



Final average yield (tender fruit plans)

Feature Sheet

The information in this document applies to the following tender fruit crops: peaches, nectarines, cherries, pears and plums.

Determining final average yield

Your farm is unique – so is your coverage

Agricorp calculates a Final Average Yield (FAY) unique to your orchard. Your FAY is used as a benchmark to determine if your current year's production is below your average for Production Insurance.

For existing participants:

Your FAY is calculated using an average of up to the past six years of your actual yields. For peaches and nectarines, a five-year average is used.

For new participants:

If you are new to the plan, each crop is assigned an underwritten six-year FAY that is based on a variety of factors such as location, tree age and health, soil type, etc. For peaches and nectarines, your crop is assigned an underwritten five-year FAY.

Each year that you participate in the plan, your actual yield replaces an underwritten yield until your FAY is composed entirely of your own actual yields.

Yield adjustments

When your farm's potential changes – so does your protection

Annual adjustments are made to your historical production to account for things like tree or vine removals, new plantings, and production capacity based on age.

- Your FAY may be increased to reflect anticipated increases in your production capability due to the added production potential of new plantings.
- Your FAY may be decreased to reflect decreases in your production capability due to the removal of trees or vines.

Yield buffering

Helps stabilize your coverage if you had a bad year

Unusually high and low yields are adjusted (buffered) to stabilize and lessen the impact of extreme yields on your FAY. Buffering is applied after any yield adjustments.

To buffer a yield, thresholds must first be set.

- The upper threshold is set at 130 per cent of the average opening yield for the orchard, buffered 2/3 of the way down to the upper threshold.
- The lower threshold is set at 70 percent of the average opening yield for the orchard, buffered 2/3 of the way up to the lower threshold.

How yield buffering is calculated

Example orchard

	Opening yield (lbs.)	Buffer	Buffered yield (lbs.)
Year 1	82,463	Down	70,820
Year 2	11,661	Up	27,221
Year 3	89,942	Down	73,313
Year 4	40,350	No buffering	40,350
Year 5	8,633	Up	26,212
Year 6	66,950	Down	65,650
Average opening yield	50,000	Average buffered yield	50,594

Determining the thresholds

Upper threshold = Average opening yield × 130%
 = 50,000 × 1.3
 = 65,000 lbs.

Lower threshold = Average opening yield × 70%
 = 50,000 × 0.7
 = 35,000 lbs.

Buffering the yields up or down

Once thresholds have been determined, buffering is applied to opening yields in the example that are above or below the thresholds.

- Formula for buffering up: (Lower threshold – opening yield) × two-thirds + opening yield

Example using example year 5

$$\text{Buffered yield} = (35,000 - 8,633) \times 0.6667 + 8,633$$

$$= 26,212 \text{ lbs.}$$

- Formula for buffering down: Opening yield – (opening yield – upper threshold) × two-thirds

Example using example year 3

$$\text{Buffered yield} = 89,942 - (89,942 - 65,000) \times 0.6667$$

$$= 73,313 \text{ lbs.}$$

Calculating the new average buffered yield

Using the buffered yields, calculate your new average buffered yield by adding the new buffered yields and dividing by six years.

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, Terms and conditions*. For details on the collection of information and treatment of records, refer to Part I, Section I of the contract.

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