



An agency of the Government of Ontario

Production Insurance Document

Apple Production Insurance Coverage Options

The Production Insurance plan for apples offers a choice of separate orchard hail or enhanced basic coverage in addition to the basic multi-peril whole farm apple production insurance coverage. This document outlines the differences between the coverage options.

| | Separate orchard hail coverage | Enhanced basic apple coverage |
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| Description | This coverage protects you against reductions in quality due to hail damage on a separate orchard basis. | This coverage provides a write-off for cases where it is economically not worthwhile to harvest fresh apples, or a salvage benefit to provide compensation for additional efforts needed to salvage the crop and reduce production claims. |
| Enrolment | Separate orchard hail coverage must be selected prior to May 1 of the crop year. The separate orchard hail coverage can be cancelled up to June 10 of the crop season. If cancelled, you will automatically be enrolled in the enhanced basic coverage with any difference in premium refunded. | |
| Claim eligibility | To be eligible for a claim, you must have reported the damage to Agricorp as soon as it occurred. Agricorp may amend or adjust fresh/juice yields and allocation to reflect the quality of apples in an orchard. | |
| Hail counts | Hail counts will be performed by Agricorp as close to harvest as possible, and final hail claims are settled after harvest. Grading for the purpose of hail counts is based on the Canadian grade standards for Canada Extra Fancy as stated in the Fresh Fruit and Vegetable Regulations under the <i>Canada Agricultural Products Act</i> . For hail count purposes, an apple is designated for juice if hail injury causes one or more of the following: broken skin, discoloration, an individual hail mark exceeding 1/8 of an inch in diameter, or an aggregate area of hail marks exceeds 1/4 of an inch in diameter. | |
| Claim trigger | If one of your orchards has a minimum of 10 per cent hail damage, a claim may be paid regardless of the hail damage in your other orchards and whether or not your overall production has decreased. | <p>Write-off provision: A claim may be paid if the level of hail damage to all your orchards exceeds 70 per cent. You are not required to harvest any of the undamaged fruit as fresh grade.</p> <p>Salvage benefit: A claim may be paid if your hail count exceeds 10 per cent damage on a whole farm basis and you have done additional work to salvage apples reduced to juice grade into either the processing non-juice or fresh markets.</p> |

| | Separate orchard hail coverage | Enhanced basic apple coverage |
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| Harvesting practice | Notify Agricorp 5 days before you intend to harvest if you are changing your harvesting practices (such as changing to tree run) so that Agricorp can conduct a quality assessment of your orchard prior to harvest. | |
| Claim details | <p>A claim is determined using the following steps:</p> <ol style="list-style-type: none"> 1. Your fresh guaranteed production is your final fresh average yield multiplied by your coverage level. Your allocated fresh production is the total harvested yield in pounds multiplied by the historical percentage of fresh apples from the underwriting. Your fresh guaranteed production or allocated fresh production (whichever is less) is multiplied by the claim price to convert to a dollar value. 2. Your revised value of fresh production resulting from reduction in quality due to hail damage is determined by multiplying the value determined in step 1 by the percentage of damaged apples (those reduced to juice grade) and undamaged apples derived from the hail count. These fresh and juice productions are multiplied by their corresponding claim prices to convert to a dollar value. These fresh and juice production values are added together to calculate a revised value of fresh production resulting from reduction in quality due to hail damage. 3. The claim equals the guaranteed fresh value less the value of revised value of fresh production. | <p>Write-off provision If hail damage exceeds 70 per cent on a weighted hail count of all your orchards due to severe hail damage, you are not required to harvest the undamaged fruit as fresh grade. A production claim will be calculated based on your insured yield. However, if you choose to harvest and market the apples as fresh, Agricorp will use the harvested yield of apples as your declared yield. For example: If you had 85 per cent damage and harvested 100 per cent of the apples as juice, the production claim would reflect the 100 per cent juice yield.</p> <p>Salvage benefit The salvage benefit compensates you for additional input costs required to salvage the crop for processing non-juice or fresh markets. There is no compensation to salvage the fresh apples graded as fresh in the hail count.</p> <p>The salvage benefit is calculated at the whole farm level. To do this, Agricorp uses a weighted hail count of all your orchards, your whole-farm guaranteed production and your yield.</p> <p>Salvage claim = [(Sum of lesser of fresh guaranteed production (GP) or fresh yield from each orchard) – trigger] × salvage price.</p> <p>Trigger = Total yield × fresh allocation × fresh hail count</p> |

Errors and omissions excepted. Agricorp reserves the right to make corrections if there are any errors or omissions on this Production Insurance Document. For specific legal obligations of Production Insurance, please consult the *Contract of Insurance, Terms and conditions*. For details on the collection of information and treatment of records, please refer to *Part I, Section I* of the contract.

***Production Insurance Documents (PIDs)** form part of the *Contract of Insurance* and are used in the interpretation of the *Contract of Insurance* and the determination of claims under the *Contract of Insurance*. Except where provided otherwise, each PID shall be in force for the crop year in respect of which it is made and shall continue in force for each crop year thereafter until it is cancelled, amended or replaced. All capitalized terms used in this PID shall have the meaning given in the *Contract of Insurance*.

Where there is any conflict between the provisions of a PID and the provisions of *Part I* of the *Contract of Insurance*, the provisions in the PID take precedence. Where there is any conflict between the provisions of a PID and the provisions of an Insuring Agreement of the *Contract of Insurance*, the provisions of the Insuring Agreement take precedence.

2018-09-04

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