

Straight Hail Insurance

Program Information 2021

Agriculture Financial Services Corporation (AFSC) is a provincial Crown corporation, serving Albertans across the province. AFSC provides crop insurance (AgrilInsurance) for annual and perennial crops as well as honey, bee overwintering and livestock price insurance. AFSC delivers provincial and federal agricultural support programs, including AgriStability and provide producers, agribusinesses and commercial enterprises with lending products.

Through the suite of options available, AFSC brings producers peace of mind by helping make risk-management decisions that fit the unique needs of each operation. Insurance is available to any producer who meets AFSC eligibility requirements. Applicants are required to provide legal, operational and financial information.

Protecting your privacy

AFSC adheres to privacy procedures compliant with current legislation and is committed to securing our clients' personal information. Personal information is defined as any information about an identifiable individual that is recorded in any form, subject to the Freedom of Information and Protection of Privacy Act (FOIP Act). As an individual, it is your right to control when, how and to what extent your information is communicated to others.

Reporting fraudulent activity

AFSC does its best to ensure that only clients who legitimately qualify receive the amounts for which they are eligible. AFSC is responsible for protecting the integrity of the programs it administers, and ensuring the taxpayers' dollars are properly accounted for.

Some examples of fraudulent activities are:

- Falsifying documents
- Not disclosing all production
- Not disclosing all relevant information
- Selling production under someone else's name

If you suspect fraud, waste or abuse of AFSC programs, including insurance, income stabilization or lending, please contact AFSC and ask to speak with the Audit Services and Investigations Department. Reports of fraudulent activity can be made anonymously at 1.877.685.9317 or by visiting clearviewconnects.com.

GENERAL INFORMATION

Deferrals

To facilitate tax planning, clients can choose in advance to defer indemnities to the following tax year. There will be no recourse to defer once a payment has been issued. Deferred indemnities will not be applied to outstanding premiums/balances until the deferred date and interest will continue to accrue.

Interest policy

Interest begins accruing on unpaid premiums September 1 at the CIBC prime rate plus two per cent, adjusted quarterly. It is added to account balances beginning October 1 and the first of each following month until the account is paid in full.

Outstanding accounts

Premiums, administrative fees and all other amounts owed to AFSC are due and payable upon billing. Outstanding amounts owed to AFSC will be deducted from indemnities payable to the client.

Insurance claims paying for other programs

AFSC reserves the right to use insurance claim payments to offset outstanding accounts for all insurance, income stabilization, and lending programs AFSC administers.

For crop producers, there are few things as devastating as a hail storm. Agriculture Financial Services Corporation (AFSC) provides Straight Hail Insurance so you can secure peace of mind in knowing your assets are protected from one of Mother Nature's most damaging elements.

This program:

- provides protection for spot-loss damage to crops caused by hail, accidental fire and fire caused by lightning

Insurance comes into effect at noon on the day following the date of application.

Overview

Straight Hail Insurance provides protection for spot-loss damage to crops caused by hail, accidental fire or fire caused by lightning. This product is available to anyone with an interest in an insurable crop grown in Alberta, whether they are a producer, a tenant or a crop-share landlord. Cash-rent landlords are not eligible.

Clients can purchase Straight Hail Insurance on a viable crop online at www.afsc.ca and at any AFSC office.

- Insurance is purchased in one-dollar increments and comes into effect at noon on the day following the date of application.
- Straight Hail coverage expires if the crop is put to another use, when harvest is complete or at midnight on October 31 of the year of application.

If damage was incurred on one or more fields prior to Straight Hail Insurance being purchased, clients are required to report the previous damage and the fields affected are subject to an acceptance inspection prior to liability being accepted by AFSC.

What can be insured

Viable annual crops or perennial crops (excluding pasture) are insurable under Straight Hail Insurance. A full list can be found in the Contract of Insurance on the AFSC website at www.afsc.ca.

To get an estimate of your premium based on your own crop mix there are two options available:

- Log in to AFSC Connect at afsc.ca/login to quickly populate your land and crop information from previous hail insurance and/or crop insurance
- Enter land and crop information from scratch using the Straight Hail Premium Calculator available on afsc.ca

Coverage

Dollar coverage per acre is limited to one-dollar increments, by crop category, and separately for dryland and for irrigation.

Coverage Available by Crop Category

Cereals, most oilseeds, pulse and forage (hay and perennial seed) crops can be insured to a maximum of:

- Dryland - \$225 per acre;
- Irrigated - \$400 per acre.
- Liability will be prorated on hay crops with more than one cutting

Chick peas and canola can be insured to a maximum of:

- Dryland - \$325 per acre;
- Irrigated - \$425 per acre.

Specialty crops, such as vegetables, herbs, spices and essential oils, can be insured to a maximum of:

- Dryland - \$525 per acre;
- Irrigated - \$950 per acre.

Potatoes, including chip, creamers, fry, seed and table can be insured to a maximum of:

- Dryland - \$1,900 per acre;
- Irrigated - \$2,450 per acre.

Market garden crops can be insured to a maximum of \$2,000 per acre.

The combined dollar coverage per acre of all insured parties cannot exceed the program coverage limit.

Clients have the option to insure all or only a portion of their field, contact AFSC for further details.

Clients can choose full coverage or coverage with a 10 per cent or a 25 per cent deductible; the higher the deductible, the lower the premium rate.

Insurance protection begins when the crop emerges and continues until:

- The insurance is cancelled by the insured (can only be cancelled if there is not a claim);
- The crop is put to another use;
- The acres have been abandoned due to no harvest value;
- The crop is harvested;
- Midnight October 31.

Auto-Elect Straight Hail: AFSC offers an option to purchase Straight Hail Insurance at the same time the client elects coverage for production insurance for annual crops and Silage Greenfeed and Corn Heat Unit Insurance in one-dollar increments. The client receives a two per cent discount on the Auto-Elect Straight Hail Insurance premium.

The client's Auto-Elect Straight Hail Insurance is renewed each year when production insurance and Silage Greenfeed and Corn Heat Unit Insurance programs are renewed. Clients are responsible to review the renewal information, complete a Change Request form online if changes are required or return the form to an AFSC insurance representative by mail, fax, email, in person or request changes by phone by April 30. If the elected crop is not seeded, premium is not charged.

Premium

Straight Hail Insurance is not subsidized by any government. Premium and administration costs are funded completely through client premium.

Hail premium 'base' rates are set annually based upon the historical hail loss by township. These rates vary by crop depending on the crop's susceptibility to hail damage. The Schedule of Insurance found on www.afsc.ca, presents the rates by crop as a base rate, ¾ times base rate, 1½ times base rate, 1¾ times base rate and 2 times base rate.

There is a minimum \$25 of actual calculated premium per insurance subscription.

Premium Adjustments & Discounts	
2%	An Auto-Elect Discount is provided to clients who elect Straight Hail with their Annual Crop Insurance
2%	Online Discount is provided to clients who purchase online
2%	An Early Payment Discount is applied to premium payments received by AFSC the later of June 25 or within 15 days of each version's billing date

Causes of loss

Straight Hail Insurance provides spot-loss coverage for damage to crops due to hail, accidental fire, fire by lightning. When the insured crop suffers a loss of 10 per cent or more, the client is eligible for a payment based on the percentage of loss on the damaged acres.

Indemnities

A minimum of 10 per cent damage is required to initiate a claim, and there must be at least 10 per cent hail damage on each spot-loss area for those areas to qualify for payment.

Assumption

- 100 acres insured
- \$200 Straight Hail Insurance coverage per acre

Example A

70 per cent hail damage to the entire acreage of crop.
 Indemnity = Acres x \$ coverage per acre x % of damage
 = 100 acres x \$200 x 70%
 = \$14,000

Example B

When crops are damaged between 71 and 89 per cent, clients receive a harvesting allowance. The harvesting allowance is equal to the percentage the damage exceeds 70 per cent to a maximum of 10 per cent. Crops that are damaged equal to or greater than 90 per cent are paid at 100 per cent.

Example 75% damage: 75% + 5% = 80% loss paid

Assume: 75 per cent hail damage to the entire acreage of crop.

Indemnity = Acres x \$ coverage per acre x (% of damage + % harvesting allowance)
 = 100 acres x \$200 x (75% + 5%)
 = 100 acres x \$200 X 80%
 = \$16,000

Example C

When deductible coverage is purchased, clients will be paid the difference between the assessed hail damage percentage and the deductible level selected. Deductible coverage is eligible for harvest allowance.

Assume: \$200 coverage per acre with a 25 per cent deductible and 75 per cent hail damage to the entire acreage of crop.

Indemnity = Acres x \$ coverage per acre x [(% damage + % harvesting allowance) - % deductible]
 = 100 acres x \$200 x [(75% + 5%) - 25%]
 = 100 acres x \$200 x 55%
 = \$11,000

Client Responsibilities

Purchasing: When purchasing Straight Hail Insurance, clients are advised to appoint an authorized representative who can act on their behalf. An authorized representative has the same authority as the client, in their absence, to not only report but also accept damage assessed to crops.

If a client purchases Straight Hail Insurance after acres have incurred damage, clients are required to report the estimated percent of previous damage and the fields affected are subject to an acceptance inspection prior to liability being accepted by AFSC.

Reporting a loss: Submit your hail claim to AFSC within 14 calendar days following the date on which the storm occurred. Late reporting of hail damage after 14 days will not be accepted.

AFSC Connect online hail claim reporting provides a simplified way to report by prepopulating your land and crop information. Claims can be submitted online through AFSC Connect at afsc.ca/login or by phone.

Clients are to check insured fields to identify the damaged areas prior to filing a hail claim and are expected to take the adjuster to damaged fields when the damage assessment is completed.

AFSC requires the following information when a report of hail damage is filed:

- The legal location, crop type and number of acres affected;
- The date of the storm; and
- Estimate of the percentage of damage for each crop.

Clients are required to accompany the adjuster during a claim inspection and to take the adjuster to the damaged areas of each field. Adjusters may wait to adjust a claim so that damage is more accurately identified. Claims may be deferred if crops are not sufficiently mature for accurate damage to be assessed.

If the crop is damaged when mature enough to swath or harvest, once authorized by AFSC, clients may leave representative inspection strips or swaths for adjusters to use to assess damage. Additional information on inspection strips can be found on the AFSC website.

Cancellations: A client may cancel insurance on a parcel of land if there has not been an indemnity paid, by completing and signing the Request for Cancellation section at the bottom of the Statement of Coverage and Premium. Cancellations are effective immediately upon receipt by AFSC, or, if it is forwarded by registered mail, the effective date of cancellation is the postmark date.

Policies cancelled may be eligible for a percentage of premium refund, as per schedule on this page. Policies cancelled for fall seeded crops, perennial crops grown for seed; and forage crops prior to July 16, are eligible for a refund of a percentage of the premium.

Cancellation and Premium Refund Schedule

The premium refund will be a per cent of the season's premium, as established by the following schedule:

Spring Seeded Crops:	Fall Seeded Crops*	Premium Earned	Premium Refunded
Before July 1	Before June 16	25%	75%
July 1 – July 3	June 16 – June 18	35%	65%
July 4 – July 6	June 19 – June 21	45%	55%
July 7 – July 9	June 22 – June 24	55%	45%
July 10 – July 12	June 25 – June 27	65%	35%
July 13 – July 15	June 28 – June 30	75%	25%
July 16 – July 19	July 1 – July 4	80%	20%
July 20 – July 23	July 5 – July 8	85%	15%
July 24 – July 27	July 9 – July 12	90%	10%
July 28 – July 31	July 13 – July 15	95%	5%
August 1	July 16	100%	0%

*Fall seeded crops include: fall seeded crops, forage crops grown for seed and forage crops (grasses and legumes)

Cancellation does not include a reduction in coverage per acre. (i.e. it is not possible to reduce coverage during the season from \$40 per acre to \$20 per acre).