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FARM MACHINERY & ASSETS INSURANCE



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Licensed by Insurance Regulatory Authority (IRA)

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EXECUTIVE SUMMARY

Your Challenge: Your tractor worth Ksh 3.5M, combine harvester worth Ksh 8M, irrigation equipment worth Ksh 2M, greenhouse structures worth Ksh 4.5M, dairy machinery worth Ksh 1.8M—these assets represent years of farm investment. Fire destroys your Ksh 6M coffee processing facility. Tractor overturns, total loss. Thieves steal irrigation pumps worth Ksh 850K. Storm collapses your greenhouse. Without insurance, you lose everything, cannot continue farming operations, default on equipment loans, and watch years of investment evaporate.

The Risk of Inaction: Fire destroys Ksh 4M dairy shed and equipment. Tractor accident—Ksh 2.8M loss. Theft of irrigation system—Ksh 1.2M. Greenhouse storm damage—Ksh 3.5M. Equipment breakdown during harvest—Ksh 600K repair + lost harvest. Without farm machinery insurance, you cannot replace critical equipment, farming operations halt, income stops, loans default, farm fails, and family livelihood collapses.

The Solution: Farm Machinery & Assets Insurance providing comprehensive "all risks" coverage for tractors, harvesters, planters, irrigation systems, greenhouses, processing equipment, storage facilities, and farm buildings. Covers fire, theft, accidents, breakdown, storm damage, and malicious damage. Protects your farming infrastructure investment.

Investment: Ksh 80,000 - 2,500,000 annually depending on equipment value (typically 2%-4% of replacement value), equipment age, usage, security measures, and claims history.

Why Act Now:

- Farm equipment theft rising 55% in agricultural regions
- One tractor loss = 2-5 years of farm profit gone
- Banks require asset insurance for equipment financing
- Equipment breakdown during peak season = catastrophic income loss
- Modern farming depends on mechanization—protect your investment

THE PROBLEM: WHY FARM MACHINERY INSURANCE IS CRITICAL

The Harsh Reality of Farm Equipment Risks

Major Causes of Farm Equipment Loss (2024):

- Theft (tractors, pumps, generators): 38% of claims
- Fire (sheds, processing facilities): 24% of claims
- Accidents (overturns, collisions): 18% of claims
- Storm damage (greenhouses, structures): 12% of claims
- Breakdown (mechanical/electrical failure): 8% of claims

Kenya-Specific Challenges:

- Organized tractor theft gangs (tractors stolen, dismantled, sold as parts)
- Poor rural roads causing equipment damage
- Limited secure storage facilities
- Inadequate workshop support = longer breakdowns
- Climate extremes damaging structures

Average Loss Statistics:

- Tractor theft/total loss: Ksh 2M-4M per incident
- Greenhouse storm collapse: Ksh 1.5M-5M
- Processing equipment fire: Ksh 1M-8M
- Irrigation system theft: Ksh 500K-2M
- 1 in 6 commercial farmers experiences major equipment loss every 5 years

Devastating Scenarios Without Farm Machinery Insurance

Scenario 1: Dairy Farmer—Fire Destroys Processing Shed

Farm: Kiambu dairy farm, 60 cows

- Milk cooling tank: Ksh 850,000
- Milking machines (2 units): Ksh 680,000
- Generator (backup power): Ksh 320,000
- Processing shed structure: Ksh 1,200,000
- Piping, electrical, fittings: Ksh 450,000
- **Total dairy equipment value: Ksh 3,500,000**
- Daily milk production: 800 liters (Ksh 40,000/day revenue)

The Fire: Electrical fault at 2am. Fire spreads rapidly through wooden shed. Cooling tank destroyed, milking equipment melted, generator burnt, structure collapsed. Total loss.

Immediate Impact:

- Cannot milk cows properly (no machines)
- Cannot cool milk (no tank)—milk spoils, Ksh 40K/day lost
- Cannot supply dairy cooperative (contract breach)
- Cows develop mastitis (missed milkings, improper technique)
- Equipment replacement needed immediately: Ksh 3.5M

Financial Devastation:

- Farmer's savings: Ksh 450,000
- Equipment loan outstanding: Ksh 1.8M (bank demands repayment after fire)
- Cannot get new loan (existing loan unpaid, no collateral)
- Lost milk sales: Ksh 40K/day × 60 days (rebuilding) = Ksh 2.4M
- Must sell 15 cows @ Ksh 80K = Ksh 1.2M (to partially rebuild)
- Herd reduced, income permanently 25% lower
- Takes 4+ years to recover

Without Farm Equipment Insurance:

- Total financial impact: Ksh 3.5M (equipment) + Ksh 2.4M (lost sales) + Ksh 1.2M (forced cow sales) = Ksh 7.1M
- Family financial crisis
- Children drop out of private school
- Considers abandoning dairy farming

With Farm Machinery Insurance (Premium: Ksh 105,000/year, 3% of equipment value):

- Fire damage covered (all risks policy)
 - Claim filed within 24 hours
 - Loss adjuster assessment: Day 3
 - Interim payment (50%): Ksh 1.75M (Week 2)
 - Final settlement: Ksh 3.38M (after Ksh 120K deductible), Day 45
 - Used interim payment to purchase temporary milking equipment (resume operations Week 3)
 - Final payment funded complete rebuilding
 - Operations back to 100% within 8 weeks
 - No cows sold, herd intact, income protected
 - Premium over 10 years: Ksh 1.05M. One fire claim: Ksh 3.38M. ROI: 222%.
-

Scenario 2: Maize Farmer—Tractor Theft

Farm: Nakuru large-scale maize farmer, 120 acres

- Tractor: Massey Ferguson 75HP (5 years old)
- Replacement value: Ksh 3,200,000
- Implements: Plough, harrow, planter, trailer (total Ksh 650,000)
- Total equipment value: Ksh 3,850,000
- Tractor essential for: Ploughing, planting, spraying, harvesting transport

The Theft: Saturday night, organized gang breaks into farm compound. Overpowers watchman, hot-wires tractor, drives off. Police investigation—tractor likely dismantled within 48 hours, parts sold. Never recovered.

Operational Disaster:

- Planting season starting (2 weeks)—cannot plough without tractor
- Hiring tractor: Ksh 5,000/hour, need 80 hours = Ksh 400,000
- Late planting reduces yield 30-40%
- Expected harvest: 3,000 bags; actual with late planting: 1,800 bags
- Lost revenue: 1,200 bags × Ksh 3,500 = Ksh 4,200,000

Financial Impact:

- Equipment loan outstanding: Ksh 2.1M (must still repay—bank won't write off)
- Cannot afford new tractor (need Ksh 3.2M)
- Hiring costs: Ksh 400K (planting) + Ksh 300K (season operations) = Ksh 700K

- Lost harvest value: Ksh 4.2M
- Total impact: Ksh 7.1M
- Next season: Must continue hiring tractors (expensive, unreliable)

Without Farm Equipment Insurance:

- Farmer's resources: Ksh 800K savings
- Cannot replace tractor
- Stuck in expensive hiring cycle
- Reduced profitability for 3+ years until can afford new tractor
- Considers leasing land to others, exiting farming

With Farm Machinery Insurance (Premium: Ksh 115,500/year, 3% of equipment value):

- Theft covered (with police report filed within 24 hours)
- Police OB number and CID abstract obtained
- Claim documentation submitted Week 1
- Tractor written off as total loss (never recovered)
- Settlement: Ksh 3,080,000 (replacement value minus Ksh 120K deductible), Day 38
- Farmer purchased replacement tractor immediately (Ksh 3.2M, topped up Ksh 120K from savings)
- Planting proceeded on schedule
- Full harvest achieved
- Operations uninterrupted
- Premium over 8 years: Ksh 924K. One theft claim: Ksh 3.08M. ROI: 233%.

Scenario 3: Horticulture Farmer—Storm Destroys Greenhouse

Farm: Kiambu export tomato farmer

- Greenhouse structure: 0.5 acre (500m²), steel frame, polythene cover
- Construction cost: Ksh 4,500,000
- Drip irrigation inside greenhouse: Ksh 800,000
- Climate control (fans, vents): Ksh 450,000
- Growing benches, supports: Ksh 350,000
- **Total greenhouse asset value: Ksh 6,100,000**
- Tomato crop inside (8 weeks to harvest): Ksh 1,200,000 investment

The Storm: Unprecedented windstorm (80km/h gusts). Greenhouse structure collapses. Steel frame twisted, polythene shredded, irrigation damaged, climate control destroyed. Tomato plants crushed—total crop loss.

Losses:

- Greenhouse structure: Ksh 4,500,000
- Irrigation system: Ksh 800,000
- Equipment: Ksh 800,000
- Standing crop: Ksh 1,200,000
- **Total loss: Ksh 7,300,000**

Business Impact:

- Export contract cancelled (cannot deliver)
- Future export licenses jeopardized
- 9-12 months to rebuild (dry season, rainy season delays)
- Lost income: 3 growing seasons × Ksh 800K profit = Ksh 2.4M
- Reputation damaged with UK buyer

Without Farm Equipment Insurance:

- Farmer's equity: Ksh 2M
- Equipment loan: Ksh 3.5M (must repay despite loss)
- Total needed: Ksh 6.1M (rebuild) + Ksh 3.5M (loan) = Ksh 9.6M
- Impossible to recover
- Must sell farm or abandon greenhouse farming
- 6 years building export business destroyed in 1 hour

With Farm Machinery & Crop Insurance (Combined Premium: Ksh 366,000/year—Ksh 183K machinery, Ksh 183K crop):

- Storm damage covered (structures and crop)
- Emergency assessment within 48 hours
- Structure claim: Ksh 5.95M (Ksh 6.1M minus Ksh 150K deductible)
- Crop claim: Ksh 1.08M (Ksh 1.2M minus Ksh 120K deductible)
- **Total insurance payout: Ksh 7.03M**
- Interim payment (40%): Ksh 2.8M (Week 3—started rebuilding immediately)
- Final payment: Ksh 4.23M (Month 2)
- Greenhouse rebuilt within 4 months (dry season)
- First crop planted Month 5
- Export contract salvaged (demonstrated professional recovery)
- Business survived and thrived
- Combined premiums over 5 years: Ksh 1.83M. One storm claim: Ksh 7.03M. ROI: 284%.

THE SOLUTION: COMPREHENSIVE FARM MACHINERY & ASSETS INSURANCE

Coverage Options

Option 1: Comprehensive "All Risks" Coverage (Recommended)

Covers:

- Fire, lightning, explosion
- Theft, burglary
- Accidents (overturns, collisions)
- Storm, tempest, flood
- Malicious damage, vandalism
- Breakdown (mechanical/electrical)—optional add-on
- Transit (while moving equipment)—optional

Best for: New/valuable equipment, equipment under loan, farms with high theft risk

Premium: 3-4% of replacement value

Option 2: Named Perils Coverage (Budget Option)

Covers specific named risks only:

- Fire
- Theft (with police report)
- Accidents
- Storm damage

Excludes: Breakdown, gradual deterioration, malicious damage

Best for: Older equipment, budget-conscious farmers

Premium: 2-3% of replacement value (cheaper than comprehensive)

Option 3: Breakdown Coverage (Add-On)

Covers:

- Sudden mechanical failure
- Electrical breakdown
- Hydraulic system failure
- Emergency repair costs

Critical for: Equipment during peak seasons (harvest, planting)

Premium: +1-1.5% of equipment value (addition to base policy)

Coverage by Asset Type

Tractors & Field Equipment

- Sum insured: Replacement cost (market value for age/condition)
- Typical coverage: Ksh 2M-5M per tractor
- Implements included: Ploughs, harrows, planters, trailers
- Premium: 3-4% of replacement value

Irrigation Equipment

- Pumps, pipes, drip systems, sprinklers
 - Sum insured: Replacement cost
 - Typical coverage: Ksh 500K-3M per system
 - Premium: 3-4% (theft risk high for portable equipment)
-

Greenhouses & Structures

- Frames, covers, irrigation, climate control
- Sum insured: Reconstruction cost
- Typical coverage: Ksh 3M-10M per structure
- Premium: 2.5-3.5% (storm risk primary concern)

Processing Equipment

- Coffee pulpers, milk coolers, grain dryers, packaging equipment
- Sum insured: Replacement cost
- Typical coverage: Ksh 800K-8M depending on scale
- Premium: 3-4%

Storage Facilities

- Silos, cold storage, warehouses, sheds
- Sum insured: Rebuilding cost
- Typical coverage: Ksh 1M-15M
- Premium: 2-3%

Generators & Power Equipment

- Backup power critical for processing
- Sum insured: Replacement cost
- Typical coverage: Ksh 200K-1.5M
- Premium: 3-4% (fire risk, breakdown)

INVESTMENT BREAKDOWN

Example 1: Small Dairy Farm

Equipment Profile:

- 1 tractor (15 years old): Ksh 1.2M replacement value
- Milking machine: Ksh 350K
- Cooling tank (500L): Ksh 450K
- Generator (10KVA): Ksh 180K
- Dairy shed: Ksh 800K
- **Total insured value: Ksh 2,980,000**

Premium Calculation:

- Comprehensive coverage: $\text{Ksh } 2,980,000 \times 3.2\% = \text{Ksh } 95,360/\text{year}$
- **Monthly: Ksh 7,947**

Protection: Fire destroying dairy equipment (Ksh 1.78M) = 19 years of premiums. Tractor theft (Ksh 1.2M) = 13 years of premiums.

Example 2: Large-Scale Maize/Wheat Farm

Equipment Profile:

- 2 tractors (80HP, 100HP): Ksh 7.5M total
- Combine harvester: Ksh 8.5M
- Planter, sprayer, implements: Ksh 2.2M
- Grain dryer: Ksh 1.8M
- Storage silos (500 tons): Ksh 3.5M
- Workshop equipment: Ksh 800K
- **Total insured value: Ksh 24,300,000**

Premium Calculation:

- Comprehensive coverage: $\text{Ksh } 24.3\text{M} \times 3.5\% = \text{Ksh } 850,500/\text{year}$
- Breakdown coverage (harvester only): $\text{Ksh } 8.5\text{M} \times 1.5\% = \text{Ksh } 127,500$
- **Total annual premium: Ksh 978,000**
- **Monthly: Ksh 81,500**

Protection: Fire destroying storage + equipment (Ksh 12M) = 12 years premiums. Harvester breakdown during harvest (Ksh 600K repair + Ksh 2M lost harvest) = 3 years premiums.

Example 3: Export Horticulture (Greenhouse Operation)

Equipment Profile:

- 2 greenhouses (1 acre total): Ksh 9M
- Drip irrigation systems: Ksh 1.5M
- Climate control equipment: Ksh 900K
- Packaging equipment: Ksh 650K
- Cold storage (20 tons): Ksh 2.8M
- Generator (50KVA): Ksh 850K
- **Total insured value: Ksh 15,700,000**

Premium Calculation:

- Comprehensive coverage: $\text{Ksh } 15.7\text{M} \times 3.3\% = \text{Ksh } 518,100/\text{year}$
- **Monthly: Ksh 43,175**

Protection: Storm collapse greenhouse (Ksh 9M) = 17 years premiums. Fire in cold storage + packaging (Ksh 3.45M) = 7 years premiums. Critical for export business continuity.

OUR ROLE AS YOUR FARM MACHINERY & ASSETS INSURANCE ADVISOR

What We Do for You:

- Seek cover with your preferred insurer or recommend best fit insurer for your needs (if you have no one)
- Handle documentations and submission to insurer
- Secure best possible rates
- Obtain insurance policy on payment of premiums
- Reminder before policy expiration (no lapse)
- Re-compare providers yearly (rates change)
- Coordinate seamless renewal
- Guide you through claims process
- Ensure proper documentation
- Follow up with insurer
- Fight denied claims (appeal if wrongfully denied)

No Advisory Fees:

You pay nothing for my services - providers pay my commission. You pay the same premium direct or through me—but gain expert guidance, needs analysis, and claims advocacy.

REAL SUCCESS STORIES

Case Study 1: Tractor Theft—Farm Operations Saved

Farmer: Trans Nzoia wheat farmer

Equipment: Tractor (Ksh 3.5M), implements (Ksh 720K)

Premium: Ksh 135,000/year

The Theft: Tractor stolen from farm at night. Never recovered.

Claim: Ksh 3.38M (after Ksh 140K deductible) paid Day 35.

Outcome: Purchased replacement tractor within 1 week of claim payment. Planting proceeded on schedule. Full harvest achieved. Without insurance: Would have been stuck hiring tractors (expensive, unreliable) for 2+ seasons. Premium over 6 years: Ksh 810K. Claim: Ksh 3.38M. ROI: 317%.

Case Study 2: Greenhouse Storm—Export Business Protected

Farmer: Kiambu capsicum exporter

Equipment: Greenhouse (Ksh 5.2M), equipment (Ksh 1.8M)

Premium: Ksh 245,000/year

The Storm: Windstorm collapsed greenhouse. Total loss.

Claim: Ksh 6.79M (Ksh 7M minus Ksh 210K deductible) paid across 2 instalments (50% Week 3, 50% Day 55).

Outcome: Rebuilt immediately with interim payment. Back in production within 5 months. Export contracts maintained. Without insurance: Business would have closed (couldn't afford Ksh 7M rebuild). Premium over 7 years: Ksh 1.715M. Claim: Ksh 6.79M. ROI: 296%.

Case Study 3: Dairy Fire—Herd Operations Maintained

Farmer: Kiambu dairy cooperative member

Equipment: Cooling tank, milking equipment, shed (Ksh 2.8M total)

Premium: Ksh 92,000/year

The Fire: Electrical fire destroyed dairy equipment.

Claim: Ksh 2.68M (after Ksh 120K deductible) paid Day 42.

Outcome: Purchased new equipment immediately. Operations resumed Week 6. Herd maintained, milk contracts fulfilled. Without insurance: Would have been forced to sell cows (couldn't milk properly). Premium over 9 years: Ksh 828K. Claim: Ksh 2.68M. ROI: 224%.

COMMON MISTAKES & HOW WE AVOID THEM

Mistake 1: Insuring at Market Value Instead of Replacement Cost

Problem: 10-year-old tractor market value Ksh 1.8M, replacement cost Ksh 3.2M. Insured at Ksh 1.8M. Total loss pays Ksh 1.8M—cannot afford replacement.

Solution: I ensure equipment insured at replacement cost, not depreciated market value.

Mistake 2: Not Updating Equipment Values

Problem: Insured greenhouse at Ksh 4M construction cost 5 years ago. Rebuilding now costs Ksh 6M (inflation). Claim pays Ksh 4M—Ksh 2M shortfall.

Solution: Annual reviews adjust insured values for inflation, equipment additions.

Mistake 3: Inadequate Security Leading to Claim Denial

Problem: Insurer requires equipment stored in locked shed with watchman. Tractor stolen from open field. Claim denied—failed to meet security requirements.

Solution: I explain security requirements clearly. Ensure compliance before incidents.

Mistake 4: Not Reporting Accidents/Damage Immediately

Problem: Minor tractor damage, farmer continues using it, damage worsens, claims 3 months later—insurer disputes claim (late notification, continued use worsened damage).

Solution: Notify insurer within 24-48 hours of ANY damage, even minor. I explain notification triggers.

Mistake 5: Assuming Loan Covers Insurance

Problem: Equipment financed—think bank insurance covers it. Bank insurance only protects BANK'S interest (ensures loan repaid). Doesn't give YOU replacement money.

Solution: Bank insurance \neq your insurance. You need separate policy that pays YOU for replacement.

FREQUENTLY ASKED QUESTIONS

Q1: Is old equipment (10+ years) insurable?

Yes, but premium may be higher (3.5-4.5%) and coverage at current replacement value (not new). Equipment must be operational and well-maintained.

Q2: Does insurance cover normal wear and tear?

No. Insurance covers sudden, unexpected damage/loss. Gradual deterioration, rust, aging excluded.

Q3: What if equipment breaks down during harvest?

Requires breakdown coverage add-on (+1-1.5% premium). Covers sudden mechanical failure + emergency repairs. Standard policies exclude breakdown.

Q4: Are implements and attachments covered?

Yes, if scheduled on policy. List all implements (ploughs, harrows, planters, etc.) with values. They're covered under same policy.

Q5: What about equipment hired/borrowed to other farmers?

Requires commercial/rental equipment coverage (higher premium). Standard farm insurance assumes owner operation only.

Q6: Does insurance cover equipment used off-farm (custom hire)?

Requires extension (additional premium). Standard farm policy covers on-farm use only.

Q7: What if I add new equipment mid-year?

Notify insurer immediately. Additional premium calculated pro-rata. Equipment covered from notification date.

Q8: How are claims settled—repair or replacement?

Depends on damage extent. Minor damage: Repair costs paid. Total loss/theft: Replacement value paid (minus deductible). Choice often yours if repairable.

TAKE ACTION NOW

Why Delay Costs You

Every day without farm equipment insurance:

- Your Ksh 5M-25M equipment investment is one theft/fire/storm away from total loss
- Tractor theft increasing 55% (organized gangs)
- Climate extremes damaging structures
- One equipment loss = farming operations halt = income stops = farm fails

Statistics: 1 in 6 commercial farmers experiences major equipment loss every 5 years. Average uninsured loss: Ksh 2.5M-8M. Equipment insurance premium: 3-4% of value. One major loss justifies 8-25 years of premiums. Can you afford to self-insure?

Get Your Farm machinery & Assets Insurance Quote Now - Contact Me Today

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Farm Machinery & Assets Insurance: Your tractors, equipment, greenhouses represent millions in investment. Fire, theft, accidents, storms threaten daily. Premium: 2-4% of replacement value. One total loss = 8-25 years to recover. Protect your farming infrastructure—insure your equipment.

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