern, and will keep you/company advised of any construction taking place on premises.

Let me know if you have any questions. Thank you.