

Canada-Alberta AgrilInsurance Products

SATELLITE YIELD INSURING AGREEMENT

For 2022 Perennial Crops

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SATELLITE YIELD INSURING AGREEMENT

AFSC will indemnify the Insured when the Current Year Pasture Vegetation Index, expressed as a percentage of the Normal Pasture Vegetation, is less than the Threshold Pasture Vegetation index in the township for the Insured's dryland pasture pursuant to this Insuring Agreement. This Insuring Agreement incorporates by reference, and is subject to, the Terms and Conditions and Benefits. The definitions in the Terms and Conditions will apply unless the same term is otherwise defined in this Insuring Agreement.

Satellite Yield Insurance (SAT) is an area-based program which provides coverage on specific pasture types. This program uses satellite measurements of light absorbed and reflected by the pasture vegetation to estimate pasture growth. Annual pasture growth and the extent of loss within the township are considered to be the same for each Insured.

ARTICLE 1. DEFINITIONS

"Bush Pasture" means dryland Native Pasture on which at least 60 percent of the area is covered by trees, as determined by AFSC.

"Community Pasture" means Native or Improved Pasture on dryland that is communally grazed and for which insured acreage is determined by the number of animal units allocated by grazing season.

"Current Year PVI" means the sum of the weekly PVI, as determined by AFSC, for the selected Insuring Weeks in the current year.

"Designated Peril" The Designated Perils listed under Article 1 of the Terms and Conditions do not apply to this Insuring Agreement. Rather it is based on the shortfall of the Pasture Vegetation Index (PVI) as defined in this Insuring Agreement.

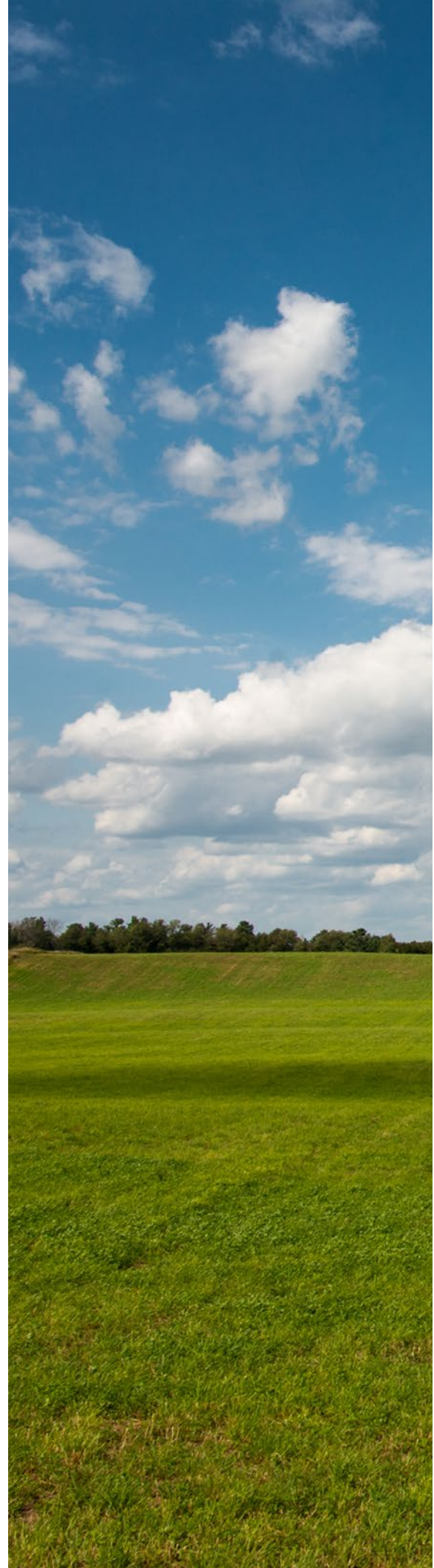
"Dollar Coverage" means 80 percent of the long-term average yield for the Insurable Crop for the Risk Area, multiplied by the Insurance Price elected by the Insured, multiplied by the number of acres insured.

"Full Season" means the option which includes all the weeks in the Period of Insurance elected by the Insured.

"Improved Pasture" means dryland perennial grasses and legumes growing on fenced land for the purpose of grazing livestock and where at least 60 percent of seeded species are still represented.

"Insurable Crop" means Native Pasture, Improved Pasture, Bush Pasture, or Community Pasture.

"Insuring Week" means every consecutive seven days beginning the second Monday in May.



“Native Pasture” means dryland vegetation growing on fenced land for the purpose of grazing livestock and where at least forty (40) percent of grass species on that land are native to the surrounding area.

“Normalized Difference Vegetation Index” referred to as “NVDI” means a township-based vegetation index, as determined weekly by Statistics Canada for land that is predominantly pasture.

“Normal NDVI” means the long-term average NDVI, as determined by AFSC, for the selected Insuring Weeks.

“Normal PVI” means the long-term average PVI, as determined by AFSC, for the selected Insuring Weeks.

“Pasture Vegetation Index” referred to as “PVI” means a township-based vegetation index that is calculated weekly as $[NDVI - (0.80 \times \text{Normal NDVI})]$ in the current year.

“Normal Moisture” for each Period of Moisture is the long-term average amount of moisture, as determined by AFSC, for a Selected Weather Station(s).

“Payment Rate” means the rate of compensation at which the Insured is indemnified, as determined by AFSC.

“Percent of Normal PVI” means the average of the weekly PVI compared to the average of the weekly Normal PVI for the township for the current year.

“Period of Insurance” means the Insuring Weeks that the Insured selects to calculate an Indemnity.

“Split Season” means the option to split the Full Season into two, as elected by the Insured.

“Threshold PVI” means 90 percent of the Normal PVI for the Full Season option and 85 percent for the Split Season option.

“Weighting Option” is the option elected by the Insured to apply specified percentages for each Period of Moisture.

ARTICLE 2. SPECIFICATIONS

Insurable Crop	Minimum acres per subscriptions	Insurable on Dryland only	Risk Area Restrictions
Native pasture	20 acres	Dryland	Insurable in Risk Areas 1 & 2; 4 – 8; 13 & 14
Improved pasture			
Bush Pasture			
Community Pasture and Forestry Grazing Leases			

Perennial crop maps are available on afsc.ca

2.01 Coverage

- a. Each Risk Area has a long-term average yield for each pasture type based on recommended cattle-carrying capacity. For Community Pastures, Coverage is based on the Risk Area cattle-carrying capacity and the Insured's allocation for that pasture.
- b. Eighty percent of the Risk Area long-term average yield is used as the base yield, setting Coverage for each Insured in the Risk Area. The selected high or low price option, multiplied by the base yield for each insured pasture type establishes the Dollar Coverage for each pasture type insured

2.02 Coverage Restrictions

This Insuring Agreement is subject to the availability of data for determining the NDVI. If the data is not available, this Insuring Agreement will cease to be enforceable against AFSC and cease to have any effect against AFSC. AFSC will then return to the Insured all paid Premiums. At the discretion of AFSC, adjustments may be made for lack of data due to environmental conditions.

2.03 Pricing

- a. **Spring Insurance Price:** SAT offers two spring insurance prices, a low and a high price, based on forecasted hay market prices and transportation costs for the year.
- b. **Fall Market Price:** SAT uses hay as a proxy crop and is based on Alberta Agriculture, Forestry and Rural Economic Development's hay price from the Farm Input Survey for the month of October.
- c. **Variable Price Benefit:** is offered to protect against price fluctuations between the Spring Insurance Price and the fall price. See Benefits document for information.

2.04 Premium

- a. **Rates:** Premium rates are set annually to reflect AFSC's risk of future losses and vary by eligible Risk Area and season option. The Insured's portion of the Premium is calculated by multiplying the dollar Coverage by the Insured's share of the premium rate and any applicable adjustments.
- b. **Cost Share:** Federal and provincial governments support AgrilInsurance programs by paying all administration expenses and sharing premium costs with the Insured.
- c. **Adjustments & Discounts:**

5% per year to a maximum of 20%	Continuous Participation Discount	Applies after the first insurance year unless the Insured does not have an active Policy or losses for one year then needs to be zeroed and earned again
2%	Early Payment Discount	Applied to Premium payments received by AFSC the later of June 25 or within 15 days of each versions billing date

2.05 Elections and Renewal

- a. New clients must apply for insurance on or before the last day of February and AFSC will evaluate eligibility for insurance. Clients are required to demonstrate their legal, financial and operational independence and can contact AFSC for application documents.
- b. **Renewal Process:** An Insured who purchased Satellite Yield Insurance in the previous year will be automatically renewed based upon the previous year's information including land descriptions and acres. Personalized renewal notices are available in January. The Insured is responsible to review the information, and if changes

are required complete the Change Request Form online or return the form to an AFSC insurance representative by mail, fax, email, in person or request changes by phone by the last day of February.

- c. **Pasture type:** Insurable dryland pasture crops include Native Pasture, Improved Pasture and Bush Pasture. Community Pasture and Forestry Grazing Leases are optional.
- d. **Pricing Option:** The Insured has the option of electing a high price or low price option.
- e. **Length of Season:** The Insured can choose between the short or long Full Season, or the Split Season option which allows the Insured to divide their growing season and Dollar Coverage into two parts:
 - i. Short Full Season: mid-May until late July including weeks 1 - 11; or
 - ii. Long Full Season: mid-May until late August including weeks 1 - 15; or
 - iii. Split Season option: An indemnity is calculated for each split and one is not offset against the other. The Insured pay an addition Premium for this option.

Season Chart														
Calendar Week - 2022														
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
May 9	May 16	May 23	May 30	Jun 6	Jun 13	Jun 20	Jun 27	Jul 4	Jul 11	Jul 18	Jul 25	Aug 1	Aug 15	Aug 22
Short Full Season														
Short Early Split weeks 1 - 6						Late Split weeks 7 - 11								
Long Full Season														
Long Early Split weeks 1 - 8									Late Split weeks 9 - 15					

- f. **Weighting Option:** Insureds who elect a Split Season has the choice of different Weighting Options within the growing season, and can divide their Coverage by either:
 - i. Allocating 60 percent of Coverage to the weeks included in the early split, and 40 percent of Coverage to the weeks included in the late split, or
 - ii. Allocate 50 percent of Coverage equally to the weeks included in each part.

Season options	Coverage Allocation %	
A Short Season – Full	100	
B Long Season - Full	100	
	Early Split %	Late Split %
C Short Season – Split	60	40
D Short Season – Split	50	50
E Long Season - Split	60	40
F Long Season -- Split	50	50

Weighting the precipitation in each month allows you to select the Weighting Option that best reflects your area, crop type and management practices.

ARTICLE 3. CONDITIONS

3.01 Crop Types

- a. AFSC will use a network of cage sites to monitor and estimate pasture plant growth. This information may be used to augment the satellite information to revise Payment Rates, at the discretion of AFSC.
- b. Only pasture land in Alberta is insurable under this Insuring Agreement.

ARTICLE 4. REPORTING DEADLINES

If a reporting deadline date falls on a weekend, the deadline will be extended to the next Business Day.

Last Date to complete the task	Task	Additional information
Last day of February	Apply for, make changes to, cancel Satellite Yield Insurance	Before the start of the Crop Year, the Insured must declare: <ul style="list-style-type: none">• Number of acres• Legal land descriptions• Type of Insurable Crop• Insurance price option Season option
June 1	Add and delete land purchased and sold between March 1 and May 31	The Insured will need to provide written proof of the transaction.
December 31	Pay any current year's outstanding accounts	To avoid negatively affecting your credit and to avoid a cash-up-front on Premium for the following insurance year. Insureds can contact their branch to make payment arrangements.

Other Important Deadlines

Document or Incident	Task	Additional Information
Statement of Coverage and Premium (billing)	Review your billing to ensure it is accurate and complete. Report any errors and omissions within 15 days of the date the version is created by AFSC.	AFSC reserves the right to deny additional liability when information contained on the billing reflects what was reported.
Spot-Loss Fire damage	File claim within 14 days after the day the crop was damaged.	See Benefit document for additional information. As SAT is an area-based program, Spot-Loss Fire Benefit is the only inspection that the Insured could make.
Re-Inspection	If a Spot-Loss Fire inspection is requested, Insured's need to request a re-inspection within seven days of the inspection	For re-inspection, see Claims section in this document for additional information.

ARTICLE 5. INSURED ACRES

5.01 Elected Insurable Crop

- a. All acres of an elected Insurable Crop, whether the land is owned, rented or leased, must be insured, and there is a minimum of 20 acres for this Insuring Agreement.

5.02 Insured Pasture Acres

- a. Insured pasture acres are not insurable under Moisture Deficiency Insurance or any other crop insurance program, except where AFSC has consented in writing.

5.03 Community Pastures

- a. Insured acreage for Community Pasture will be based on the Risk Area livestock carrying capacity as determined by AFSC.
- b. Community Pastures and forestry grazing leases are optional to insure.

ARTICLE 6. STATEMENT OF COVERAGE AND PREMIUMS

6.01 Information

- a. Information provided by the Insured is used to generate a Statement of Coverage and Premium, which explains Coverage and Premium and states AFSC's Coverage limit.

6.02 Billing

- a. The Insured should review their billing carefully to ensure it is complete and accurate. Errors and omissions must be reported to AFSC within 15 calendar days of receipt.

6.03 Denial of Coverage

- a. AFSC reserves the right to deny additional Coverage when information contained on the Statement of Coverage and Premium reflects what is reported by the last day of February.

ARTICLE 7. CLAIMS

7.01 Claim Deadlines and Notice of Loss

The Insured is not required to submit a Notice of Loss to initiate a claim. Payments under this Insuring Agreement are based on a comparison of the determined township growth from the current growing season and the long-term average determine growth, described as a Percent of Normal. If the Percent of Normal is less than the trigger points of 90 percent for the Full Season option; and 85 percent for the Split Season option, an indemnity is automatically paid.

7.02 Statement of Loss and Inspection

- a. Upon calculation of a claim for loss, AFSC will serve the Insured with a Statement of Loss.
- b. If the calculation of a claim for loss results in no payment, the Statement of Loss will be considered to be the final Statement of Loss for the claim by the Insured and no further Statement of Loss will be issued by AFSC.
- c. If the Insured does not, within seven days of service of the Inspection Report advise AFSC of the Insured's disagreement with the report or does not request a re-inspection, AFSC will issue the Statement of Loss according to the Inspection Report.
- d. When AFSC has conducted an inspection and issued an Inspection Report and a Statement of Loss, and the Insured has a dispute relating to the Statement of Loss and requests a re-inspection, AFSC will only review the Statement of Loss if the Insured notifies AFSC of the request for a re-inspection within seven days from the day that the Insured is served with the Inspection Report.

7.03 Re-Inspection

After an inspection, pursuant to subsection 7.02c, if the Insured, within seven days of service of the Inspection Report:

- a. advises AFSC of the Insured's disagreement with the report, and
- b. requests a re-inspection.

AFSC will conduct a re-inspection, and no Statement of Loss will be issued until after the re-inspection has been conducted. AFSC reserves the right to charge a fee for Insured requested re-inspection of crops.

7.04 Insured Crop Put to Another Use

- a. After the start of the Crop Year, if an Insured Crop is intended to be ploughed down or sprayed out, the Insured must provide AFSC with prior notification to obtain release.
- b. If the released acres are not seeded to an elected annual crop, AFSC will continue to view the released acres as insured with Premium and Coverage remaining in force and deem the potential Indemnity to be [Dollar Coverage x Payment Rate].

7.05 Service of Documents

- a. Service of the Statement of Loss may be effected on the Insured by:
 - i. personal service;
 - ii. ordinary mail or registered mail, in which case service is deemed to have been effected;
 - 1) seven days from the date of mailing if the document is mailed in Alberta to an address in Alberta, or
 - 2) 14 days from the date of mailing if the document is mailed to an address located outside of Alberta; or
 - iii. by facsimile, email or other electronic means in accordance with AFSC's most recent records for the Insured.
- b. Where there is more than one Insured in respect of the crop for which a loss has been made, service of the Statement of Loss on one of the Insured is deemed to be service on all the Insureds.

7.06 Deferrals

To facilitate tax planning, Insureds can choose in advance to defer indemnities to the following tax year. There will be no recourse to defer payment 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.

ARTICLE 8. INDEMNITIES

8.01 Indemnity Assessment

Losses are paid when the determined township growth from the current growing season falls below the long-term average determined growth payment schedule A or B.

- a. An Indemnity for each Insurable Crop shall be calculated as follows:

- i. [Dollar Coverage x Payment Rate]

The maximum Indemnity payable shall be 100 percent of the Dollar Coverage.

- - b. The Payment Rate will be calculated on a township basis. If the township has insufficient data to calculate PVI, the Payment Rate will be calculated based on area average PVI, as determined by AFSC. Payment Rate for land insured as Community Pasture will be based on a weighted township average PVI for townships in which the Community Pasture is located.
 - c. The Payment Rate for the township will be zero when the Pasture Vegetation Index is equal to or more than the Threshold PVI for the township. Below the Threshold PVE, the Payment Rate will increase by 2.5% of the insured Dollar Coverage for each 1% decrease in the Pasture Vegetation Index expressed as a Percent of Normal PVI.
 - d. If a Split Season option is selected, the total Indemnity paid is the greater of the combined Split Season indemnities or the Full Season indemnity.

SAT Payment Schedule A – Full Season				SAT Payment Schedule B – Split Season			
% of Normal Growth Index	Payment Rate (% of Dollar Coverage)	% of Normal Growth Index	Payment Rate (% of Dollar Coverage)	% of Normal Growth Index	Payment Rate (% of Dollar Coverage)	% of Normal Growth Index	Payment Rate (% of Dollar Coverage)
>= 90	0	69	52.5	>= 85	0	61	52.5
89	2.5	68	55.0	84	2.5	63	55.0
88	5.0	67	57.5	83	5.0	62	57.5
87	7.5	66	60.0	82	7.5	61	60.0
86	10.0	65	62.5	81	10.0	60	62.5
85	12.5	64	65.0	80	12.5	59	65.0
84	15.0	63	67.5	79	15.0	58	67.5
83	17.5	62	70.0	78	17.5	57	70.0
82	20.0	61	72.5	77	20.0	56	72.5
81	22.5	60	75.0	76	22.5	55	75.0
80	25.0	59	77.5	75	25.0	54	77.5
79	27.5	58	80.0	74	27.5	53	80.0
78	30.0	57	82.5	73	30.0	52	82.5
77	32.5	56	85.0	72	32.5	51	85.0
76	35.0	55	87.5	71	35.0	50	87.5
75	37.5	54	90.0	70	37.5	49	90.0
74	40.0	53	92.5	69	40.0	48	92.5
73	42.5	52	95.0	68	42.5	47	95.0
72	45.0	51	97.5	67	45.0	46	97.5
71	47.5	<= 50	100.0	66	47.5	<= 45	100.0
70	50.0			65	50.0		
Note: >= means 'greater than or equal to' and <= means 'less than or equal to'							

8.02 Calculation of Indemnity

Example: Indemnity calculation

- 1,000 acres of Native Pasture;
- Dollar Coverage \$6.84 per acres = \$6,840 total Coverage
- Option C selected; Short Season – Split

Coverage is split between the Early and Late Splits;

- Early Split = 60%
- Late Split = 40%

Determined township growth = Payment Schedule B;

- Early Split 53% of normal = 80% payment rate
- Late Split 125% of normal = 0% payment rate

Split Season Indemnity = Total Coverage x Coverage Allocation x Payment Rate;

- \$6,840 x 60% x 80% = \$3,283.20
- \$6,840 x 40% x 0% = \$0.00

Total Split Season Indemnity = \$3,283.20

Full Season Indemnity Calculation:

- Option A comparison: Short Season – Full
- Determined township growth = Payment Schedule A
- 94% of normal = 0% Payment Rate

Full Season Indemnity = Total Coverage x Coverage Allocation x Payment Rate

- \$6,840 x 100% x 0% = \$0.00

As the total Split Season indemnity calculates higher than the Full Season indemnity, there is no additional payment at the end of the season.