

Straight Hail Insurance

Program Information and Contract of Insurance 2020



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 payment once a cheque 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, $\frac{3}{4}$ times base rate, $1\frac{1}{2}$ times base rate, $1\frac{3}{4}$ 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.

$$\begin{aligned} \text{Indemnity} &= \text{Acres} \times \$ \text{ coverage per acre} \times \% \text{ of damage} \\ &= 100 \text{ acres} \times \$200 \times 70\% \\ &= \$14,000 \end{aligned}$$

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.

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

Crops that are damaged equal to or greater than 90 per cent are paid at 100 per cent.

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

$$\begin{aligned} \text{Indemnity} &= \text{Acres} \times \$ \text{ coverage per acre} \times (\% \text{ of damage} + \% \text{ harvesting allowance}) \\ &= 100 \text{ acres} \times \$200 \times (75\% + 5\%) \\ &= 100 \text{ acres} \times \$200 \times 80\% \\ &= \$16,000 \end{aligned}$$

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.

$$\begin{aligned} \text{Indemnity} &= \text{Acres} \times \$ \text{ coverage per acre} \times [(\% \text{ damage} + \% \text{ harvesting allowance}) - \% \text{ deductible}] \\ &= 100 \text{ acres} \times \$200 \times [(75\% + 5\%) - 25\%] \\ &= 100 \text{ acres} \times \$200 \times 55\% \\ &= \$11,000 \end{aligned}$$

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.

New for 2020: 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 inspector 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 inspector during a claim inspection and to take the inspector to the damaged areas of each field. Inspectors 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 inspectors 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).

Straight Hail Contract of Insurance 2020

Agriculture Financial Services Corporation (AFSC) has the authority under the *Agriculture Financial Services Act* (Alberta) to cover an Insured under this Straight Hail Contract of Insurance. Pursuant to this insurance contract, and in consideration of the payment of premium and of the statements contained in the Application, AFSC will indemnify the Insured for damage caused by Hail, accidental fire or fire caused by lightning to an Insured Crop.

This Contract is the legal contract between the Insured and the Agriculture Financial Services Corporation (AFSC).

To report a loss, call or visit one of the Branch Offices or notify AFSC. For more details, see *Duties After a Loss* in this Contract.

Your Contract is composed of three parts:

- 1) **Part I** Consists of your **APPLICATION** for this insurance.
- 2) **Part II** Consists of the **SCHEDULE OF INSURANCE**, which AFSC provides to indicate the crops insurable, premium rates and maximum levels of coverage and limits.
- 3) **Part III** Consists of the **CONTRACT COVERAGE PROVISIONS**.

Part II Schedule of Insurance:

SCHEDULE OF INSURANCE		
Maximum Coverage per acre	Crops charged the basic rate	Crops charged ¾ times basic rate
\$225.00 Dryland \$400.00 Irrigated Buckwheat and Camelina are NOT eligible for irrigation coverage	Barley Canary Seed Cereal for Silage Corn (grain/grazing) Flax Hemp Intercrop-Cereal Linola Millet Mixed Grain Oats Rye Safflower Spring Spelt Sunflower Sunola Sunwheat Triticale Wheat	Corn Silage Export Timothy Hay Sorghum Silage Hay - Grass (1 cut) - > 50% Legume (2 cut) - > 50% Legume – Irrigated (3 cut) Liability will be prorated on crops with more than one cutting Pasture is NOT eligible for Hail insurance
\$325.00 Dryland \$425.00 Irrigated		
\$525.00 Dryland \$950.00 Irrigated	Catnip Mint	Sugar beets (no deductible accepted)
\$1,900.00 Dryland \$2,450.00 Irrigated	Potatoes: Chip Creamer Fry Seed Table	
\$2,000.00		

Crops not noted on this Schedule require Exception Committee approval.

Minimum Premium \$25.00 Per Application

Crops charged 1½ times basic rate	Crops charged 1¾ times basic rate	Crops charged 2 times basic rate
Alfalfa Seed Dry Beans - All varieties Brome Buckwheat Clover Crested Wheat Grass Faba Beans Fescue Lentils Intercrop - Pulse Lupines Peas Pulse for Silage Russian Wild Rye Soybeans All other grass or legume crops grown for seed purposes	Camelina Intercrop - Oilseed Mustards - All Varieties Oilseed for Silage	
Chick Peas	Canola	
Borage Caraway Coriander Dill Essential Oils Garlic Herbs & Spices Named Vegetables not specified elsewhere. i.e. Beets, Cabbage, Carrots, Cauliflower, Cucumber, Onion, Pumpkin, Squash, Sweet Corn, Turnips		Processing Crops: Beans Corn Peas
Market Garden Crops		

An Insured may be eligible for early payment, on-line or Auto-Elect premium discounts. See: Coverage Provisions, Section 8, Discounts.

Part III Contract Coverage Provisions:

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COVERAGE PROVISIONS

1. DEFINITIONS

- a. **“Act”** means the *Agriculture Financial Services Act*, RSA 2000, c. A-12, as amended.
- b. **“AFSC”** means Agriculture Financial Services Corporation.
- c. **“Application”** means the Straight Hail Insurance Application form or, for the AgrilInsurance Auto-Elect option, the Confirmation of Insurance form, to which this Contract applies and signed by the Insured.
- d. **“Auto-Elect”** means the option for AgrilInsurance clients to attach Straight Hail Insurance to insured AgrilInsurance crops.
- e. **“Contract”** means the entirety of Part I (Application for Insurance), Part II (Schedule of Insurance) and Part III (Contract Coverage Provisions).
- f. **“Designated Peril”** means a designated, risk or hazard against which an Insured seeks to protect themselves when purchasing a policy of insurance. For this contract of insurance, the Designated Perils are limited to the following:
 - i. Spot-Loss Hail;
 - ii. Accidental fire; and
 - iii. Fire caused by lightning.
- g. **“Direct Loss”** means the damage to the insured crop caused by the initial instance of a Designated Peril.
- h. **“Hail”** means a round jagged piece of ice consisting of concentric layers and compacted larger than 5 mm (0.2 inches). (It does not include sleet, snow and frozen rain.)
- i. **“Harvest”** means the act or process of gathering in a crop.
- j. **“Indemnity”** means the compensation AFSC pays for a loss incurred pursuant to this Contract.
- k. **“Inspection Report”** means the report that contains the inspection details from which the loss assessment will be determined.
- l. **“Inspection Strips”** means representative standing strips or swaths of the insured crop in such measurements as required by AFSC to determine the crop production potential. Inspection Strips are 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. On fields less than 100 acres, two strips are required. On fields of 100 acres or more, an additional strip must be left in the middle of the field. 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.
- m. **“Insurable Crop”** means agricultural crops grown or produced in the Province of Alberta and listed in the Schedule of Insurance for this Contract.
- n. **“Insured”** means a person whose name appears on the Application, meets the eligibility requirements set out under Part II of this Contract and has an interest in the Insurable Crop, and to whom this Contract is issued.
- o. **“Insured’s Records”** mean all seeded acreage records and all records of farm income and farm expenses of the Insured.
- p. **“Intercrop”** means two annual seeded crops planted together with the intent to harvest both crops in the fall. There are three intercropping categories based on the mixture of the crop types grown: Intercrop – Cereal; Intercrop – Pulse; and Intercrop - Oilseed.
- q. **“Market Garden Crops”** means a minimum of three different crop types that:
 - i. are typically grown together in a vegetable garden, the size of such garden being at least one acre but no more than 30 acres; and
 - ii. are typically sold directly to consumers at farmers’ markets or at the farm gate.
- r. **“Notice of Loss”** means a report provided by the Insured, on a form supplied by AFSC, that contains information required by AFSC pertaining to the loss experienced by the Insured.
- s. **“Occurrence”** means exposure to Designated Perils.
- t. **“Prescribed Rate”** means the rate of interest which is the aggregate of two percent per year and the Canadian Imperial Bank of Commerce prime rate adjusted quarterly on the last day of September, December, March and June.
- u. **“Schedule of Insurance”** means the schedule set out under Part II of this Contract.
- v. **“Spot-Loss”** means losses eligible for Indemnity on the actual area of a crop damaged by a Designated Peril.
- w. **“Statement of Loss”** means the written notice given by AFSC to the Insured setting forth the loss and Indemnity as determined by AFSC.
- x. **“Viable Crop”** means a crop that, prior to damage caused by a Designated Peril, would have a value greater than the cost of Harvesting.
- y. **“Volunteer Crop”** means any crop not intentionally sown in the spring or fall.
- z. **“Regulation”** means the *Agricultural Financial Services Regulation*, Alta. Reg. 99/2002, as amended, and includes AFSC’s by-laws and resolutions relating to this Contract.

2. ELIGIBILITY

- a. Only applicants having an ownership or crop share interest in the crop(s) insured are eligible for insurance.
- b. Applicants with active AgrilInsurance policy are required to have the same AFSC business identification number for Straight Hail Insurance.
- c. If all or part of the Insurable Crop is being grown under contract for any seed company, person, firm or corporation, AFSC will not be liable for any loss to the interest of the seed company, person, firm or corporation unless they are listed as an Insured.
- d. Only agricultural crops grown or produced in the Province of Alberta and listed on the Schedule of Insurance are eligible for Straight Hail Insurance.
- e. Crops that are damaged by a Designated Peril prior to the Insured completing its Application for insurance and this Contract going into effect are subject to conditions of acceptance as required by AFSC.

3. PERIOD OF INSURANCE

- a. This Contract is for one growing season, except when Auto-Elect option is elected by the Insured.
- b. When the Auto-Elect option is selected by the Insured, attaching Straight Hail Insurance to AgrilInsurance, coverage remains in effect from year to year unless one of the following events occur:
 - i. coverage is changed or cancelled by the Insured on or before April 30;
 - ii. coverage is denied by AFSC due to outstanding indebtedness owing by the Insured to AFSC; or
 - iii. coverage is denied by AFSC due to the Insured's failure to file a land report.
- c. The Insured may purchase Straight Hail Insurance by completing and submitting an Application to AFSC in an electronic format, or on a paper Application form provided by AFSC.
- d. Insurance coverage will begin at 12:00 noon Mountain Daylight Savings Time on the day following the date shown on the Application, subject to AFSC approval.
- e. Unless previously terminated in accordance with the provisions of this Contract, insurance coverage for each growing season will terminate the earliest of:
 - i. When the acres of an Insurable Crop have been Harvested;
 - ii. After the acres of an Insurable Crop have been abandoned by the Insured because of no Harvest value; or
 - iii. 12:01 A.M. Mountain Standard Time on November 1.

4. EXCLUSIONS

AFSC does not cover:

- a. Loss from any non-Designated Peril, even though the loss may have occurred in conjunction with a Designated Peril;
- b. Loss of any portion of a crop recoverable by harvesting equipment;
- c. Loss due to failure of the crop to mature;
- d. Loss due to neglect or failure to Harvest mature crops;
- e. Consequential, special or indirect damages including, but not limited to, diseases, insect infestation, lodging and loss of markets;
- f. Loss caused by fire recoverable from other insurance;
- g. Loss to crops which AFSC considers not a Viable Crop. There is no specific dollar level where a crop is considered not a Viable Crop, because the cost of Harvesting and crop values varies;
- h. Volunteer Crops; and
- i. Losses from designated perils after Harvest.

5. AMOUNT OF INSURANCE AND LIMITS OF DOLLAR COVERAGE

The amount of insurance and limits of dollar coverage for each crop is shown on the accepted Application. AFSC reserves the right to reject requests for changes to the Application after the policy has come into effect.

6. DEDUCTIBLE

Limits on coverage may be subject to a deductible as shown on the Schedule of Insurance.

a. Full Coverage:

If the Insured chooses coverage based on no deductible, AFSC will only pay an Indemnity when the percentage of loss is equal to or exceeds ten percent. When the percentage of loss is equal to or exceeds ten percent, AFSC will pay the full percentage of loss. If the percentage of loss is calculated by AFSC to be equal to or in excess of 90 percent, the percentage of loss shall be deemed to be 100 percent.

b. 10% Deductible:

If the Insured chooses coverage based upon a ten percent deductible, AFSC will only pay an Indemnity for the percentage of loss that exceeds ten percent. When the percentage of loss exceeds ten percent AFSC will pay the full percentage of loss, less the ten percent deductible. The percentage payable may not exceed 90 percent.

c. 25% Deductible:

If the Insured chooses coverage based upon a 25 percent deductible, AFSC will only pay an Indemnity for the percentage of loss that exceeds 25 percent. When the percentage of loss exceeds 25 percent AFSC will pay the full percentage of loss, less the 25 percent deductible. The percentage payable may not exceed 75 percent.

The percent of premium paid for each dollar of coverage is based on the Basic Premium Rates and Deductibles table below:

Basic Premium Rates and Deductibles		
Full Cover	10% Deductible	25% Deductible
3%	2.25%	1.5%
4%	3.0%	2.0%
5%	3.75%	2.5%
6%	4.5%	3.0%
7%	5.25%	3.5%
8%	6.0%	4.0%
9%	6.75%	4.5%
10%	7.5%	5.0%
11%	8.25%	5.5%
12%	9.0%	6.0%
13%	9.75%	6.5%
14%	10.5%	7.0%

7. PREVIOUS DAMAGE

AFSC will not pay the Insured an Indemnity for damage caused by a Designated Peril, which occurred prior to the date and time this Contract is in effect.

- a. When the Insured has damage caused by a Designated Peril, which occurred prior to the date and time this Contract is in effect, AFSC may provide the Insured with full coverage less the percent of prior damage, as determined by AFSC.
- b. AFSC will not provide coverage when AFSC determines the amount of prior damage to the crop is greater 25 percent.

8. DISCOUNTS

- a. Auto-Elect: An Insured who elects Straight Hail Insurance coverage with their AgrInsurance is eligible for a two percent discount on the premium amount owing. The deadline to elect coverage is April 30.
- b. On-Line: An Insured who electronically completes the Application for Straight Hail Insurance using AFSC's web based platform is eligible for a two percent discount on the premium amount owing.
- c. Early Payment: An Insured who pays the premium owing for this Contract that is received by AFSC by: (i) the later of June 25; or (ii) within 15 days of each version's billing date, is eligible for a two percent discount on all or on the portion of premium paid.

9. REDUCTION OF INSURANCE

The limit of insurance applying to each acre of insured crop will be reduced by the gross percentage of loss determined for each event of loss.

If an Insured's seeded acres differ from reported acres, AFSC in its discretion, may pro-rate losses in such a manner as AFSC deems appropriate.

10. HARVESTING ALLOWANCE

An Indemnity shall be calculated based on full dollar coverage by crop.

- a. If damage from Hail is calculated by AFSC to be in excess of 70 percent but less than or equal to 90 percent, an additional allowance shall be made. This allowance will be equal to the difference between the actual percent of damage and 70 percent to a maximum of ten percent.
- b. If damage from Hail is calculated by AFSC to be equal to or in excess of 90 percent, the damage shall be deemed and calculated by AFSC to be 100 percent.

11. SPECIAL LIMITATIONS

a. Defoliation

Hail losses to certain crops may be affected by the amount of defoliation of the crop at the time of loss.

Any loss caused by Hail may be subject to an adjustment based upon AFSC's defoliation tables that reflect the percentage loss based upon the percentage of damaged foliage.

b. Hybrid Canola for Seed Production Coverage

AFSC will offer Straight Hail Insurance for Hybrid Canola for seed production on the actual acres seeded. In the event of damage by a Designated Peril, the Indemnity would be paid on the actual acres seeded and based on the percentage of loss AFSC determines on the female plants.

LOSS ADJUSTMENT PROVISIONS

12. DUTIES AFTER A LOSS

a. Insured's Duties

In case of a probable loss to crops insured under this Contract the Insured must:

- i. Provide AFSC a Notice of Loss, in a manner acceptable to AFSC and within 14 days after the day the crop was damaged by a Designated Peril;
- ii. If the Insured is late in filing a Notice of Loss, AFSC may reject the claim. The Insured is expected to inspect damaged fields, identify damaged areas, and be able to take the Inspector directly to the damaged areas to assess the damage;
- iii. Where hail damage occurs to either a standing crop or a crop cut for harvest, provided proper Notice of Loss is first given to AFSC by the Insured, if the crop is ready to harvest, then Inspection Strips must be left as required by AFSC.
Where the Insured has not left required Inspection Strips as set defined, AFSC may deny or reduce the claim;
- iv. Allow AFSC to examine the damaged crop as often as AFSC reasonably requires. Refusal by the Insured to permit AFSC examination of the damaged crops will forfeit all of the Insured's rights to recover for the alleged loss;
- v. Upon AFSC's request, submit to examination under oath;
- vi. Sign a withdrawal of claim when AFSC's inspection of the crop determines there is no payable loss under the terms of this Contract; and
- vii. If a claim is made on any other insurance arising from the Occurrence of fire for which a claim is made on this Contract, upon AFSC's request, provide AFSC with all claims material relating to the other insurance.

b. AFSC's Duties

- i. Endeavor to adjust all losses in a timely manner;
- ii. Endeavor to pay the loss within a reasonable time;
- iii. In no circumstances will AFSC be liable for any interest, loss or damage resulting from delays or failure to pay indemnities;
- iv. AFSC makes no representation when payment for loss can be expected or when it will be paid; and
- v. Where there is more than one Insured under a Contract, AFSC will pay any Indemnity to all Insured persons jointly, or with written confirmation of all insured persons or interested parties, to any of them severally or separately, as the case may be, and further provided that AFSC, in its discretion, may elect to pay any Indemnity to each Insured person in proportion to their respective interests as disclosed in the Application or, if their respective interests have not been so disclosed, to each Insured person equally or the designated Insured.

c. Adjustment Procedures

- i. The procedures set out in AFSC's On Farm Inspection Field Procedure manual shall be used in the assessment of production and insurable loss of an Insurable Crop;

- ii. AFSC will adjust or appraise a loss with the Insured, any one named Insured if there are more than one, or the Insured's authorized representative;
- iii. Any proceedings with one named Insured or the Insured's authorized representative will be binding on all other named Insureds, and any documents signed by the Insured's authorized representative will be binding upon the Insured; and
- iv. When AFSC determines that correct procedures were not used to determine the loss or process the payment of loss, AFSC reserves the right to re-inspect the damaged field or revise the payment of loss to correct the loss payable.

d. Deferred Adjustment

At times it may be necessary for AFSC to defer the adjustment of a loss until the actual loss can be determined. The Insured must continue to care for the damaged field of insured crop during this deferral period until the actual loss can be determined.

e. Approval of Adjustments

Before becoming binding, all loss adjustments are subject to the approval of AFSC's Central Office in Lacombe, Alberta.

13. SUBROGATION IN CASE OF LOSS BY FIRE (Recovery of loss from a third party)

Because the Insured may be able to recover all or a part of the loss from someone other than AFSC if the Occurrence is fire, the Insured must do all the Insured can do to preserve such rights.

If AFSC indemnifies the Insured for the loss, the right of recovery will belong to AFSC. If AFSC recovers more than the amount AFSC indemnified plus AFSC's expenses, the excess will be paid to the Insured.

14. OTHER INSURANCE

If a crop loss caused by fire is also covered by other crop hail insurance, AFSC will pay only the proportion of the loss that AFSC's limit of insurance bears to the total amount of insurance, whether collectible or not. However, no crop insurance reinsured will be prorated with this Contract.

If a crop loss caused by fire is also covered by other insurance, including but not limited to farm property or liability insurance, then AFSC will pay only for the excess of such loss beyond the amount due from such other insurance, whether collectible or not, and not exceeding AFSC's limits of insurance.

15. ABANDONMENT

AFSC will not accept liability on any crop abandoned by the Insured.

16. CLAIMS FOR LOSS

- a. A claim for loss under the Contract must be made within the deadline stipulated. If the Insured is late in filing a claim for loss, AFSC may reject the claim.
- b. Upon receipt of a claim for loss, AFSC shall conduct an inspection following which AFSC will serve the Insured with a copy of the Inspection Report.
- c. 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 for loss by the Insured and no further Statement of Loss will be issued by AFSC.
- d. If the Insured does not, within seven days of service of the Inspection Report advise AFSC of the Insured's disagreement with the report, AFSC will issue the Statement of Loss according to the Inspection Report.
- e. After an inspection, pursuant to b. if the Insured within seven days of service of the Inspection Report, advises AFSC of the Insured's disagreement with the report and 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 client requested re-inspection of crops.
- f. 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 re-inspection within seven days from the day that the Insured is served with the Inspection Report.
- g. Service of the Inspection Report or a Statement of Loss may be effected on the Insured:
 - i. by personal service;
 - ii. by ordinary mail or registered mail in which case, service is deemed to have been effected;
 - Seven days from the date of mailing if the document is mailed in Alberta to an address in Alberta, or
 - 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.
- h. 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 Insureds is deemed to be service on all the Insureds.

17. APPEALS

- a. The Insured's right of appeal is subject to the Act and Regulation and nothing in this section is to be construed as modifying or altering any appeal provision in the Act and Regulation.
- b. An action or proceeding against AFSC for the recovery of insurance money or for any other action relating to the Contract must be commenced no later than one year after the date of the decision being appealed. To appeal, the Insured must complete the Notice of Appeal, which states the reasons for the appeal, and pay the applicable fee.
- c. The Insured may appeal any matter arising out of this Contract, but referencing Section 16 (Claims for Loss) e. above, the Insured may only appeal a Statement of Loss if the Insured has notified AFSC within the time period required by Section 16 (Claims for Loss) f. above.
- d. An Insured who receives an Indemnity is not precluded from filing a notice of appeal within the required one year time limit.
- e. If an Indemnity in respect of the matter under appeal has already been paid, adjustments or revisions to the Indemnity will be made once the Appeal has been concluded or withdrawn.

GENERAL PROVISIONS

18. PREMIUM AND INTEREST CHARGES

- a. The premium, any surcharges, administration fees and penalties calculated and determined by AFSC are due and payable on the date assessed.
- b. An Application is subject to a \$25 minimum premium.
- c. The Insured agrees to pay interest at the Prescribed Rate on unpaid premium, surcharges, administration fees, penalties and other charges. Interest accrues from and including September 1 of the Contract year and will be payable by the Insured on the first day of each following month, until the total balance outstanding is paid.
- d. The Insured shall not be relieved of the obligation to pay the premium by reason of paying or agreeing to pay interest.
- e. The Insured shall pay interest at the Prescribed Rate on amounts that AFSC has paid to the Insured to which the Insured was not entitled. Unless interest is waived in writing by AFSC, interest accrues from the date the Insured received the amounts to which the Insured was not entitled.
- f. From the date the premium is due, AFSC has a statutory lien pursuant to the Act for:
 - i. unpaid premiums
 - ii. money AFSC has paid to the Insured to which the Insured was not entitled; and
 - iii. all expenses incurred by AFSC, including legal fees and disbursements on a solicitor – client basis.
- g. AFSC is not obliged to pay interest on any amount owed to the Insured in any circumstance.
- h. If no part of the Insured Crop has sustained a loss of at least ten percent, the cost of the inspection may, at the discretion of AFSC, be charged to the Insured and in that case:
 - i. the cost shall be added to any unpaid Premium owing by the Insured and become part of it; and
 - ii. AFSC has such a lien for the costs of inspection as it has for unpaid premium, if the Insured is not indebted to AFSC for any unpaid Premium.

19. ASSIGNMENT OF INDEMNITY

- a. The Insured may assign all or a portion of any Indemnity payable to it, provided that:
 - i. it has the legal authority to execute such an assignment;
 - ii. the assignment is in a form approved by AFSC;
 - iii. AFSC is in receipt of a copy of the assignment; and
 - iv. the assignment is accepted in writing by AFSC.
- b. Where the Insured has assigned the right to an Indemnity in accordance with this Contract, payment up to the amount stated in the assignment will be made in the name of the assignee and sent to the assignee, all without further notice to the Insured.

20. INDEBTEDNESS TO AFSC

- a. Any indebtedness due, or to become due, to AFSC from the Insured on this Contract, or any other debt the Insured may owe AFSC for any matter, may be deducted by AFSC from an Indemnity otherwise payable to the Insured.
- b. If more than one person is the Insured, any obligations of the Insured shall be binding upon all such persons jointly and severally.

21. MISREPRESENTATION OR MISCONDUCT

- a. If the Insured or the Insured's authorized representative has provided any fraudulent, false or misleading statement or information to AFSC, the Insured will not be entitled to any Indemnity for the crop year in which the fraudulent, false or misleading statement or information is provided.
- b. If AFSC determines that the Insured has engaged in farming practices, management procedures or operations which directly or indirectly contributed to a loss for which the Insured is claiming an Indemnity, AFSC, in its discretion, may:
 - i. reduce coverage, or reject or cancel insurance for a time period, the length of cancellations are at AFSC's discretion, under this Contract; or
 - ii. reduce the amount of an Indemnity by the amount AFSC determines was caused by the said farming practices, management procedures or operations.
- c. If the loss or damage claimed by the Insured results from reasons stated in subsection (a) or (b) of this section, AFSC will not refund to the Insured any portion of the premium, and the Insured is not relieved from paying any outstanding premium or any amount due and payable to AFSC.

It is an offence, punishable by a fine of \$10,000 and imprisonment for up to one year if an Insured has furnished false information, made a false statement or has otherwise made a misleading statement by not providing complete information.

22. RECORDS AND ACCESS

- a. The Insured shall keep and produce to AFSC immediately upon demand all the Insured's Records for any year that the Insured has a Contract with AFSC. If the Insured has not been insured by AFSC for six consecutive prior fiscal years, all of the Insured's Records for each year that the Insured has a Contract of insurance with AFSC, and for each prior consecutive fiscal year that the Insured has been insured by AFSC, shall be kept by the Insured.

Without limiting the generality of the forgoing, AFSC shall have immediate access to all of the Insured's Records immediately upon demand made to the Insured by AFSC, and the Insured shall immediately upon such demand deliver all of the Insured's Records to AFSC.

If any of the Insured's Records are in the possession of any other party, the Insured hereby consents to the immediate release of all of such records to AFSC, whether or not the Insured's Records contain the Insured's personal information or are otherwise subject to the provisions of any privacy legislation in Canada or elsewhere. Upon request or demand made to the Insured by AFSC, the Insured shall immediately direct any other party in possession of the Insured's Records to immediately deliver the Insured's Records to AFSC.

- b. AFSC has an immediate right of entry to all lands owned or leased by the Insured, or otherwise under the direct or indirect control or direction of the Insured, sufficient in the discretion of AFSC to allow AFSC to survey, audit, inspect, estimate and examine the Insured's Insurable Crop(s).
- c. The Insured agrees that AFSC and any person acting for AFSC may have access to the Insured's Records to which this Contract relates and for the purposes of determining any information required under this Contract.
- d. Upon AFSC's request for access to records, the Insured must produce the Insured's Records within a timeframe set out by AFSC.
- e. AFSC may at any time request that any person provide AFSC with records relating to this Contract, and the Insured, by entering into this Contract, is deemed to have authorized and consented to the release of the required information to AFSC. If AFSC is unable to obtain records from parties other than the Insured, the Insured will take whatever steps are necessary to obtain the information and produce it to AFSC at the cost to the Insured.
- f. If the Insured fails to comply with any part of this section, AFSC may refuse to pay any Indemnity until the Insured has remedied the failure to comply.
- g. At AFSC's request, the Insured shall submit to examination under oath and produce all documents that relate to the matters in question.

23. WAIVER OR ALTERATION

- a. No term or condition of this Contract is deemed to be waived or altered unless the waiver or alteration is expressed in writing in a form authorized by AFSC and signed by a duly authorized representative of AFSC. An approved waiver by AFSC only applies to the specific thing waived at the specific time and may not serve as a waiver of any breach of this Contract.
- b. The rights, remedies and privileges of AFSC under this Contract are cumulative and any one or more may be exercised.

24. CHANGES TO THE CONTRACT OF INSURANCE

- a. AFSC reserves the right to add to or amend this Contract to change the Insurable Crop(s), the premium, the coverage, the insured values, and other terms and conditions of this Contract at any time before or during the term of the Contract.
- b. Any changes to this Contract and to anything else relating to this Contract are deemed to be in effect 15 days after the earlier of publication of the Contract on the AFSC public website or notice being given to the Insured.

- c. The Contract shall be subject to the provisions of the Act and Regulations and any amendments made to the Act or Regulation except for the definition of a term where the Contract alters the definition of a term that is in the Act or Regulation.
- d. Any amendments to this Contract must be in writing to be effective.

25. CANCELLATION AND PREMIUM REFUND

- a. Cancellation by Insured:
 - i. The Insured may cancel this Contract by giving AFSC written notice;
 - ii. The cancellation shall be effective immediately on the date of actual receipt of that notice by AFSC;
 - iii. There is no premium refund for a crop if an Indemnity has been paid under this Contract for that crop; and
 - iv. Provided no Indemnity has been paid under this Contract, the premium refunded to the Insured shall be determined in accordance with the date of cancellation as shown in the following tables:

b.

Spring seeded crops:

Cancellation and Premium Refund Schedule for Spring Seeded Crops		
Date of Cancellation	Premium Earned	Premium Refund
Before July 1	25%	75%
July 1 - July 3	35%	65%
July 4 - July 6	45%	55%
July 7 - July 9	55%	45%
July 10 - July 12	65%	35%
July 13 - July 15	75%	25%
July 16 - July 19	80%	20%
July 20 - July 23	85%	15%
July 24 - July 27	90%	10%
July 28 - July 31	95%	5%
August 1 or later	100%	0%

Fall seeded crops:

Include fall seeded crops, forage crops grown for seed and forage crops (grasses and legumes). The cancellation dates are 14 days in advance of the dates set forth in the table for spring seeded crops.

Cancellation and Premium Refund Schedule for Fall Seeded Crops		
Date of Cancellation	Premium Earned	Premium Refund
Before June 16	25%	75%
June 16 – June 18	35%	65%
June 19 – June 21	45%	55%
June 22 – June 24	55%	45%
June 25 – June 27	65%	35%
June 28 – June 30	75%	25%
July 1 – July 4	80%	20%
July 5 – July 8	85%	15%
July 9 – July 12	90%	10%
July 13 – July 15	95%	5%
July 16 or later	100%	0%

- c. Cancellation by AFSC:
 - i. AFSC may cancel all or part of the insurance provided by AFSC under this Contract at any time by notifying the Insured in writing at least five days before the date and hour cancellation takes effect. Notices of cancellation may be delivered or mailed to the Insured at the mailing address shown in the Application. Proof of mailing will be sufficient proof of the date notice was sent to the Insured.

- ii. If AFSC cancels all or any part of this Contract, no part of the premium for this Contract will be considered earned, except:
 - If a covered loss occurs prior to the effective date of cancellation, then the premium will be considered earned in the same ratio as the amount of loss paid bears to the insurance in force; and
 - The entire premium will be earned on crops Harvested prior to the effective date of cancellation.

26. SUITS AND WAIVER

In any action brought by AFSC to recover any premium due for this Contract, the Insured waives, for good and valuable consideration including any deferral of interest charged until September 1 of the Contract year, all right to assert, as a counterclaim, setoff or as reimbursement, any claim which is barred by any provision of this Contract.

27. CONFORMITY TO STATUTES

If any terms of this Contract are in conflict with statutes of Alberta that apply to this Contract, the Contract shall be read in a manner that eliminates or minimizes that conflict and the Contract shall not be held to be invalid as a result.

28. DEATH OF THE INSURED

If the Insured dies, this Contract will continue in force for the benefit of your spouse or legal representative until termination of insurance coverage in accordance with the provision of this Contract.

IN WITNESS WHEREOF

AFSC has signed this Contract of Insurance.

AGRICULTURE FINANCIAL SERVICES CORPORATION



Per:
Darryl Kay, Chief Financial & Innovation Officer