**Production Insurance
Plan Overview**

Grain and Oilseed Production

Agricorp®

An agency of the Government of Ontario

The seeds of security

Barley
Beans, adzuki
Beans, black
Beans, cranberry
Beans, Japan/other
Beans, kidney
Beans, white
Canola
Corn
Corn, popping

Flax
Mustard
Oats
Peanuts
Soybeans
Soybeans – tofu
Soybeans – natto
Soybeans – organic
Spelt, organic winter
Spring grains

Sunflowers
Wheat, hard red winter
Wheat, organic winter
Wheat, soft red winter
Wheat, soft white winter
Wheat, spring

Connecting producers with programs

What you need to know about protecting your grain and oilseed crops under Production Insurance.

As an agency of the Government of Ontario, Agricorp works with partners to contribute to a vibrant and sustainable agriculture industry. We deliver programs that help producers manage risk and remain financially secure.

ABOUT PRODUCTION INSURANCE

Agricorp administers Production Insurance on behalf of the Government of Ontario and Agriculture and Agri-Food Canada.

Production Insurance is available for 90 commercially grown crops in Ontario in the following sectors:

- Forage
- Tree fruit and grapes
- Strawberries
- Honey
- Grains and oilseeds
- Vegetables
- Seed corn, sugar beets, hemp and tobacco

ABOUT THIS PUBLICATION

The purpose of this overview is to provide Agricorp customers with general information about the grain and oilseed Production Insurance plans. It includes plan-specific features, producers' responsibilities, and general deadlines.

This plan overview contains general information only and does not represent an insurance contract. Information contained within is subject to change.

Refer to the following for additional information about the Production Insurance plan for grain and oilseeds production:

1. Contract of Insurance and Production Insurance documents
2. Production Insurance information sheet for grain and oilseeds for the current plan year

For copies of these documents, visit **www.agricorp.com** or call Agricorp at 1-888-247-4999.

Plan overviews are also available for the following crops:

- Tree Fruit and Grape Production
- Honey Production
- Seed Corn Production
- Vegetables – Processing and Fresh
- Forage

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Why should I have Production Insurance?

As a producer, you have to deal with many factors that are beyond your control. Things like adverse weather, disease, wildlife, and insect infestations can have a serious impact on your production and your income.

Production Insurance adds a measure of predictability to an unpredictable business. It protects your business from yield reductions and crop losses caused by insured perils. More than 16,000 Ontario producers with more than five million acres of farmland enjoy the financial security provided by Production Insurance.

Production Insurance helps you:

- Maintain your cash flow in poor crop years with claim payments that compensate you for crop damage or low yields.
- Manage your operation with a more predictable cash flow.
- Provide collateral required to secure loans.
- Stabilize your AgriStability program reference margin over time.
- Gain affordable peace-of-mind by paying tax-deductible premiums that are cost-shared with government.

The AgriStability and Production Insurance connection

AgriStability, which protects your farm against large margin declines, and Production Insurance are complementary programs that address different risks faced by Ontario producers. Participating in both AgriStability and Production Insurance lets you maximize the benefits of government risk management programs available to you:

- Production Insurance claim payments count as income in calculating your AgriStability reference margin.
- Depending on weather and/or market conditions, in a given year you could receive an AgriStability benefit, a Production Insurance claim – or both.

The Risk Management Program and Production Insurance Connection

The Risk Management Program (RMP) for Ontario grain and oilseed producers is a price support program to help offset losses caused by low commodity prices. If you wish to participate in RMP for grain and oilseeds, you must also participate in Production Insurance for the same program year.

How do I get Production Insurance coverage?

New applications

If this is your first time applying, contact Agricorp at **1-888-247-4999.** An Agricorp representative may visit you to review your coverage and claim price options and complete your application.

New applications (including any changes to existing coverage) for spring-seeded crops must be completed by May 1. The deadline for fall-seeded crops is November 8.

Renewals

If you already have Production Insurance coverage, Agricorp will send you a renewal notice that outlines your coverage based on your previous year's policy. It's sent in March for spring-seeded crops and in September for fall-seeded crops. To make changes or to cancel your coverage, you must contact Agricorp by the deadlines outlined in the package.

What are my responsibilities?

Important dates

To ensure that your Production Insurance contract remains in good standing, please note these important dates and deadlines in the annual cycle of your insurance contract:

DESCRIPTION	DATE (SPRING-SEEDED)	DATE (FALL-SEEDED)
Renewal notices sent	Early March	Late September
Deadline to cancel Production Insurance contract	April 1	October 20
Deadline to apply for new coverage	May 1	November 8
Deadline to make changes to existing coverage	May 1	November 8
Deadline to apply for unseeded acreage benefit (USAB)	May 1	N/A
USAB only: Deadline to notify Agricorp of an increase in acreage over the prior year that is greater than 10 per cent	May 1	N/A
USAB only: Deadline to add new crops	Up to June 30*	N/A
USAB only: Deadline to file a damage report	June 15	N/A
Deadline to report final planted acreage to Agricorp	June 30	November 8**
Deadline to pay your premium	July 10	November 22
Deadline to report your yield for winter wheat (all types) and organic winter spelt	N/A	September 1
Deadline to report your yield for spring grain, canola, spring wheat, and mustard to Agricorp	October 31	N/A
Deadline to report your yield for corn, soybeans (all types), black beans, cranberry beans, Japan/other beans, kidney beans, and sunflowers to Agricorp	December 15	N/A

* Depending on crop and location. Contact Agricorp for specific details.

** If you surface seed your winter wheat crop, you must notify Agricorp when you report your acreage. An adjuster will inspect your crop in the fall to determine if you qualify for Production Insurance.

Planting deadlines

In order to maintain your Production Insurance coverage, you must meet the planting deadlines listed in the
Production Insurance document with your renewal notice.

Good farm management practices

You are expected to use good farm management practices at all times. If you use practices that contribute to a production loss, you may lose some or all of your insurance coverage. You must report to Agricorp, in advance, any significant changes in the scale of your operation or the farm management practices you use.

Changes to your business structure

If you make changes to your business structure, including changes to name, address, or shareholders, you must report them to Agricorp by **May 1 for spring seeding and Nov 8 for fall seeding** of the insurance year.

Reporting damage

You must report all crop damage as soon as it occurs. An Agricorp adjuster may visit your farm to inspect the damage for the purposes of your claim. Failing to report damage as soon as it occurs may cause your claim to be denied.

Yield Reporting

Customers are required to report their yields by the deadlines indicated in their yield declaration packages. If harvest has not been completed, then customers are required to file a damage report indicating the cause for delay in harvest, report any partially harvested yields, and indicate how many remaining acres are left to be harvested. After the yield reporting deadline, if your yield has not been reported or a damage report is not on file, your coverage is terminated.

How is Production Insurance coverage determined?

The following factors are used to determine 1) how much damage you are protected against from insured perils; and 2) the dollar amount of the claim you may be entitled to if damage occurs:

- Average farm yield
- Coverage level
- Guaranteed production
- Claim price

Average farm yield

Agricorp calculates an average farm yield (AFY) that is used as a benchmark to determine if your actual production is below average for insurance purposes.

AFY for existing plan participants

Your AFY is calculated using up to the past 10 years of your actual reported yields.

Agricorp may adjust your AFY to reflect any substantial changes to your farm management practices or land base.

AFY for new plan participants

If you are new to the Production Insurance plan, each crop is assigned an underwritten five-year AFY that is based on:

- Soil type
- Drainage
- Township averages
- Provincial averages
- Historical data
- Management experience and practices

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

Yield adjustment factor (applies to canola, corn, hard red, soft red and soft white winter wheat, and soybeans)

Agricorp adjusts historical yields in your AFY to reflect changes in practices or technology. An adjustment factor is applied to your actual yields for each individual crop. Underwritten yields are not factored.

YEAR	ACTUAL YIELD (BU/ACRE)	ADJUSTMENT FACTOR	ADJUSTED YIELD (BU/ACRE)
2014	135.00	1.0215	137.90
2013	160.00	1.0215	163.44
2012	150.00	1.0215	153.23
2011	140.00	1.0215	143.01
2010	132.00*	N/A	132.00
Average yield =	**143.40**	**Average adjusted yield =**	**145.92****

* Underwritten value   ** Buffering still needs to be applied to establish AFY

Yield buffering

Buffering is applied after the adjustment factor. Unusually high and low yields are buffered to stabilize and lessen the impact of extreme yields on your AFY.

- The **upper** threshold is 130 per cent of your AFY. If your actual yield is above the upper threshold, the yield is buffered two-thirds of the way **down** to the upper threshold.
- The **lower** threshold is 70 per cent of your AFY. If your actual yield is below the lower threshold, the yield is buffered two-thirds of the way **up** to the lower threshold.

Claim price

You select a fixed or floating claim price at the time of application or renewal. The claim price you choose is applied to your yield in bushels or pounds per acre (depending on the crop) to calculate a dollar value for the purpose of paying a claim.

Coverage level

At the time of application or renewal, you choose a coverage level from one of several options available for each crop plan that is used to determine your annual premiums, your total liability, and your guaranteed production.

CROP PLAN	AVAILABLE COVERAGE LEVELS				
	70%	75%	80%	85%	90%
Adzuki beans, black beans, cranberry beans, Japan/other beans, kidney beans, flax, mustard, popping corn, sunflowers and peanuts	•	•	•		
Barley, canola, oats, spring grain and white beans	•	•	•	•	
Corn, soybeans (all types), winter wheat (all types), organic winter spelt		•	•	•	•
Spring wheat	•	•	•	•	•

Guaranteed production

Your guaranteed production is determined by multiplying your AFY by your selected coverage level. If an insured peril causes your actual yield to fall below your guaranteed production, a production claim may be paid on the difference.

A plan information sheet is available at **agricorp.com** which provides more details on claim prices and crop-year specific premium rates.

Jones Family Farm: Example I

Calculating AFY, yield buffering, and guaranteed production

CROP	YIELD (BU/AC)
2014	165
2013	135
2012	160
2011	150
2010	140
Total	**750**
Average	**150**

Jones Family Farm is a corn customer in the process of renewing its Production Insurance plan for the coming year, 2015. The production history for the past five years is listed below.

Yield buffering

For buffering purposes, Jones Family Farm's upper and lower thresholds are calculated as follows:

Upper threshold = 130% x 150 bu/ac
= 195 bu/ac

Lower threshold = 70% x 150 bu/ac
= 105 bu/ac

Suppose Jones Family Farm had an actual yield of 85 bu/ac. The buffered yield would be calculated as follows:

Difference between lower limit and actual yield	**= 105 - 85** **= 20**
Buffering adjustment (BA)	**= Difference between lower limit and actual yield x $^2/_3$** **= 20 x $^2/_3$** **= 13.4**
Buffered yield	**= Actual yield + BA** **= 85 + 13.4** **= 98.4 bu/ac**

This buffered yield is then used in the calculations for your average farm yield.

Guaranteed production

Jones Family Farm selected a coverage level of 80 per cent. The guaranteed production (GP) is calculated as:

GP = AFY x coverage level
= 150 x 80%
= 120 bu/ac

If an insured peril causes Jones Family Farm to harvest less than 120 bu/ac in 2015, a production claim may be paid.

What are the plan details?

Insured perils

The Production Insurance plans for grain and oilseed crops provides protection against these insured perils:

- Drought
- Excessive moisture
- Excessive rainfall
- Flood
- Frost
- Hail
- Insect infestation*
- Plant diseases*
- Wildlife
- Wind
- Winterkill**

* Plant disease and insect infestation are insured perils as long as recommended practices are followed.

** Winterkill peril only applies to fall-seeded crops. Certain restrictions may apply. Refer to the *Contract of Insurance, Part II – Grain and Oilseeds Insuring Agreement* or contact Agricorp for more details.

For sunflowers, the plant disease peril excludes loss or damage caused by Sclerotinia stem wilt.

Adzuki beans

Coverage level options

You choose a coverage level of 70, 75, or 80 per cent.

Claim price

The floating claim price is set at harvest time. It is determined by the average price of beans sold between **August 1** and **November 30** of the crop year, as determined by the Ontario Bean Growers.

Black beans

Coverage level options

You choose a coverage level of 70, 75, or 80 per cent.

Claim price

The floating claim price is set at harvest time. It is determined by the average price of beans sold between **August 1** and **November 30** of the crop year, as determined by the Ontario Bean Growers.

> White beans that are double-cropped after a green pea harvest are not insurable. White beans planted after a hay crop must be inspected prior to being offered coverage.
>
> Double-cropping means producing two crops (of either like or unlike commodities) one after the other on the same land, within the same year.

White beans

Coverage level options

You choose a coverage level of 70, 75, 80, or 85 per cent.

Claim price

The floating claim price is set at harvest time. It is determined by the average price of beans sold between **August 1** and **November 30** of the crop year, as determined by the Ontario Bean Growers.

Cranberry beans

Coverage level options

You choose a coverage level of 70, 75, or 80 per cent.

Claim price

The floating claim price is set at harvest time. It is determined by the average price of beans sold between **August 1** and **November 30** of the crop year, as determined by the Ontario Bean Growers.

Japan/other beans

Coverage level options

You choose a coverage level of 70, 75, or 80 per cent.

Claim price

The floating claim price is set at harvest time. It is determined by the average price of beans sold between **August 1** and **November 30** of the crop year, as determined by the Ontario Bean Growers.

Kidney beans

Coverage level options

You choose a coverage level of 70, 75, or 80 per cent.

Claim price

The floating claim price is set at harvest time. It is determined by the average price of beans sold between **August 1** and **November 30** of the crop year, as determined by the Ontario Bean Growers.

Soybeans

Plan design options

The Production Insurance plan for soybeans offers you four different plan designs. Your average farm yield, claim price and premium rates are calculated separately for these plan designs. Insuring your soybeans under the tofu, natto or organic plan designs allows you to benefit from an average farm yield that more accurately reflects your crop. Select from the following available plan designs:

1. **Conventional option –** available on crusher bean varieties, Identity Preserved (IP) beans, white hilum beans and eligible varieties of tofu and natto beans. The eligible tofu or natto beans may receive a yield factor if insured under the conventional option. The yield factors are used to establish an equivalent yield for common soybeans. These factors are based on local yield data.
2. **Tofu option –** available on eligible varieties. To be eligible for this option, your eligible variety must have a third-party contract which provides you with a minimum premium of $1.50/bu.
3. **Natto option –** available on eligible varieties. To be eligible for this option, your eligible variety must have a third-party contract which provides you with a minimum premium of $2.99/bu.
4. **Organic option –** To qualify for the organic soybean option, the land must be certified as organic by an accredited certification body in the current crop year. A copy of the certification must be provided to Agricorp.

For a list of varieties eligible for the tofu and natto options, please contact Agricorp.

Some specialty soybeans may not be insurable if there is no local yield data. Contact Agricorp to ensure the variety you have chosen is insurable.

To qualify for the organic option, you must provide Agricorp with a current, accredited certification.

Coverage level options

You choose a coverage level of per cent 75, 80, 85, or 90 per cent.

Claim price options

The following claim price options are available for you to choose from:

1. **Fixed claim price –** a claim price that is set at renewal time.
2. **Floating claim price –** a claim price that is set at harvest time. It is determined based on the survey prices and methods outlined in the table below.

IF YOUR PLAN DESIGN IS...	FLOATING CLAIM PRICE IS DETERMINED BY...
Conventional option	The average Chatham elevator track price (the price farmers buy a railway car load of soybeans) between **October 1** and **October 21** of the crop year.
Tofu option	Adding $1.50/bu to the conventional soybean floating claim price for the crop year.
Natto option	Adding $2.99/bu to the conventional soybean floating claim price for the crop year.
Organic option	This plan has a fixed claim price only. A floating price option is not offered.

Quality factoring

If an insured peril reduces the quality of a crop, a quality factor (QF) may be applied to the yield to reflect the lower prices you will receive. This adjustment increases the likelihood and size of a claim payment.

To see how a quality benefit works, turn to APPENDIX A: Example calculations of specific benefits.

Quality factor for green beans (conventional option)

This quality factor compensates soybean growers for sample grade soybeans where the sample grade has resulted from the presence of green soybeans caused by an insured peril. For claim purposes, if your soybeans are graded sample due to green soybeans, your yield is factored downward by 7 per cent. Your actual yield is used to update your individual average farm yield. A deductible of 0.14 per cent is applied to your guaranteed production.

Soybeans that are double-cropped after a green pea harvest are not insurable. Soybeans planted after a hay crop must be inspected prior to being offered coverage.

Double-cropping means producing two crops (of either like or unlike commodities) one after the other on the same land, within the same year.

Tofu and natto quality benefits

This benefit compensates you if an insured peril reduces the quality of your tofu or natto beans to the crusher (conventional) market. The quality benefit increases the possibility of a claim, or increases a claim to account for reduced prices from selling the specialty beans as crusher beans.

A ratio is used to factor the actual yield of tofu or natto soybeans downward to reflect the reduced price you will receive. The ratio is calculated by dividing the conventional floating claim price by the tofu or natto floating claim price. The adjusted yield is used for claim purposes and to determine your average farm yield.

Corn

Crops insured under this plan may be harvested as dry shelled grain corn, high-moisture whole-shelled, high moisture ground-shelled, silage, cob corn and high-moisture ground cob. All corn yields are converted to an equivalent of dry-shelled grain corn.

Seed corn is insured under a separate Production Insurance plan. For more information, refer to the publication, *Production Insurance, Plan Overview, Seed Corn Production.*

Coverage level options

You choose a coverage level of 75, 80, 85, or 90 per cent.

Claim price options

The following claim price options are available for you to choose from:

1. **Fixed claim price –** a claim price that is set at renewal time.
2. **Floating claim price –** a claim price that is set at harvest time. It is determined by adding the difference between the Chatham track price and the Chatham board price to the Hensall board price, minus $0.20 per bushel allowance for non-incurred expenses (i.e. drying) between **October 21** and **November 10** of the current crop year.

Corn salvage benefit

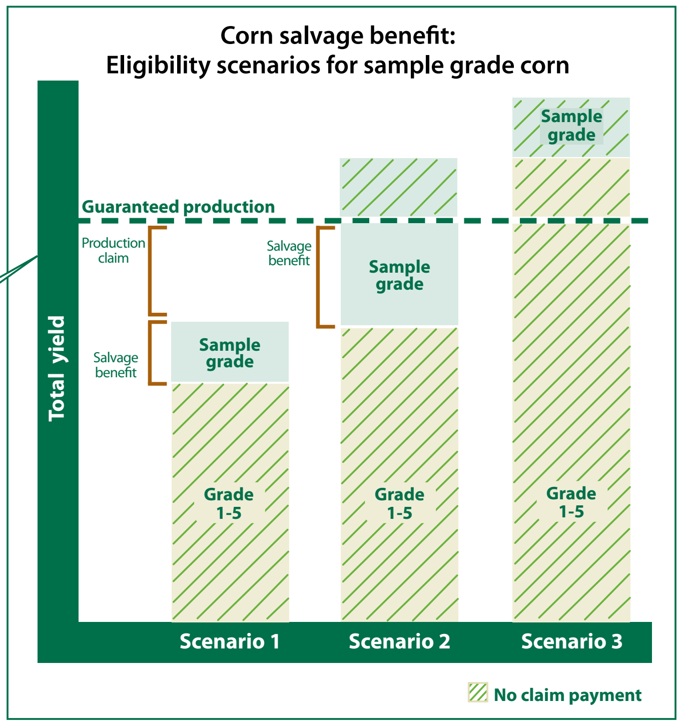
The corn salvage benefit compensates you for the additional costs associated with harvesting, handling, and marketing corn that has been damaged by an insured peril. Both conventional and organic corn are eligible. The salvage benefit applies if you have one of the following:

- Sample grade corn
- Deoxynivalenol (DON) in excess of 3 ppm

For sample grade corn

The salvage benefit is paid when your harvested yield of Grade 1 - 5 corn is less than your total guaranteed production and you have some sample grade corn.

Payments are made on the number of harvested bushels of sample grade corn, up to your total guaranteed production.



Still below your guarantee?
You may be eligible for both a corn salvage benefit payment and a production claim if your total bushels fall below your guaranteed level of production. See Scenario 1.

To see how the salvage benefit works for sample grade corn, turn to APPENDIX A: Example calculations of specific benefits, Example II: Corn salvage benefit (sample grade corn).

Corn salvage benefit rates are reviewed annually. For up-to-date rates, visit agricorp.com.

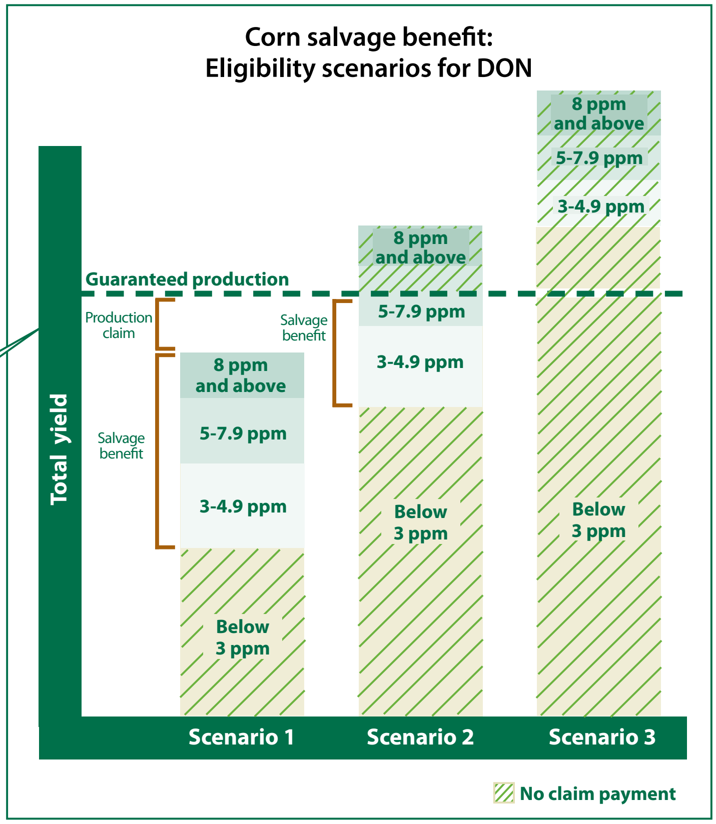
For corn affected by DON

The salvage benefit is paid when your corn crop is damaged by deoxynivalenol (DON) and your harvested corn with DON levels below 3 ppm is less than your total guaranteed production.

Payments are made on the number of bushels of corn damaged by DON that are above 3 ppm, up to your total guaranteed production.

The benefit amount paid for corn affected by DON rises as DON levels increase. This provides coverage that more accurately reflects the extra costs when farmers need to harvest, handle and market corn damaged by DON. The benefit amounts are based on the following DON levels:

- 3 ppm to 4.9 ppm
- 5 ppm to 7.9 ppm
- 8 ppm and above



Still below your guarantee?
You may be eligible for both a corn salvage benefit payment and a production claim if your total bushels fall below your guaranteed level of production.
See Scenario 1.

Because highter DON levels can be more difficult and costly to market, the corn salvage benefit for DON uses a tiered approach, with compensation rates rising as DON levels increase.

The following corn products are eligible for the corn salvage benefit for DON:

- Dry-shelled grain corn
- High-moisture corn
- Cob corn
- Silage
- Organic corn

Note: For silage, corn salvage benefit payments are based on DON levels in your silage as is or as fed.

Corn salvage benefit rates are reviewed annually. For up-to-date rates, visit agricorp.com.

Knowing your claim position

Marketing decisions are entirely up to you. Agricorp is here to help you understand your claim position so you can make the best decisions for your farm business.

Agricorp understands that customers have a number of things to consider, like changing market conditions and variability of DON levels. As each and every situation is different, make sure you talk to Agricorp to understand the options for your farm business. Remember: Test as you go, call Agricorp to report damage, report your yield by December 15 and save your records. Claim payments are based on test results.

Remember to...

TEST	**CALL**	**REPORT**	**KEEP**
as you go	Agricorp	your yield	your records

Popping corn

Coverage level options

You choose a coverage level of 70, 75, or 80 per cent.

Claim price

The fixed claim price is set at renewal time.

Canola

Coverage level options

You choose a coverage level of 70, 75, 80, or 85 per cent.

Claim price

The floating claim price is set at harvest time. It is determined by the average board price (crusher price) at Hamilton and Windsor, between **August 15** and **September 7** of the current crop year.
One-half cent per pound ($11/tonne) is deducted for transportation.

Both winter and spring canola are insured under the same crop plan.

Organic winter spelt

Coverage level options

You choose a coverage level of 75, 80, 85, or 90 per cent.

Claim price options

The fixed claim price is set at renewal time.

To qualify for this plan, you must provide Agricorp with a current, accredited certification.

Spring grains

Crops insured under this plan include barley (spring and winter), oats, and mixed grain that is at least 75 per cent oats and barley.

Coverage level options

You choose a coverage level of 70, 75, 80, or 85 per cent.

Claim price

The floating claim price is set at harvest time. It is determined based on the average elevator posted board prices at selected country elevators from **August 10** to **September 10** of the current crop year.

Spring or fall wheat planted following a wheat harvest (spring-seeded or fall-seeded) is not insurable.

Barley

Crops insured under this plan include barley.

Coverage level options

You choose a coverage level of 70, 75, 80, or 85 per cent.

Claim price

The floating claim price is set at harvest time. It is determined based on the average elevator posted board prices at selected country elevators from **August 10** to **September 10** of the current crop year.

Oats

Crops insured under this plan include oats.

Coverage level options

You choose a coverage level of 70, 75, 80, or 85 per cent.

Claim price

The floating claim price is set at harvest time. It is determined based on the average elevator posted board prices at selected country elevators from **August 10** to **September 10** of the current crop year.

Spring wheat

Coverage level options

You choose a coverage level of 70, 75, 80, 85, or 90 per cent.

Claim price options

The following claim price options are available for you to choose from:

1. **Fixed claim price –** a claim price that is set at renewal time.
2. **Floating claim price –** a claim price that is set at harvest time. It is determined by the average price of Grade 2 red spring wheat reported, from representative growing regions, during the period **August 1** to **September 30** of the current crop year.

Quality factoring

If an insured peril reduces the quality of a crop to feed grade, a quality factor (QF) may be applied to the yield to reflect the lower prices you will receive. This adjustment increases the likelihood and size of a claim payment. Your actual yield, not the factored yield, is used in determining your average farm yield.

The quality factor is based on historical price differences among various grades of wheat. If your spring wheat is feed grade, your yield is factored downward.

Winter wheat

Crops insured under this plan include:

- Organic winter wheat
- Hard red winter wheat
- Soft red winter wheat
- Soft white winter wheat

To qualify for the organic option, you must provide Agricorp with a current, accredited certification.

Coverage level options

You choose a coverage level of 75, 80, 85, or 90 per cent.

Winter wheat planted following a corn harvest must be managed inaccordance with good farm management practices to reduce the risk of carrying over plant disease. Otherwise, your coverage may be reduced.

Claim price options

The following claim price options are available for you to choose from:

1. **Fixed claim price –** a claim price that is set at renewal time.
2. **Floating claim price –** a claim price that is set at harvest time. It is determined based on the average prices reported from representative growing regions for Grade 2 winter wheat (i.e. soft white, soft red and hard red) during the period **July 1** to **August 31** of the current crop year.

Quality factoring

If an insured peril reduces the quality of a crop to Grade 3 or feed grade, a quality factor (QF) may be applied to the yield to reflect the lower prices you will receive. This adjustment increases the likelihood and size of a claim payment. Your actual yield, not the factored yield, is used in determining your average farm yield.

The quality factor is based on historical price differences between Grades 1 and 2 and lower grades of wheat. If your winter wheat is Grade 3, your yield is factored downward by five per cent. If your winter wheat is feed grade, your yield is factored downward by 10 per cent. A deductible of one per cent is applied to your guaranteed production.

Flax

Coverage level options

Winter wheat may be insured in the spring for all perils except winterkill. You must call Agricorp in the spring by May 1 to request an inspection to determine eligibility.

Winter wheat planted following a wheat harvest (spring-seeded or fall-seeded) is not insurable.

You choose a coverage level of 70, 75, or 80 per cent.

Claim price

The claim price is provided by Agriculture and Agri-Food Canada.

Sunflowers

Coverage level options

You choose a coverage level of 70, 75, or 80 per cent.

Claim price

The fixed claim price is based on birdseed numbers for sunflower seeds in Ontario.

Mustard

Coverage level options

You choose a coverage level of 70, 75, or 80 per cent.

Claim price

The fixed claim price is determined by the price for Grade 2 yellow mustard (freight on board), as per the mustard growing contract with the buyer, G.S Dunn Limited in Hamilton and, the grower.

Peanuts

Coverage level options

You choose a coverage level of 70, 75, or 80 per cent.

Claim price

The peanut claim price is based on the price of whole peanuts in the shell.

To see how the peanut quality benefit works to your advantage, turn to APPENDIX A: Example calculations of specific benefits.

Peanut quality benefit

This benefit provides compensation based on the percentage of sound mature kernels (SMK) in the harvested crop. For every percentage point below the benefit trigger of 55 per cent of SMK, the yield count is reduced by two percent, up to a maximum reduction of 50 per cent. This adjustment increases the likelihood of qualifying for a production claim.

How are Production Insurance premiums determined?

Your annual Production Insurance premium calculation is based on:

- Plan base premium rate
- Your discount or surcharge
- Your reported number of acres

Refer to the plan information sheet available at agricorp.com or your renewal notice for base premium rates specific to the crop year.

Base premium rate

Base premium rates are determined annually at the time of renewal. Rates may change due to factors like past performance of the plan, changes to the claim price, and the level of the Production Insurance Reserve Fund.

Discounts and surcharges

If you have been enrolled in a Production Insurance plan for more than one year, your premium rate may be discounted or surcharged. Discounts and surcharges are determined by comparing your individual claim rate to the claim rate for the crop plan as a whole:

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

Your **individual** claim rate takes into account the total value of all the claims you have received and the total liability you have insured during your enrolment in the plan. The claim rate for the **plan** takes into account the value of all claims paid over the years that the plan has been in existence and the total liability insured.

CALCULATING DISCOUNT OR SURCHARGE

$$= 100 \times \frac{\text{\# of years enrolled in plan}}{20} \times \left(\frac{\text{individual claim rate}}{\text{plan claim rate}} - 1 \right)$$

Notes:

- For all grain and oilseed crops, the maximum annual discount is capped at 30 per cent of the base premium rate and the maximum annual surcharge is capped at 15 per cent.
- Discounts and Surcharges are phased in at a maximum of five per cent per year. These discount and surcharge caps are phased in to protect new growers, who have not had the opportunity to build up a significant amount of insured liability, from the impact of major claims in their first few years of enrolment.

Jones Family Farm: Example II

Determining premium discount or surcharge

After five years of enrolment in the plan, Jones Family Farm had accumulated $252,000 of insured liability ($50,400 per year) and received $35,000 in claims. As a result, in year six the grower has a surcharge of 19.52 per cent (which, for premium calculation purposes, is capped at 15 per cent).

Over the next few years, the annual liability and the claim rate for the plan remain constant. Jones Family Farm also enjoyed a number of claim-free years. As a result, their surcharge changed to a discount in just a few short years. The calculations determined by using the discount/surcharge formula are as follows:

YEARS OF ENROL.	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%	+19.52% *
6	$302,400	$35,000	11.57%	7.80%	+14.52%
7	$352,800	$35,000	9.92%	7.80%	+9.52%
8	$403,200	$35,000	8.68%	7.80%	+4.52%
9	$453,600	$35,000	7.72%	7.80%	-0.46%

* Capped at 15 per cent

Note: If the claim rate for the plan had been falling, or if Jones Family Farm had received any additional claims or if their actual starting surcharge had been greater than the 15 per cent cap, it would have taken longer to move from a surcharge to a discount.

FYI

A small claim may have little or no effect on your discount or surcharge. In a year when many other plan participants are also in a claim situation, even a large claim may have little impact on your discount or surcharge, because the claim rate for the plan is also likely to increase.

Reported number of acres

Report your planted acres to Agricorp immediately after you are finished planting. The deadline for reporting is 10 days after you finish seeding or by November 8 for fall-seeded crops and June 30 for spring-seeded crops. Once you have reported your acres, an invoice will be sent for your portion of the annual premium.

Report your acres as accurately as possible. Any discrepancies in acreage at the time of a claim may reduce your payment.

Cost sharing

Premiums are cost-shared with the federal and provincial governments. Governments fund up to 60 per cent of the annual premium for production plans depending on the risk profile and plan design. Your annual premium does not include any fees for administrative costs, which are funded entirely by the provincial and federal governments.

The minimum annual customer premium is $25.

Jones Family Farm: Example III

Calculating annual premium

For the crop year, the base customer premium rate at 80 per cent coverage (with the floating claim price option) is $9.51. Jones Family Farm reported 150 acres.

Based on a discount of 0.46 per cent as determined in Example II, the annual premium (AP) for Jones Family Farm is calculated as:

AP = number of acres x base premium rate x discount/surcharge (%)
= 150 x $9.51 x (100-0.46)%
= $1,419.94

What happens when a crop is damaged?

Reporting damage

You must report crop damage to Agricorp as soon as it occurs by calling **1-888-247-4999,** Monday to Friday from 7 a.m. to 5 p.m. A damage report will be filed and notice forwarded to your assigned adjuster. The adjuster may contact you to schedule a farm visit to inspect the damaged crop(s).

Claim eligibility

Production Insurance guarantees producers a level of production based on their yield history (average farm yield) and the level of coverage they choose. A claim may be paid if an insured peril causes your yield to fall below your guaranteed production.

You are expected to follow the obligations outlined in the section *What are my responsibilities?* on page 3. In addition, all crop damage must be reported to Agricorp as soon as it occurs in order for a crop inspection to be completed prior to reseeding or harvesting.

Specific eligibility criteria for different claim types are as follows:

1. Production Claims

Production claims cover reductions in yield caused by insured perils. Agricorp may pay a claim if:

i. damage was reported to Agricorp before harvest;
ii. yield loss was due to an insured peril; and
iii. your declared yield falls below your guaranteed production.

Yield may be adjusted for quality, for certain crops. Please see Section *What are the plan details?* for more information.

To finalize a claim, you will need to complete a *Proof of Loss* form and submit it to Agricorp. Additionally, a claim price has to be available and be finalized in order for us to process your claim.

Losses due to uninsured perils

Losses due to uninsured perils (i.e., improper use of pesticides, third-party damage or spray drift) are not covered by Production Insurance. Such yield losses are removed from the grower's guaranteed production before any claim is calculated. You must notify Agricorp immediately when your crop is damaged by an uninsured peril, and always prior to harvest.

If the harvested yield is equal to or greater than the grower's guaranteed production (adjusted for the loss due to uninsured perils), no production claim is payable. If the harvested yield is still less than the grower's guaranteed production after adjustment for the uninsured peril, a production claim may be paid on the difference.

2. Unseeded acreage benefit (spring-seeded crops only)

The unseeded acreage benefit (USAB) provides compensation if an insured peril other than drought prevents you and a large number of other growers in the same area from planting or seeding all or part of your acreage.

The deadline to apply for USAB is May 1. See *What are my responsibilities?* on page 3 for other important USAB deadlines.

Eligibility

- To qualify for USAB, you must insure all of your eligible grain and oilseed acreage.
- If you are planning on increasing last year's planted acres by 10 per cent or more, you must contact Agricorp by May 1. Failure to report increased acreage over the previous year may result in denial of benefits on some or all unseeded acres.
- When an insured peril prevents you from planting all or part of your acreage, you must contact Agricorp by June 15 to file a damage report.

Refer to the plan information sheet available at agricorp.com for current USAB benefit rates.

USAB claim payments are based on dominant crop. At renewal, you will be assigned a dominant crop based on what you grew last year. If you grew the same number of acres of two different crops, the following priority list is used to determine your dominant crop:

1. Adzuki
2. Barley
3. Black beans
4. Canola
5. Cranberry beans
6. Corn
7. Flax
8. Japan/other
9. Kidney beans
10. Mixed grains
11. Oats
12. Organic corn
13. Soybeans
14. Soybeans-Natto
15. Soybeans-Organic
16. Soybeans-Tofu
17. Spring wheat
18. Sunflowers
19. White beans
20. Yellow mustard

You have the option to change that dominant crop to one of your choice, as long as it is a crop insured currently under Production Insurance. To change your dominant crop, contact Agricorp before the renewal deadline. If you change your dominant crop for Production Insurance, this change will be carried over for RMP: Grains and Oilseeds.

The amount of a USAB claim is determined by the following factors:

Claim price	The claim price is a predetermined dollar amount per bushel or pound that Agricorp sets for each crop.
Average farm yield (AFY)	A USAB claim is based on one-third of your AFY for the current plan year.
Deductible	Claims are subject to deductibles according to whether the unseeded land is tiled or untiled: • The deductible for **tiled land** is the greater of one per cent or three acres of land still unseeded. • The deductible for **untiled land** is the greater of three per cent or six acres of land still unseeded. The deductible is removed from the number of unseeded acres to determine the number of eligible acres for the USAB.
Per acre charge	A one dollar per acre charge is applied to the number of total unseeded acres. This charge is in place of paying a premium for this benefit.

The USAB benefit is therefore calculated as:

USAB = [claim price x one third of AFY x (total unseeded acreage – deductible)] - [one dollar x total unseeded acreage]

In the case of landlord/sharecrop arrangements, USAB claims are paid to the landlord only. **Turn to Appendix B: Landlord/sharecrop vs. shared equity option for more information.**

Jones Family Farm: Example IV

Calculating production claim and USAB

In Example I, the guaranteed production for Jones Family Farm was 120 bu/ac. Based on 150 acres reported, the total guaranteed production is 18,000 bu. If Jones Family Farm produces less than this amount, a production claim may be paid.

For the 2014 crop year, Jones Family Farm had an actual reported yield of 12,750 bu. The production shortfall (PS) is calculated as:

PS = total guaranteed production - actual reported yield
= 18,000 bu - 12,750 bu
= 5,250 bu

Based on a 2014 floating claim price of $4.2333, the claim payable (CP) is calculated as:

CP = production shortfall x claim price
= 5,250 bu x $4.2333
= $22,224.82

In addition to a production claim, Jones Family Farm is eligible for the USAB because they were unable to plant 33 acres. After applying a three-acre deductible for tiled land, the USAB is based on 30 eligible acres. The USAB claim price for corn is $4.30/bu. In Example I, the AFY for Jones Family farm was calculated as 150 bu/ac.

Based on this information, the USAB is calculated as:

USAB = (claim price x one third of AFY x # eligible unseeded acres) - (one dollar x # total unseeded acres)

= ($4.30 x 50 x 30) - ($1.00 x 33)

= $6,450 - $33

= $6,417.00

3. Reseeding benefit

A reseeding benefit may be paid if you must reseed some or all acres of your crop due to an insured peril. Agricorp will pay a reseeding or replanting benefit based on the original crop. Reseeding must be completed by the planting deadline for your area. The amount of the benefit is based on a maximum per acre benefit rate that Agricorp sets annually for each crop.

Refer to the plan information sheet available at agricorp.com for current reseeding benefit rates.

To qualify, at least three adjoining acres must be damaged and you must contact Agricorp to generate a damage report **before** you reseed. If you must reseed a fall-seeded crop in the fall, you may still be eligible for spring reseeding.

Reseeding or replanting benefits are paid whether the crop is reseeded or replanted to the same crop or to any other crop. If it is reseeded or replanted to the same crop, insurance will continue on the total number of acres planted to that crop. If it is reseeded or replanted to a different insurable crop it will be insured as well, provided that the application for insurance on that crop was made by the applicable deadline, or an application was made under the Unseeded Acreage Benefit.

Yield reporting

A yield reporting package will be sent to you in August or September (depending on the crops you grow). This yield package provides guidelines on how to measure your crops and determine your final harvested yield. After you report your yields by the deadline indicated in the package, you will receive a yield confirmation in the mail. It is your responsibility to verify the yield and report any corrections to Agricorp within 10 business days of receiving the yield confirmation.

Because yields are self-declared, Agricorp randomly audits the yields of approximately 25 percent of all customers each year.

Substitute yields

If you do not report your yields to Agricorp by the specified deadlines, a substitute yield will be applied. The substitute yield works on an escalating system as follows:

	SUBSTITUTE YIELD
First failure to report	100 per cent of AFY
Second failure to report	75 per cent of AFY
Third and subsequent failures to report	50 per cent of AFY

Optional deferral

For corn and all bean varieties insured, including soybeans, you may defer your claim payment until after **January 1** by checking the box on the proof of loss form that is included in your yield reporting kit.

How do I resolve a Production Insurance dispute?

Agricorp has a dispute resolution process for Production Insurance disagreements:

- If you disagree with a decision about your file, a claim or your eligibility for Production Insurance, please call us at **1-888-247-4999**.
- If your issue remains unresolved after talking to us, you can request that Agricorp review your issue further. A customer service representative will review the required steps with you.
- For appeals on a claim, you must file your appeal with the Agriculture, Food and Rural Affairs Appeal Tribunal within one year from the day you submit your Proof of Loss form (or any equivalent form provided by Agricorp on which you are affirming details of a loss).

APPENDIX A: Example calculations of specific benefits

Example I: Tofu quality benefit

The tofu quality benefit adjusts your yield to reflect the lower value of specialty beans downgraded to the crusher (conventional) market by applying a quality ratio.

Assume your total actual yield of tofu beans was 6,200 bushels, of which 1,200 were downgraded to the crusher market. The conventional soybean claim price for the current year is $9.1633/bu. Tofu has a floating claim price that is based on the conventional claim price plus $1.50, which equals $10.6633/bu.

The quality ratio (QR) is calculated as:

QR = conventional claim price ÷ tofu claim price
= 9.1633 ÷ 10.6633
= 0.86

The quality ratio is then applied to the yield of downgraded beans to determine a quality adjusted yield (QAY):

QAY = yield of downgraded beans x QR
= 1,200 x 0.86
= 1032

Therefore, the yield of downgraded beans is reduced from 1,200 to 1,032 and the total yield, which is used for both average farm yield and claim purposes, is reduced from 6,200 to 6,032.

Example II: Sample grade corn

Assume you are a corn producer with a guaranteed production of 18,000 bu. Your yield data for the current year is as follows:

GRADE	YIELD (BU)
Grade 1-5 yield	14,000
Sample grade yield	7,000
Total harvested yield	**21,000**

Because your total harvested yield is greater than your total guaranteed production, you are ineligible for a production claim. However, you are eligible for a salvage claim (SC), which is calculated as:

SC = (guaranteed production - yield of grade 1-5 corn) x salvage benefit rate*
= (18,000 - 14,000) x $0.58
= 4,000 x $0.58
= $2,320

* The corn salvage benefit rate is set annually by Agricorp. For up-to-date rates, visit agricorp.com.

Example III: Peanut quality benefit

The peanut quality benefit is triggered if your average of sound mature kernels (SMK) falls below 55 per cent. To compensate for the loss in quality, your harvested yield is reduced by a factor of two per cent for every percentage point below the trigger.

Assume your harvested crop contains a 45 per cent average of SMK. The yield reduction factor (YRF) is calculated as:

YRF = (# percentage points below 55 per cent SMK) x two per cent
= 10 x 2%
= 20%

Therefore, your total harvested yield is reduced by 20 per cent for the purposes of a claim. For example, if your total harvested yield is 20,000 pounds, your yield for claim purposes is reduced to 16,000 pounds.

APPENDIX B: Landlord/sharecrop vs. shared equity option

Landlord/sharecrop arrangement

A landlord/sharecrop arrangement is made between a landowner and a sharecropper who works the land. Production from the acreage involved is divided based on a predetermined share percentage (i.e. up to a maximum 80/20 split). The percentage of shares may vary from arrangement to arrangement and from crop to crop.

Agricorp views landlord/sharecrop arrangements as a form of rent. Because landlords receive a portion of the crop in exchange for the use of the land, they also take on a portion of the risk and are therefore eligible to insure their share.

The landlord and the sharecropper are each responsible for declaring their share of the arrangement when they report their final acres to Agricorp by the required deadlines (see *What are my responsibilities,* p. 3).

Coverage is available to both the landlord and the sharecropper based on their respective share of the crop. Members of an arrangement can decide independently whether to insure their own share but may not insure the share belonging to the other member (for example, if the other member misses the coverage deadline or chooses not to obtain coverage).

If you insure a share in a crop that does not belong to you and a claim results, your claim will be based on your share only and the premium on the uninsured share is forfeited.

All of the yield from the arrangement must be reported before a claim is paid. If both parties are insured, the sharecropper may report yield on behalf of the landlord, however, both parties must sign their own proof of loss form.

Special considerations for claim payment include:

- **Reseeding benefit** – the sharecropper is assumed to carry the expense of planting the crop. As a result, reseeding benefits are paid to the sharecropper only.
- **USAB** – producers are eligible for USAB claims only on acres they own or cash-rent. Therefore, any USAB claim is paid to the landlord only.

Shared equity option (SEO)

SEO is an alternative enrolment option for landlords and sharecroppers, which allows each landlord/sharecrop arrangement to be insured under a separate insurance contract. Both the landlord(s) and sharecropper(s) jointly own the insurance contract for each arrangement.

To qualify for USAB, all parties in the SEO contract must insure all of their spring-seeded acreage and apply for this benefit by May 1.

One party, the sharecropper, manages the relationship with Agricorp. All acres of the planted crop must be insured, whether they are owned, cash rented, or sharecropped. The average farm yield and the premium (including discount/surcharge) established for the landlord's property is used to calculate coverage and premium for the shared equity contract. When claims are made, the cheque is payable to all parties on the contract.

Definitions

Landlord:	A person who owns a parcel of land and allows another person to farm it in exchange for a percentage of the production.
Sharecropper:	A person who farms land belonging to a landlord in exchange for a percentage of the production.
Owner-operator acres:	Acres that are owned or cash-rented and that are insured at 100 per cent by one individual, partnership, or corporation.
Cash-rent:	The landlord is paid a dollar amount per acre for the use of the land. The renter of the land (the tenant) declares any cash-rent land with their owner-operator acres. **This is not a landlord/ sharecrop arrangement.**
Joint-tenancy:	When two or more farmers own or rent a parcel of land and share both the production costs and the work. The acres are to be divided, and each farmer reports their share along with their owner-operator acres. **This is not a landlord/sharecrop arrangement.**

Summary of benefits

LANDLORD/SHARECROP ARRANGEMENT	SEO
• Easier to make third-party assignments	• Easier to understand
• Either the landlord or sharecropper (or both) can choose to insure their share of the land.	• Yields are kept separate from any other PI contract (no offsetting of yield).
• Agricorp communicates the terms of the contract to both landlord and sharecropper	• Flexible: all types of arrangements can be insured. This includes different levels of splits and number of shareholders.
• Fulfillment of the contract is based on each party's ability to meet the terms and conditions.	• N/A

Example: Yield reporting

As an owner-operator, Farmer A has 200 acres of corn that produced 25,000 bushels. He also has a 60 per cent share in 50 acres of corn with Farmer B that produced a yield of 5,500 bushels. For PI purposes, their respective shares of acres and production are as follows:

		LANDLORD/SHARECROP		SEO
Share of acres	Farmer A	200 acres + 60% of 50 acres = 230 acres	SEO account	250 acres
	Farmer B	40% of 50 acres = 20 acres		
Share of production	Farmer A	25,000 bu + 60% of 5,500 bu = 28,300 bu	SEO account	30, 500 bu
	Farmer B	40% of 5,500 bu = 2,200 bu		
Yield per acre	Farmer A	28,300 bu/230 acres = 123 bu/acre	SEO account	122 bu/ac
	Farmer B	2,200 bu/20 acres = 110 bu/acre		

Example: Acreage reporting

A sharecropper has 200 acres (100 acres are owned and 100 are cash rented). In addition, the sharecropper has a 67 per cent interest in Landlord A's 150 acres and a 67 per cent interest in Landlord B's 75 acres.

LANDLORD/SHARECROP		SEO	
Sharecropper's contract		**Sharecropper's contract**	
100% interest in land owned and rented	200 acres	100% interest in land owned and rented	200 acres
2/3 interest in Landlord A's	100 acres	Total	200 acres
2/3 interest in Landlord B's	50 acres		
Total	350 acres		
Landlord A's contract (1/3 share)	50 acres	**Landlord A's contract** (100%)	150 acres
Landlord B's contract (1/3 share)	25 acres	**Landlord B's contract** (100%)	75 acres

Agricorp®

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