



Discounts and Surcharges (Fruit Plans) Feature Sheet

Premium discounts and surcharges ensure premiums reflect a producer's individual track record. Discounts and surcharges are capped to help premiums stay affordable and realistic while taking into account the producer's individual claim rate compared to the claim rate for the crop plan as a whole. Because a producer's claim history varies by crop, discounts and surcharges are crop-specific.

About discounts and surcharges

Long-term participating has its rewards

Production Insurance premiums reflect both your farm's claim experience and that of your industry.

If you claim less compared to other farms in your industry, you may benefit from discounts to your premiums. Also, the longer you participate in Production Insurance, the more your performance speaks for itself – so a few bad years will have less of an impact to your premium.

Determining your discounts and surcharges

To receive a discount or surcharge, you need to be enrolled in Production Insurance for at least one year.

If your individual claim rate is less than the claim rate for the crop plan, you may have a discount applied to your premium price.

If your individual claim rate is more than the claim rate for the crop plan, you may have a surcharge applied to your premium price.

Individual claim rate: Calculated using the total value of all the claims you have received and the total liability you have insured during your enrolment in the plan.

Claim rate: Calculated using the total dollar value of all claims paid as a percentage of the total insured liability over the years that the plan has been in existence.

Total insured liability: The total guaranteed value of the insured crop, multiplied by the claim price, or the amount Agricorp would pay if you had a total crop loss.

The maximum annual discount (-) or surcharge (+) is -/+ 25 per cent of the base premium, except for peaches and nectarines, which are -/+ 35 per cent.

How discounts and surcharges are calculated

Example farm

Years enrolled	Customer's accumulated liability	Customer's accumulated claims	Customer's claim rate (%)	Plan claim rate (%)	Customer's discount (-) or surcharge (+)
5	\$252,000	\$35,000	13.89%	7.80%	+15.61%
6	\$302,400	\$35,000	11.57%	7.80%	+11.61%
7	\$352,800	\$35,000	9.92%	7.80%	+7.61%
8	\$403,200	\$35,000	8.68%	7.80%	+3.61%
9	\$453,600	\$35,000	7.72%	7.80%	-0.37%

Calculating discount or surcharge

The following formula is used to determine your individual discount or surcharge.

$$\text{Discount/surcharge} = 100 \times \frac{\text{\# of years enrolled in plan}}{25} \times \left(\frac{\text{individual claim rate}}{\text{plan claim rate}} - 1 \right)$$

Errors and omissions excepted.

Agricorp reserves the right to make corrections if there are any errors or omissions on this feature sheet. For specific legal obligations of Production Insurance, consult the *Contract of Insurance: General Terms*. For details on the collection of information and treatment of records, refer to Section E of the *General Terms*.

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