



Apple Coverage Options

Feature Sheet

When you participate in the Production Insurance plan for apples, in addition to the basic multi-peril whole farm coverage, you have a choice of two coverage options:

Separate orchard hail coverage

Protects you against reductions in quality due to hail damage on a separate orchard basis.

OR

Enhanced basic apple coverage

Provides a write-off, for cases where it is economically not worthwhile to harvest fresh apples, and/or a salvage benefit, to provide compensation for additional efforts needed to salvage the crop and reduce production claims.

▶ How to enrol

Separate orchard hail coverage must be selected prior to January 4 of the program 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.

▶ How it works

Hail counts are 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 *Canadian Agricultural Products Act*.

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 exceeding 1/4 of an inch in diameter.

Agricorp may also amend or adjust fresh/juice yields and allocation to reflect the quality of apples in an orchard.

To be eligible for a claim, you must have reported the damage to Agricorp as soon as it occurred.

► Claim details

Separate orchard hail coverage

For separate orchard hail coverage, 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.

A claim is determined using the following steps:

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.

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*.

Enhanced basic apple coverage

- **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. 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.

- **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. 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. 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.

Salvage claim = [(sum of lesser of fresh guaranteed production or fresh yield from each orchard) – trigger]

Trigger = total yield × fresh allocation × fresh hail count

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