



Final Average Yield

Grapes and Tender Fruit

Feature Sheet

The information in this document applies to grapes, peaches, nectarines, plums, pears, and cherries insured under Production Insurance.

What is a final average yield (FAY)?

Your farm is unique – so is your coverage

Agricorp calculates a FAY unique to your orchard or vineyard. It is used as a benchmark to determine if your current year's production is above or below your average.

For **existing participants**, your FAY is an average of your past yields.

For **new participants** who don't have a yield history, Agricorp assigns an underwritten FAY based on a variety of factors, such as location, tree or vine age and health, and soil type. Each year that you participate, your actual yield replaces an underwritten yield until your FAY is composed entirely of your own actual yields.

Years reflected in your FAY

If you grow...	No. of years used in your FAY
Grapes	5-10 years
Peaches, nectarines	5 years
Pears, plums, sour cherries, sweet cherries	6 years

Yield buffering

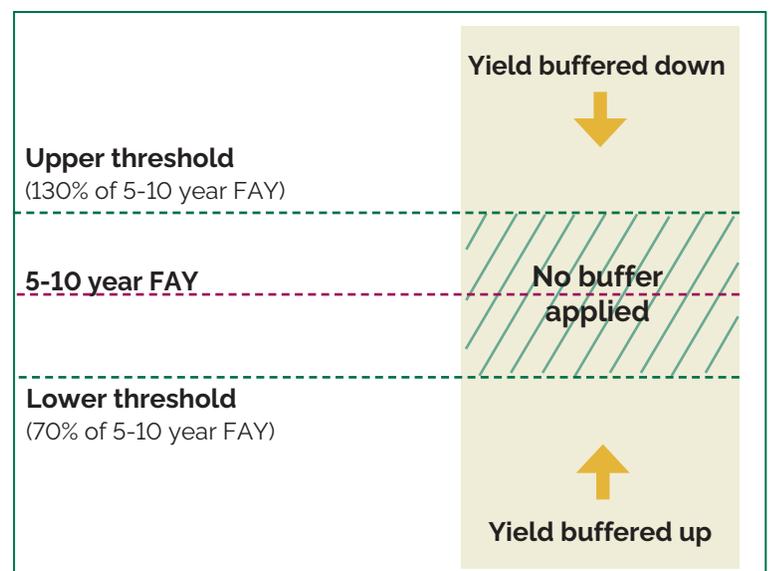
Helps stabilize your coverage

Extreme or unusual yields are buffered up or down to keep your coverage stable and to reflect your production potential. By keeping your FAY stable, you pay only for the coverage you need and get the right compensation if you have a claim.

Yield buffering has two thresholds

Your yield is buffered down if it is above 130% of your 5-10 year FAY (**upper threshold**). The yield is buffered down by two-thirds of the difference.

Your yield is buffered up if it is below 70% of your 5-10 year FAY (**lower threshold**). The yield is buffered up by two-thirds of the difference.



Example calculation 1: Grapes

Scenario: Grape Farms experienced a total loss this year resulting in a yield of 0 kg. Their FAY going into the current year is 250,000 kg.

Calculating the buffered yield

Step 1: Determine the upper and lower thresholds.

Upper threshold = FAY × 130%
 = 250,000 × 130%
 = 325,000 kg

Lower threshold = FAY × 70%
 = 250,000 × 70%
 = 175,000 kg

Step 2: Apply the thresholds to the current year's yield.

0 kg is below the lower threshold of 175,000 kg, so the yield is buffered up.

Step 3: Calculate the difference between the lower threshold and the current year's yield.

Difference = lower threshold – yield
 = 175,000 – 0
 = 175,000 kg

Step 4: Calculate the buffer by multiplying the difference by two-thirds.

Buffer = difference × 2/3
 = 175,000 × 2/3
 = 116,667 kg

Step 5: Calculate the buffered yield by adding the buffer to the current year's yield.

Buffered yield = buffer + yield
 = 116,667 + 0
 = 116,667 kg

Effects of yield buffering

Year	Yield (kg)	Buffered yield (kg)
1	250,000	250,000
2	250,000	250,000
3	250,000	250,000
4	250,000	250,000
5	250,000	250,000
6	250,000	250,000
7	250,000	250,000
8	250,000	250,000
9	250,000	250,000
10 (current year)	0 kg	116,667 kg
FAY	225,000 kg	236,667 kg

Without buffering, the FAY decreases from 250,000 to 225,000, a decrease of 10%.

By buffering up, the FAY decreases from 250,000 to 236,667, a decrease of 5%. Buffering results in a smaller decrease, which stabilizes coverage.

Example calculation 2: Pears

Scenario: Pear Farms' final harvested yield for this year is 8,633 lb. Their FAY going into the current year is 50,000 lb.

Calculating the buffered yield

Step 1: Determine the upper and lower thresholds.

Upper threshold = FAY × 130%
= 50,000 × 130%
= 65,000 lb

Lower threshold = FAY × 70%
= 50,000 × 70%
= 35,000 lb

Step 2: Apply the thresholds to the current year's yield.

8,633 lb is below the lower threshold of 35,000 lb, so the yield is buffered up.

Step 3: Calculate the difference between the lower threshold and the current year's yield.

Difference = lower threshold – yield
= 35,000 – 8,633
= 26,367 lb

Step 4: Calculate the buffer by multiplying the difference by two-thirds.

Buffer = difference × 2/3
= 26,367 × 2/3
= 17,578 lb

Step 5: Calculate the buffered yield by adding the buffer to the current year's yield.

Buffered yield = buffer + yield
= 17,578 + 8,633
= 26,211 lb

Effects of yield buffering

Year	Yield (lb)	Buffered yield (lb)
1	50,000	50,000
2	50,000	50,000
3	50,000	50,000
4	50,000	50,000
5	50,000	50,000
6 (current year)	8,633	26,211
FAY	43,106	46,035

Without buffering, the FAY decreases from 50,000 to 43,106, a decrease of 14%.

By buffering up, the FAY decreases from 50,000 to 46,035, a decrease of 8%. Buffering results in a smaller decrease, which stabilizes coverage.

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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