

Canada-Alberta
AgrilInsurance Products

**PULSE CROPS
INSURING AGREEMENT**

For 2022 Annual Crops

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PULSE CROPS INSURING AGREEMENT

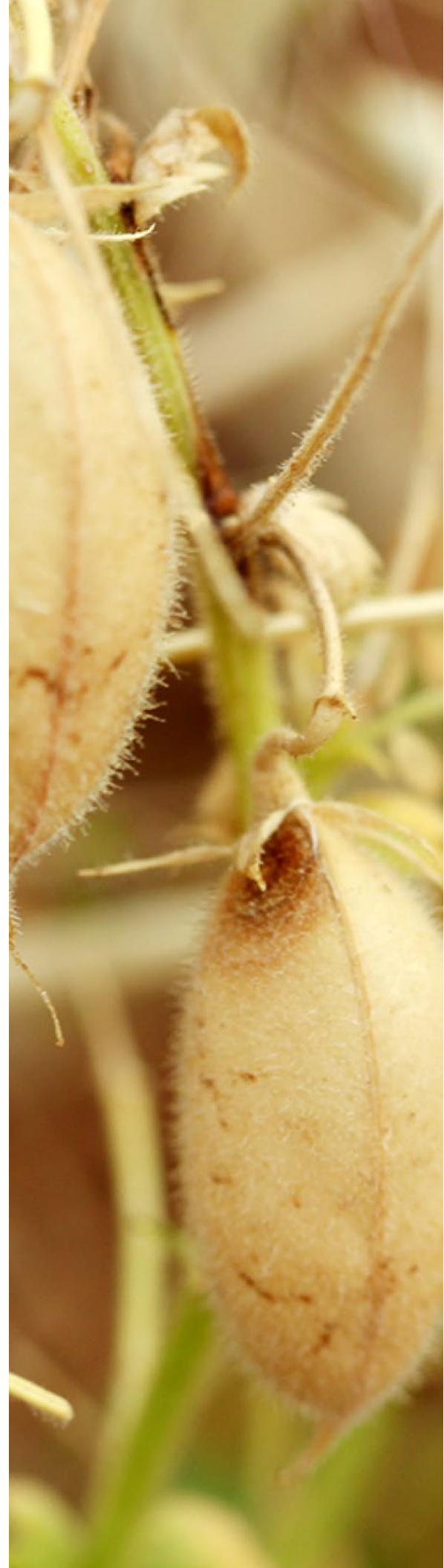
AFSC will indemnify the Insured against damage caused by Designated Perils to Pulse crops pursuant to this Insuring Agreement. This Insuring Agreement incorporates by reference, and is subject to, the Terms and Conditions and Benefits. The definitions in the Terms and Conditions will apply unless the same term is otherwise defined in this Insuring Agreement.

ARTICLE 1. DEFINITIONS

“Insurable Crop” means Black/Other Dry Beans, Great Northern Dry Beans, Pink Dry Beans, Pinto Dry Beans, Small Red Dry Beans, Yellow Dry Beans, Desi Chickpeas, Kabuli Chickpeas, Faba Beans, Green/Other Field Peas, Yellow Field Peas, Green Lentils, Red Lentils, or Soybeans.

“Allowance for Low Yield” means an adjustment to the total Harvested Production and Appraised Potential Production for the Insurable Crop to reduce the Yield to Count when actual yields are below threshold yields as determined by AFSC.

“Ascochyta blight” means a seed and residue-borne disease caused by the fungus *Ascochyta rabiei*.



ARTICLE 2. SPECIFICATIONS

Insurable Crop	Designated Grade	End Uses Commercial (C), Pedigreed (P), Organic (O)	Insurable under Dryland (Dry); Irrigated (Irr)	Reseeding Benefit (\$ per acre) Minimum 5 acre blocks	Insurable Risk Area (RA) Restrictions All maps displaying eligible insuring areas are located on afsc.ca	Seeding Deadline Crops seeded after this date are not insurable
Dry Beans Black/Other *	1 CAN	C P	Irr	72	Insure in RA 2, 3, 4, 9	June 10
Dry Beans Gr Northern *	1 CAN	C P	Irr	72	Insure in RA 2, 3, 4, 9	June 10
Dry Beans Pink *	1 CAN	C P	Irr	72	Insure in RA 2, 3, 4, 9	June 10
Dry Beans Pinto *	1 CAN	C P	Irr	72	Insure in RA 2, 3, 4, 9	June 10
Dry Beans Small Red *	1 CAN	C P	Irr	72	Insure in RA 2, 3, 4, 9	June 10
Dry Beans Yellow *	1 CAN	C P	Irr	72	Insure in RA 2, 3, 4, 9	June 10
Chickpeas Desi *	2 CW	C P	Dry; Irr	55	See Chickpea Area Map	May 25
Chickpeas Kabuli *	2 CW	C P	Dry; Irr	92	See Chickpea Area Map	May 25
Faba Beans	3 CAN	C P	Dry; Irr	50	RA 3,4 must irrigate	May 25
Field Peas Green/Other	2 CAN	C P O	Dry; Irr	52 C; 68 P	N/A	June 1
Field Peas Yellow	2 CAN	C P O	Dry; Irr	52 C; 68 P	N/A	June 1
Lentils Green	2 CAN	C P	Dry; Irr	58	N/A	May 25
Lentils Red	2 CAN	C P	Dry; Irr	58	N/A	May 25
Soybeans *	N/A	C P	Irr	68	Insure in RA 2, 3, 4, 5	June 10

* Subject to restrictions under Article 3: Conditions

2.01 Coverage

Coverage is a fundamental part of any insurance Policy and is based upon a long-term average yield.

- a. **Individual Coverage:** is based on a minimum of five years of records. Crops with fewer than five years of records will be considered to be in the start-up phase.
- b. **Start-up:** Missing yields will be filled in with the historical average yield for the townships in which the farm is located. If the Insured does not have any yield records available, Coverage will be based entirely on the historical average for the township(s) where the farm is located.
- c. **Average Yield:** An Insured's average yield for a crop type is based on the average of the yield records AFSC has recorded for the crop. Yield records are gathered in different ways, including:
 - i. Harvested Production Reports (HPR) provided by the Insured;
 - ii. Yield information gathered by AFSC adjusters who visit the farm, and
 - iii. Production reviews conducted by AFSC adjusters to confirm the accuracy of HPR information.

- d. **One-year lag:** Actual yields are not available immediately for use as it takes time to gather and verify information. Yields produced and reported in the current year will not be available to calculate Coverage for the following year; it will first be used to set Coverage the second year.

Rules for yield records use:

- i. A blend of available yield records and the historical yields for the Risk Area in which the Insured farms when there are four or fewer yield records available.
- ii. The average of up to 15 of the most recent yield records for a crop when there are five or more yield records available.
- iii. For Coverage that is less than 30 acres the Harvested Production for the specific crop will be excluded from the calculation of the Insured's Coverage.

2.02 Trending

For most crops, due to improvements in varieties and management practices, yields generally increase over time. In order to ensure that individual Coverage reflects this trend, individual yield records will be adjusted by a trend factor. Older yield records will be increased more than recent yield records. Adjustments will be made by multiplying individual actual or cushioned yields by a trend factor. The trend factor is a number which reflects the average annual increase in yield for a specific crop in a specific Risk Area.

2.03 Cushioning

Cushioning has the effect of stabilizing Coverage by reducing year-to-year fluctuations. Unusually low yield records will be adjusted upward for the purposes of calculating the Final Individual Normal Yield for a crop. When a crop yield is less than 70 percent of the Final Individual Normal Yield, the actual yield will be cushioned and replaced by 70 percent of the Final Individual Normal Yield for that crop for that year. The cushioned yield will be used to set future Coverage whereas the actual yield is used to calculate an Indemnity.

2.04 Fallow/Stubble Ratio

Under individual Coverage, each dryland crop has a fallow yield time series and a stubble yield time series. If the Insured only grows crops on stubble, a fallow yield will be created for every year that the crop is insured on stubble. This way, if the Insured ever insures a crop on fallow, Coverage will be provided that reflects the Insured's productive capacity. The same process will happen if there is only a fallow yield.

2.05 Irrigation Coverage

- a. Insurable Crop(s) grown on irrigated land are eligible for separate Coverage if:
 - i. those crops are declared as irrigated;
 - ii. there is an adequate source of water;
 - iii. the Insured has reliable irrigation equipment;
 - iv. adequate irrigation water is applied on a timely basis; and
 - v. the Insured maintains an up-to-date log showing the dates and approximate amounts of rainfall and irrigation water applied to each Insured Crop.
- b. AFSC may reclassify the Insured Crop as grown on Stubble or Summerfallow on dryland, or apply Uninsured Causes of Loss if:
 - i. the Insured fails to fulfill all or part of the conditions in subsection a. above; or
 - ii. drought is considered by AFSC to be a contributing cause of loss.

- c. Irrigated acres are insured separately from dryland acres of the same crop:
 - i. acres must be identified as irrigated or dryland on the Land Report; and
 - ii. Harvested Production from irrigated and dryland acres must be stored and reported separately.

2.06 Coverage Restrictions

AFSC, in its discretion may limit, restrict, exclude or deny Coverage, in whole or in part, for the following:

- a. in the event AFSC determines by the application deadline that an Insured has a high risk of Production Loss;
- b. where the land is subject to repeated flooding or where excess moisture is a recurring problem;
- c. major changes are made in management practices, acreage, land location, confirmed yields or experience;
- d. the Insured makes a change that increases AFSC's risk without notifying AFSC thereof and AFSC accepting the same risk; or
- e. any other practice or action taken by the Insured that would prove detrimental to or limit production of the Insured Crop.

2.07 Pricing

- a. **Spring Insurance Price:** In the spring, AFSC forecasts expected crop prices for the coming crop year.
- b. **Fall Market Price:** In the fall, AFSC reviews the pricing using specific methodologies, as described in the table below to determine whether the crop's Fall Market Price is substantially lower or higher than the Spring Insurance Price and sets fall prices accordingly.
- c. **Variable Price Benefit:** is offered to protect against price fluctuations between the Spring Insurance Price and the fall price. Refer to the Benefits document for information.

Variable Price Benefit triggers when the fall price of an eligible crop increase by a minimum of 10 percent above the Spring Insurance Price, and compensates when the eligible crop is in a Production Loss.

Market Price Methodology Table

In the event that price information originating from published fall price methodology for an Insurable Crop(s) is not available or stops being available during the Fall Market Price period, at its best discretion, AFSC maintains the right to develop and implement an alternate price methodology for Fall Market Price determination to replace or augment pricing for that crops(s) in that year.

Insurable Crop * (Grade)	The methodology being used to calculate the Fall Market price for each crop is indicated below. It is intended to reflect the fall Alberta price for the crop being insured.
Black/Other Dry Beans (1 CAN) **	Fall Market Price will be determined as the simple average of the weekly average grower price of Black dry beans in the North Dakota market, for the month of October, converted to Canadian dollars, expressed in \$/kg.
Great Northern Dry Beans (1 CAN) **	Fall Market Price will be determined as the simple average of the weekly average grower price of Great Northern dry beans in the Nebraska/Wyoming market, for the month of October, converted to Canadian dollars, expressed in \$/kg.

Pink Dry Beans (1 CAN) **	Fall Market Price will be determined as the simple average of the weekly average grower price of Pink dry beans in the Idaho market, for the month of October, converted to Canadian dollars, expressed in \$/kg
Pinto Dry Beans (1 CAN) **	Fall Market Price will be determined as the simple average of the weekly average grower price of Pinto dry beans in the N.E. Colorado market, for the month of October, converted to Canadian dollars, expressed in \$/kg.
Small Red Dry Beans (1 CAN) **	Fall Market Price will be determined as the simple average of the weekly average grower price of Small Red dry beans in the Idaho market, for the month of October, converted to Canadian dollars, expressed in \$/kg.
Yellow Dry Beans (1 CAN) **	Fall Market Price will be determined as the Spring Insurance Price of Yellow Dry Beans multiplied by the same percentage change in price between the Spring Insurance Price and the Fall Market Price determined for Black Dry Beans (1 CAN), expressed in \$/kg.
Desi Chickpeas (2 CW)	Simple average of the daily average grower bid spot price of 2 CW Desi Chickpeas, for the month of October, expressed in \$/kg, as published by STATpub.com.
Kabuli Chickpeas (2 CW – 8mm)	Simple average of the daily average grower bid spot price of 2 CW 8mm Kabuli Chickpeas, or the equivalent price, for the month of October, expressed in \$/kg, as published by STATpub.com.
Faba Beans (3 CAN)	The Fall Market Price will be determined as the Spring Insurance Price of Faba Beans multiplied by the same percentage change in price between the Spring Price and the Fall Market Price determined for Yellow Field Peas (2 CAN), expressed in \$/kg.
Green Lentils (2 CAN)	Simple average of the daily average grower bid spot price of 2 CAN Laird Lentils, for the month of October, expressed in \$/kg, as published by STATpub.com
Red Lentils (2 CAN)	Simple average of the daily average grower bid spot price of 2 CAN Small Red Lentils, for the month of October, expressed in \$/kg, as published by STATpub.com.
Field Peas – Yellow (2 CAN)	Fall Market Price will be determined as the simple average of the daily closing spot bid price in the N ALTA Region for 2 Yellow Peas for the month of October, converted to \$/kg, as published on Price and Data Quotes (PDQ) website of Alberta Wheat Commission.
Field Peas – Green/Other (2 CAN)	Fall Market Price will be determined as the simple average of the weekly price for PEA - GREEN # 2 OR BETTER during the month of October, expressed in \$/kg, as surveyed and published by Alberta Agriculture and Forestry in the Weekly Crop Market Review. Reports used in the calculations will be those in which the last day included in the report ends in October.

* In order to calculate the Fall Market Price for a pedigreed crop, the Spring Insurance Price for the pedigreed crop is multiplied by the same percentage change in price between the Spring Insurance Price and the Fall Market Price determined for the underlying commercial crop.

** The Bean Market News of the United States Department of Agriculture is the source of the weekly price ranges used for these calculations. The weekly average price is the mid-point of the price range for the dry bean in question for the week, at the specified market. The exchange rate used to convert the weekly average price from US to CDN funds will be the noon exchange rate published by the Bank of Canada for the last day included in each weekly report. The weekly USDA reports used in the calculations will be those in which the last day included in the report ends in October.

2.08 Premium

- a. **Minimum Premium:** There is a minimum \$25 of total Premium required per insurance Policy.
- b. **Rates:** Premium rates are set annually based on historical losses and reflect AFSC's risk of future production losses. Premium rates may vary by crop type, Risk Area, practice and Coverage Level. The Insured's Premium is calculated by multiplying the dollar coverage by the Insured's share of the premium rate and applying any applicable premium adjustments.
- c. **Cost Share:** Federal and provincial governments support AgrilInsurance programs by paying all administration expenses and sharing premium costs with the Insured.
- d. **Adjustments & Discounts:**

+ / - 38%	Premium Discount or Surcharge	Ranges from minus 38% up to plus 38% based on loss experience
2%	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
3%	All Crops Insured Discount	Applies when all eligible annual crops grown are insured
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, 4 or 6%	Insured Acres Discount	Based on the number of acres insured; 2% for 320 – 639 acres; 4% 640 – 1280 acres; 6% exceeding 1,280 acres

2.09 Elections and Renewals

- a. **Application:** New clients must apply for insurance on or before April 30 and AFSC will evaluate eligibility for insurance. Producers are required to demonstrate their legal, financial and operational independence, and can contact AFSC for application documents.
- b. **Renewal Process:** An Insured who elected insurance in the previous year will be automatically renewed based upon the previous year's information. Personalized renewal notices are available in March. The Insured is responsible to review the information and if changes are required, complete a Change Request form online or return the form to an AFSC insurance representative by mail, fax, email, in person, or request changes by phone, no later than April 30.
- c. **Coverage Level:** Coverage Levels of 50, 60, 70 or 80 percent can be elected.
- d. **Declared Acres:** are the total number of acres seeded and those intended to be seeded to annual spring and fall crops, including silage and greenfeed crops, whether the acres are to be insured or uninsured.
- e. **Hail Endorsement:** offers spot-loss coverage and may be elected on a crop by crop basis at 60, 70 or 80 percent Coverage Levels by April 30. Hail Endorsement is not available at 50 percent Coverage Level. Refer to the Hail Endorsement Insuring Agreement for additional information.
- f. **Auto-Elect Straight Hail Insurance:** may be elected on a crop by crop basis by April 30. When elected, a two percent premium discount will be applied on the Statement of Coverage and Premium.

**Straight Hail Insurance can be purchased on a field by field basis until July 31.
Refer to the Straight Hail Contract of Insurance for additional information.**

ARTICLE 3. CONDITIONS

3.01 Pure Stands

Pure stands of pulse crops are insurable only when there is no greater than 10 percent of another crop in the mix. If the mix exceeds 10 percent, contact your AFSC insurance representative for insurance options.

3.02 Minimum Insurable Acres

Each Insurable Crop shall be grown on a minimum of five acres.

3.03 Dry Beans

Insurable only when grown on irrigated land in Risk Areas designated by AFSC.

3.04 Chickpeas

- a. Only Ascochyta blight-resistant varieties are insurable;
- b. Untreated seed must be tested for Ascochyta blight at an accredited lab and be free of seed-borne Ascochyta blight (less than 0.3%) before seeding;
- c. Seed treatment for seed borne Ascochyta blight, seedling blight and seed rot is required on all chickpeas;
- d. Seed analysis certificate from the lab must be provided when filing the Land Report;
- e. In-crop fungicide application to control disease outbreak is required;
- f. Chickpeas may not be seeded on land that had chickpeas seeded within the last three years, and
- g. Insurable only when grown within the designated Risk Areas for chickpea production as determined by AFSC.

3.05 Soybeans

- a. Not eligible for Quality Loss.
- b. Variable Price Benefit is not available

3.06 Acceptance Inspection

The Insurable Crop may be subject to an acceptance inspection and AFSC may, at its discretion, accept or reject insurance coverage.

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
April 30	Apply for, make changes to, cancel annual crop insurance	Elected options include: <ul style="list-style-type: none">• Insurable Crops• Coverage Levels• Hail Endorsement• Declared Acres• Auto-Elect Straight Hail Insurance
June 1	Amend Declared Acres	With written proof on land purchased, rented, or sold between May 1 and May 31.
June 20	<ul style="list-style-type: none">• File Land Report• Complete work for Reseeding Benefit• Report acres for Unseeded Acreage Benefit	<ul style="list-style-type: none">• See Land Report section for requirements when filing your Land Report• Refer to the Benefits document for information on Reseeding Benefit and Unseeded Acreage Benefit
June 25	File Land Report with late filing fee	Failure to file by this deadline results in breach of contract and the Insured being unable to participate in any AFSC insurance programs for current and following year.
August 15	File Report of Grain in Storage Prior to Harvest form	Report the amount of carryover production and purchased inventory, stored on and off the farm, prior to commencement of harvest and no later than August 15.
November 15	File Harvested Production Report (HPR)	See Harvested Production section for requirements when filing your HPR.
December 31	<ul style="list-style-type: none">• File Harvested Production Report (HPR) with late filing fee• Pay any current year's outstanding accounts	<ul style="list-style-type: none">• Failure to file an HPR by this deadline will result in a yield recorded as zero and no Indemnity will be calculated.• 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.
Re-Inspection	Request re-inspection within seven days of the inspection	See Claims section for additional information
Silaging or another use other than combining	Contact AFSC five days in advance of putting an insured crop to a use other than combining.	See Claims section for additional information.

ARTICLE 5. INSURED ACRES

5.01 Insured Acres Details

- a. All eligible acreage and seeded acreage of an Insured Crop, whether owned, rented or crop shared, must be insured. Insured acres are not insurable under any other crop insurance program, except for applicable Endorsements or where AFSC has consented in writing.

Cash rent and crop share landlords are not eligible for insurance as they are not responsible for the agronomic decisions and do not receive the majority of the proceeds from the sale of the crop.

- b. Acreage intended for uninsured Silage, uninsured Greenfeed, pasture, summer grazing, or winter grazing may be excluded if requested on the Land Report on or before June 20.
- c. If AFSC determines acres of an Insured Crop and the crop and/or acres differ from those reported by the Insured, the following will apply:
 - i. When completing acceptance inspections, reseed inspections, unseeded inspections or acreage verification, AFSC will issue a revised Statement of Coverage and Premium based on the crop type and actual number of seeded acres calculated by AFSC and any Indemnity calculation will also be based on the crop type and actual acres.
 - ii. When completing all other inspections:
 - 1) if the measured or established acreage is within Acreage Tolerance, there is no revision to the Statement of Coverage and Premium and the reported insured acres are used in the calculation of the Indemnity.
 - 2) if the measured acres are outside the Acreage Tolerance compared to acreage shown on the Land Report, AFSC may issue a revised Statement of Coverage and Premium and the Indemnity calculation shall be based on the actual number of Annual Crop seeded acres.
 - 3) AFSC is not obligated to pay an Indemnity on the additional acres if a loss has previously occurred.
 - 4) AFSC may remove the All Crops Insured Discount if additional acres are outside of Acreage Tolerance.
- d. AFSC is not required or in any way obligated to revise or adjust its calculation of insured acres for any preceding year.

ARTICLE 6. LAND REPORT

6.01 Land Report Details

- a. A Land Report must be filed once seeding is finished and no later than June 20.
- b. The Insured must report all annual spring and fall crops on land that is owned, rented, or crop-shared and include the following information for each field:
 - i. legal land description for the location of each Insured Crop including the Part;
 - ii. number of seeded acres of each Insured Crop, or the number of acres of Summerfallow;
 - iii. crop and variety seeded;
 - iv. insured end use (e.g. Commercial, Pedigreed, Organic, etc.);
 - v. whether the acres are seeded on Summerfallow or Stubble, and on dryland or irrigated land;
 - vi. seeding date;
 - vii. cropping and tillage practice;
 - viii. report acres too wet to seed by quarter section, including whether fertilizer had been incorporated or not, and if the land is irrigated or not; and
 - ix. summary of insured acres for each crop, and whether or not each crop has Carryover Inventory.

AFSC requires both insured and uninsured land information. Coverage is based on the land base farmed, not just the land insured, therefore the information is required to ensure Coverage and discounts are correct.

- c. Failure to file a Land Report will result in all insurance Policies being cancelled and restrictions on future year's program participation. Where the Insured fails to file a Land Report by the June 20 deadline AFSC may, in its discretion:
 - i. accept the Land Report, if received by June 25, and assess a late filing fee to be paid by the Insured in full before the start of the next crop year;
 - ii. due to extenuating circumstances, AFSC has the discretion to determine the acreage seeded by the Insured and file a Land Report for the Insured which shall be binding on the Insured; or
 - iii. cancel this Contract or any part thereof for the current year, in which case the Insured will be unable to participate in any AFSC insurance programs for current and following year with the following exceptions:
 - 1) Livestock Price Insurance can be purchased in the current year; and
 - 2) Straight Hail Insurance can be purchased in the following year.
- d. AFSC reserves the right to reject requests for changes to the Land Report after the June 20 filing deadline.

ARTICLE 7. STATEMENT OF COVERAGE AND PREMIUM

7.01 Statement of Coverage and Premium Details

- 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.
- b. The Insured should review their Statement of Coverage and Premium carefully to ensure it is complete and accurate. Errors and omissions must be reported to AFSC within 15 calendar days of receipt.
- c. AFSC reserves the right to deny additional Coverage when information contained on the Statement of Coverage and Premium reflects what is reported on the Land Report.

ARTICLE 8. CLAIMS

8.01 Claim Deadlines and Notice of Loss

The Insured is required to submit a Notice of Loss to initiate a claim. The required timeframes for the Notice of Loss and the deadline to initiate a claim are as follows:

- a. Reseeding Benefit: contact AFSC prior to taking acres intended for reseeding out of production.
- b. Unseeded Acreage Benefit: via the Land Report on or before June 20.
- c. Harvested Production Report (HPR): on a form acceptable to AFSC once harvest is complete and not later than November 15.
- d. Unharvested Acreage Benefit: via the HPR, report the number of unharvested acres by November 15, last date to report is on or before December 31.
- e. Post harvest claim: via the HPR losses, must be reported before December 31 in the calendar year in which the loss is claimed to have occurred.

If the Insured is late in filing a Notice of Loss AFSC may reject the claim.

8.02 Statement of Loss and Inspection

- a. Upon receipt of a claim for loss:
 - i. where AFSC processes a claim, AFSC will serve the Insured with a Statement of Loss.
 - ii. where AFSC's process is to conduct an inspection, following the inspection, AFSC will serve the Insured with a copy of the Inspection Report.
- b. If the Inspection Report results in no payment, or if as a result of the Inspection Report the claim for loss is withdrawn by the Insured, the Inspection Report 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.

8.03 Re-Inspection

- a. After an inspection, pursuant to Section 8.02 c, if the Insured, within seven days of service of the Inspection Report:
 - i. advises AFSC of the Insured's disagreement with the report; and
 - ii. 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, or re-grading of samples.

8.04 Insured Crop Put to Another Use

- a. Acreage of Insured Crop(s) Put to Another Use must first be released by AFSC.
- b. The Insured is required to contact AFSC five days in advance of putting an Insured Crop to a use other than combining to request an appraisal and release of acres. AFSC will need to know:
 - i. The number of acres intended to be put to an alternate use;
 - ii. The reason for the alternate use;
 - iii. An estimate of the yield.
- c. Depending on the estimate of yield, the acres may be released from the Branch, or an adjuster may complete a field inspection to determine the yield appraisal before acres are released.
- d. AFSC may defer the appraisal on a damaged Insured Crop which the Insured intends to Put to Another Use.
- e. When the Insured has accepted the Appraised Potential Production on any portion of an Insured Crop, no further appraisal will be made on that portion unless, and at the sole discretion of AFSC, substantial damage occurs before the Insured can put the crop to some other use within a reasonable period of time. Such Inspection may be subject to a re-inspection administrative fee.
- f. Where an Insured Crop is Put to Another Use without first being assessed and/or released by AFSC, AFSC will deem the Appraised Potential Production to be zero, and the Uninsured Causes of Loss to be equal to Coverage on acres Put to Another Use.
- g. The Insured must not dispose of an Insured Crop or put it to a use other than combining without AFSC releasing acres, as it may negatively impact their insurance. Once authorized by AFSC, the Insured may leave Inspection Strips or Exclosures if putting acres to another use.
- h. Where Inspection Strips or Exclosures are authorized by AFSC for all inspection types, the Insured is required to leave Inspection Strips or set up appropriate Exclosures, or AFSC will deem the Appraised Potential Production to be zero, and the Uninsured Causes of Loss to be equal to Coverage on the acres Put to Another Use.

8.05 Inspection Strips and Exclosures

- a. Inspection Strips are representative standing strips or swaths of the Insured Crop in such measurements as required by AFSC to determine the crop's production potential.

Inspection Strips are to be left in from the edges of the field, a distance of about one-third of the width of the field, for the length of the field and a minimum of ten feet in width, for inspection by AFSC.

- i. On fields less than 100 acres, two strips are required.
- ii. On fields of 100 acres or more, an additional strip must be left in the middle of the field.
- iii. On fields of 100 acres or more that span multiple quarter sections, treat each quarter section as a separate field; for fields less than 100 acres, two strips are required; for fields greater than 100 acres, three strips are required.
- b. Enclosures are representative sites of the crop that are fenced off and are used when the crop is being pastured as the Insured is unable to leave representative Inspection Strips.
 - i. A minimum of two sites for fields up to 40 acres,
 - ii. A minimum of one site for every additional 40 acres in that item, is required.

**Information on Inspection Strips is available on afsc.ca.
Contact AFSC directly for information regarding Enclosures.**

8.06 Inspection Procedures

The procedures set out in AFSC's adjusting procedure manuals shall be used in the assessment of production and insurable loss of an Insured Crop.

AFSC recommends the Insured or Authorized Representative accompany adjusters during on-farm inspections.

8.07 Uninsured Causes of Loss

When Uninsured Causes of Loss are determined, claims may be reduced or denied, reflecting the amount of production and/or Quality Loss due to the uninsured causes. The acres remain insured and full Premium remains payable. Common examples where Uninsured Causes of Loss may be applied include, but are not limited to:

- a. unapproved, untimely or improperly applied products or methods for the:
 - i. control of weeds,
 - ii. control of insects,
 - iii. control of plant diseases,
 - iv. enhancement of plant development;
- b. inadequate machinery, labour or failure to complete repairs to equipment on a timely basis;
- c. machinery and equipment failure due to mechanical defects or improper operations;
- d. damage to an Insured Crop from fertilizers, herbicides, pesticides, fungicides, soil or crop additives or any other product where the damage was caused by drift, residue, improper direct application or improper use of product;
- e. untimely harvest practices for the area and the crop;
- f. improper harvest management;
- g. damage by domestic animals or poultry;
- h. neglect or theft of the Insured Crop;
- i. negligent or wrongful acts of a third party (e.g. spray drift or stray animals);
- j. damage after an inspection by AFSC or while in storage, including heating;

- k. grade reduction before an inspection by AFSC if stored production is not weather protected; or
- l. any Designated Peril deemed avoidable by AFSC.

If AFSC pays no Indemnity because of an Uninsured Cause of Loss, AFSC will not refund any portion of the Premium and the Insured is not relieved from paying any outstanding Premium.

8.08 Service of Documents

- a. Service of the Inspection Report or a 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 loss for which an inspection has been made, service of the Inspection Report or Statement of Loss on one of the Insured is deemed to be service on all the Insureds.

8.09 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 9. CARRYOVER INVENTORY AND UNINSURED PRODUCTION

9.01 Carryover Inventory and Uninsured Production Details

- a. Carryover grain, including purchased inventory and uninsured crop production, stored on or off the farm must be declared to AFSC on the Report of Grain in Storage Prior to Harvest form prior to commencing harvest and not later than August 15, even though the intent may be to sell or feed it before harvest.
- b. The Insured may be required to provide sales receipts to identify carryover, purchased inventory and uninsured production. It is important to report Carryover Inventory as it may affect eligibility for an advance or claim if in a loss situation.
- c. AFSC may count Carryover Inventory and uninsured production as part of the Harvested Production if the Insured fails to report, store separately and/or identify previous year's production, or grain purchases.

ARTICLE 10. PRODUCTION

10.01 Harvested Production Report (HPR)

- a. An HPR must be submitted online or to a branch office when harvest is complete, and no later than November 15.
- b. A late filing fee will be applied for HPRs submitted after the November 15 deadline.
- c. The Insured is required to provide:
 - i. Changes to Carryover Inventory from what was reported on the Report of Grain in Storage Prior to Harvest form;
 - ii. Uninsured production;
 - iii. Field Documentation information including preharvest, unharvested or abandoned acres:
 - 1) Unharvested and abandoned acres require a reason, land location, number of acres and yield estimate.
 - iv. Insured production by field;
 - v. Gross stored and fed production including bushel weight, dockage and grade;
 - vi. Net delivered or sold production and grade;
 - vii. Date harvest was completed;
 - viii. Volunteer Production.

For information on measuring stored production, refer to Determining Production in Storage on afsc.ca

- d. Unlicensed and deregistered varieties must be stored separately and do not qualify for grade loss adjustments.
- e. If there is a Production Loss, contact AFSC prior to feeding any Insured Crop.
- f. Notification of an insurance claim and any required loss adjustment procedures are based on the information provided by the Insured on the HPR.
- g. If the Harvested Production Report is not submitted by the Insured before December 31, the yield will be recorded as zero and no Indemnity will be calculated.
- h. The Insured may request corrections or revisions to the existing Harvested Production Report record for a Crop Year, up to August 15 of the next Crop Year for annual crops, by providing supporting documentation that is satisfactory to AFSC.

10.02 Production Assessment

- a. Where, after the Harvested Production Report is filed, Harvested Production of an Insured Crop is less than total Coverage after consideration of grade, weight, dockage, and moisture content, AFSC will determine Adjusted Production.
- b. The Adjusted Production of delivered or sold production of an Insured Crop will be assessed based on the cash purchase tickets or the agreed upon grade, weight and moisture content that the final cash purchase tickets will be issued on.
- c. Despite subsection (b), the grade of the Harvested Production sold or delivered will be deemed to be Designated Grade if:

- i. the reported grade is not representative of Harvested Production or is not reasonable, as determined by AFSC;
- ii. a representative sample of the Harvested Production, as determined by AFSC, is not provided, and one of the following two conditions is met;
 - 1) the Harvested Production is sold to a party that is not a Licensed Buyer; or
 - 2) the Harvested Production is not graded in accordance to the Canadian Grain Commission Standards.
- d. The grade of production fed prior to AFSC taking a sample will be deemed to be Designated Grade.
- e. If the Harvested Production contains Volunteer Production of other grains or seeds that exceeds six percent by weight of the sample and is separable, the other grains and seeds shall be calculated by AFSC to the equivalent value of the Insured Crop and shall be included as part of the Adjusted Production.
- f. When irrigated acres are in a Production Loss, the Insured will be asked to provide an irrigation log showing dates of precipitation and approximate amounts of water applied.

10.03 Allowance for Low Yield

- a. Allowance for Low Yield will be applied to the Harvested Production adjusted for dockage, moisture, grade relative to Designated Grade, Volunteer Production, and production due to Uninsured Cause of Loss.
- b. Allowance for Low Yield will be applied on a field by field or subfield basis to the Appraised Potential Production, adjusted due to an Uninsured Cause of Loss, when applicable.
- c. Adjusted Production after allowance cannot be less than assessed Uninsured Causes of Loss.
- d. Graduated categories are determined by crop type, and the yield will be reduced to adjust for the additional cost of harvesting, increasing potential indemnities from the program.
- e. An Allowance for Low Yield would be applied to all crops in this Insuring Agreement that meet the criteria above, with the exception of:
 - i. Soybeans.

When the assessed yield appraisal is extremely low, a graduated yield appraisal is applied to the impacted acres. The yield is reduced to adjust for the additional cost of harvesting, increasing potential indemnities.

10.04 Payment by Declaration

If, based on the production reported on the HPR, an Insured Crop is in a Production Loss and meets a set of criteria determined by AFSC, the Insured may be eligible to be paid for the loss. AFSC will calculate the potential payment, contact the Insured to verify the information reported on the HPR, and when eligible, process the Indemnity without an on-farm inspection.

10.05 Advances

If, based on the production reported on the HPR, an Insured Crop is in a Production Loss, the Insured may have the option of accepting an advance payment prior to AFSC completing an on-farm inspection. Advances are determined on a crop by crop basis, and the Insured can choose which crops they want an advance on.

- a. **Post Harvest Advance:** The Insured can receive a 50 percent advance payment on the estimated Production Loss prior to grade loss. Once the post harvest claim is finalized, the Insured will receive the remaining Indemnity including any grade loss.
- b. **Preliminary Payment:** if eligible, the Insured can receive a preliminary payment.

- i. A Preliminary Payment takes the Insured's reported production without grade loss and adds 20 percent to it to mitigate the risk of overpayments.
- ii. AFSC then calculates the difference between the estimated production and Coverage, and pays the preliminary payment based on the estimated Production Loss.
- iii. Once the post harvest claim is finalized, AFSC recalculates the Production Loss based on the Harvested Production determined during the on-farm inspection, and the Insured will receive the remaining Indemnity including any grade loss.

If there is an overpayment due to differences between the Insured's information reported on the HPR, and the Harvested Production determined during the post harvest inspection, repayment will be required within 30 days of notification. The advance Indemnity must exceed a minimum amount, can be deferred, and will be applied to amounts owing to AFSC and assignments.

10.06 Post Harvest

- a. Post harvest claims are triggered based on the information provided by the Insured on the HPR.
- b. An AFSC adjuster is assigned to the claim and will make an appointment for an on-farm inspection. The adjuster will:
 - i. Verify and/or measure the number of acres insured;
 - ii. Identify acres harvested; and
 - iii. Determine the quantity and quality of the crop harvested by sampling storage facilities and reviewing production sales receipts.
- c. Production sold to a primary or terminal elevator and graded according to Canadian Grain Commission standards is eligible for grade adjustment.
- d. Production that is not graded according to Canadian Grain Commission standards will have AFSC's Designated Grade applied.

10.07 Production Reviews

To ensure program integrity, AFSC retains the right to complete production reviews. Some production reviews are selected on the basis of an identified risk, while others are randomly selected.

10.08 Prorating

- a. AFSC may combine production or calculate production from the Insured's crop in a manner determined by AFSC including but not limited to combining, combining and pro-rating, and pro-rating of production.
- b. In the event that the Harvested Production is stored in such a manner that it is not possible to obtain an accurate production count (e.g. stored with uninsured production) AFSC may assign Uninsured Causes of Loss up to Coverage or prorate production.
- c. AFSC may prorate or combine the production if the Insured fails to retain:
 - i. insured production separate from uninsured production;
 - ii. insured production separate from production of another producer;
 - iii. Harvested Production separate from Carryover Inventory;
 - iv. irrigated production separate from dryland production; or
 - v. stored production separately for each Policy where there are two or more of the same Policy type for one business.

ARTICLE 11. INDEMNITY

11.01 Period of Insurance for Indemnity Assessment

- a. An Indemnity shall be calculated for the period commencing with the time the Insurable Crop is seeded and shall end at the earlier of:
 - i. the time the Insured Crop or any part of it is put to a use other than that for which it was originally intended;
 - ii. the time the Insured Crop is harvested; or
 - iii. November 30 of the year in which the Insured Crop would normally have been harvested unless such times are extended by AFSC, in its discretion.
- b. If the Insured has production from a crop harvested after November 15, that production is to be reported and is included in the Insured's Harvested Production for the year in which the crop would normally be harvested.

11.02 Calculation of Indemnity

- a. **Stage 1 on or Before June 20 (Refer to the Benefits document)**
- b. **Stage 2 on or After June 21**
 - i. If the Insured notifies AFSC of a loss from Designated Perils on or after June 21 and before November 30 in each year, an Indemnity shall be calculated as follows:
 - 1) $\{[(\text{Individual Coverage Normal Yield} \times \text{Coverage Level} \times \text{Number of Insured Acres}) - \text{Adjusted Production}] \times \text{Insurance Price}\} - \text{Wildlife Damage Compensation Program payments.}$
 - ii. Before AFSC pays post harvest Indemnity, the Insured must file a Harvested Production Report.
 - iii. In no case, for an Insurable Crop, shall the combined Indemnities under any Insuring Agreement (including Hail Endorsement), Wildlife Damage Compensation, and Unharvested Acreage Indemnity exceed total Dollar Coverage for that crop under this Contract.