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A Kernel of Protection



Connecting producers with programs

What you need to know about protecting your seed corn crop under Production Insurance.

As an agency of the Government of Ontario, Agricorp works with partners to contribute to a vibrant and sustainable agriculture industry. We deliver programs that help producers manage risk and remain financially secure.

ABOUT PRODUCTION INSURANCE

Agricorp administers Production Insurance (PI) on behalf of the Government of Ontario and Agriculture and Agri-Food Canada.

Production Insurance is available for 90 commercially grown crops in Ontario in the following sectors:

- Forage
- Fruit and honey
- Grains
- Oilseeds
- Vegetables
- Seed corn, sugar beets, hemp and tobacco

ABOUT THIS PUBLICATION

The purpose of this overview is to provide general information about the seed corn plan available under Production Insurance. It includes plan-specific features, customers' responsibilities, and general deadlines.

This overview contains general information only and does not represent an insurance contract. Information contained within it is subject to change.

Refer to the following for additional information about the PI plan for seed corn:

1. Contract of Insurance – *Terms and Conditions*
2. Production Insurance information sheet for seed corn for the current plan year

For copies of these documents, visit www.agricorp.com or call Agricorp at 1-888-247-4999.

Plan overviews are also available for the following crops:

- Forage production
- Grain and oilseed production
- Honey production
- Tree fruit and grape production
- Vegetables – processing and fresh production
- Strawberry production

Table of contents

Why should I have Production Insurance?	2
How do I get PI coverage?	2
Eligibility	2
New applications	2
Renewals	3
What are my responsibilities?	3
Important dates	3
Good farm management practices	4
Changes to your business structure	4
Acreage and yield confirmation	4
Reporting damage	4
What are the plan details?	4
Insured perils	4
Uninsured perils	5
Claim types	5
How is PI coverage determined?	5
Guaranteed production	5
Variety norm	5
Example I: Calculation of variety norm	6
Yield buffering	6
Settlement factor	6
Example II: Settlement bushels when yield is 100 percent of norm	6
Example III: Settlement bushels when yield exceeds norm	6
Coverage type	7
Coverage level	7
Example IV: Calculating guaranteed production	7
How are PI premiums determined?	8
Base premium rate	8
Total liability	9
Example V: Calculating PI premium	9
Invoicing and payment	9
Cost sharing	9
What happens when a crop is damaged?	10
Reporting damage	10
Claim eligibility	10
Production claims	10
Claim price	10
Example VI: Calculating claim price	10
Example VII: Calculating a production claim under TPC	11
Example VIII: Calculating a production claim under SIC	12
Reseeding benefit claims	12
Example IX: Calculating a reseeding benefit claim	13
Salvage benefit	13
Example X: Calculating a production claim with a salvage benefit	14
How do I resolve a PI dispute?	14
APPENDIX A: Landlord/sharecrop vs. shared equity option	15

Why should I have Production Insurance?

As a grower, you have to deal with many factors that are beyond your control. Things like adverse weather, disease, wildlife, and insect infestations can have a serious impact on your production and your income.

Production Insurance (PI) adds a measure of predictability to an unpredictable business. It protects your business from yield reductions and crop losses caused by insured perils. More than 16,000 Ontario producers with more than 5 million acres of farmland enjoy the financial security provided by PI.

Production Insurance helps you:

- Maintain your cash flow in poor crop years with claim payments that compensate you for crop damage or low yields.
- Manage your operation with a more predictable cash flow.
- Provide collateral required to secure loans.
- Stabilize your AgriStability program reference margin over time.
- Gain affordable peace-of-mind by paying tax-deductible premiums that are cost-shared with government.

The AgriStability and PI connection

AgriStability, which protects your farm against margin declines greater than 15 percent, and PI are complementary programs that address different risks faced by Ontario producers. Participating in both AgriStability and PI lets you maximize the benefits of government risk management programs available to you:

- If participating in PI reduces the government share of your AgriStability benefit, you may recover up to 100 percent of your PI premium.
- PI claim payments count as income in calculating your AgriStability reference margin.
- Depending on weather and/or market conditions, in a given year you could receive an AgriStability benefit, a PI claim – or both.

The Risk Management Program and PI Connection

The Risk Management Program (RMP) for Ontario grain and oilseed producers is a three-year price support program to help offset losses caused by low commodity prices. If you want to participate in RMP, you must also participate in PI and AgriStability for the same program year.

How do I get PI coverage?

Eligibility

Eligible growers must have a contract with a seed processing company that is recognized by the Seed Corn Growers of Ontario (SCGO). All acres of seed corn that you plant must be reported and enrolled in the insurance plan.

New applications

If this is your first time applying, contact Agricorp at **1-888-247-4999**. An Agricorp representative will answer your questions, review your coverage options, and help complete your application. New applications must be submitted to Agricorp by **May 10**.

Renewals

If you are already enrolled, you will be automatically renewed with the same coverage as the previous year. Renewal Notices are mailed to customers in early March. If you want the same coverage as the previous year, no further confirmation is required. However, if you want to make changes or cancel your contract, you must contact Agricorp by the deadlines outlined in the following section.

What are my responsibilities?

Important dates

Under the seed corn plan, certain activities are carried out by the seed processor or the SCGO rather than the grower. For example, reporting acreage and paying the premium. The following table outlines the deadlines that you as a grower must adhere to, to ensure that your PI contract remains in good standing:

DEADLINES	DATE
Last day to cancel existing coverage.	April 1
New applications for insurance coverage.	May 10
Make changes to existing coverage.*	May 10
Complete first planting on all seed corn acreage.	June 15
Report any questions, concerns, errors, or omissions on your Acreage and Coverage Confirmation Notice.	Within 10 days of receipt
Report any questions or concerns regarding your Yield Confirmation Notice.	Within 10 days of receipt
Report any questions or concerns regarding your Premium Confirmation Notice.	Within 10 days of receipt
Submit your signed Proof of Loss form if you are in a production claim position.	Within 60 days of harvest

* Examples include changes to:

- Coverage type or level
- Seed company contract details
- Landlord/sharecrop arrangements
- Business structure/information

For more information on landlord/sharecrop arrangements, turn to APPENDIX A: Landlord/sharecrop vs. shared equity option.



Good farm management practices

You are expected to use good farm management practices at all times. If you use practices that contribute to a production loss, you may lose some or all of your insurance coverage.

You must report to Agricorp, in advance, any significant changes in the scale of your operation or the farm management practices you use.



Changes to your business structure

If you make changes to your business structure, including changes to name, address, or shareholders, you must report them to Agricorp by **May 10** of the insurance year.

Acreage and yield confirmation

Your planted seed corn acreage and harvested yields are reported to Agricorp by the seed corn company and/or SCGO. After the planted acres are reported, Agricorp will send you an Acreage and Coverage Confirmation Notice. You are responsible for reporting any questions, concerns, errors, or omissions to Agricorp within **10 days**.

Similarly, after your harvested yields are reported to Agricorp, Agricorp will send you a Yield Confirmation Notice that should be consistent with the settlement bushels your seed company reported to you. You are responsible for reporting any questions, concerns, errors, or omissions to Agricorp within **10 days**.

Reporting damage

You must report crop damage to Agricorp as soon as it occurs. If you don't report damage immediately, your claim could be denied. An Agricorp adjuster may visit your farm to inspect the damage.

Your seed corn company may also report damage on your behalf. However, you are ultimately responsible for identifying any issues affecting your crops.



What are the plan details?

Insured perils

The PI plan for seed corn provides protection against these insured perils:

- Drought
- Excessive moisture
- Excessive rainfall
- Flood
- Frost
- Hail
- Insect infestation
- Plant disease
- Wildlife
- Wind

Claims cannot be approved unless Agricorp confirms the crop damage is caused by one or more of these insured perils.

Uninsured perils

If an uninsured peril, such as inadequate weed control or third party damage (e.g., spray drift from neighbour's field) reduces your crop yield, the amount of the loss will be deducted from your guaranteed production. Insurance claims are not paid on this portion of the loss. You must notify Agricorp immediately when your crop is damaged by an uninsured peril, and before harvesting.

Claim types

The PI plan for seed corn offers three types of claim benefits, as follows:

- **Production claim** – provides compensation when your total harvested yield is less than your guaranteed production.
- **Reseeding claim** – helps cover the costs that you incur when a seed corn crop has been destroyed and acreage must be replanted.
- **Salvage claim** – recognizes your loss when harvested seed corn has been rejected for quality reasons due to an insured peril and must be sold as commercial grain corn.

How is PI coverage determined?

Guaranteed production

Your guaranteed production (GP) for Production Insurance is the number of bushels per acre you are covered for under the seed corn plan. If an insured peril causes your actual yield to fall below your GP, a production claim may be paid on the difference. For seed corn, GP is calculated as follows:

$$\text{GP} = (\text{settlement factor} \times \text{coverage level}) \times \# \text{ of acres}$$

The following factors are used to determine your guaranteed production:

- Variety norm
- Settlement factor
- Coverage type
- Coverage level

Variety norm

Variety norms are the expected probable yields for each variety of seed corn. Agricorp determines each variety norm by calculating its five-year average yield, expressed in bushels per acre. These yields are typically lower than yields of commercial grain corn.

It is not unusual for new varieties in the first year of planting to account for 25 to 40 percent of total varieties grown annually. Since actual yield data does not exist for the new varieties, the seed company provides an assigned norm for each new variety based on their estimate of the expected first year's yield.

Each year, actual yield data replaces assigned norms until the five-year average is composed entirely of actual yield data.

Example I: Calculation of variety norm

Jacob Farm started growing a new variety of seed corn two years ago. In year three, the variety norm is calculated as follows:

Assigned norm	50 bu
Year 1 actual yield	55 bu
Year 2 actual yield	62 bu

$$\frac{55 + 62 + 50 + 50 + 50}{5} = 53.4 \text{ bushels per acre}$$

Yield buffering

Very high (i.e., greater than 130 percent of average) and very low (less than 70 percent of average) yields are buffered to reduce volatility caused by large yield variations.

Settlement factor

The settlement factor is documented in your contract with your seed company. It is the number of equivalent settlement bushels of commercial grain corn that the seed company will pay you if you produce an actual yield of 100 percent of the variety norm. Your guaranteed production is based on your seed company's settlement factor in bushels per acre.

Example II: Settlement bushels when yield is 100 percent of norm

Assume the seed company's settlement factor is 190 bushels and Jacob Farm's actual yield is 53.4 bushels per acre.

The settlement bushels that Jacob Farm would be paid for is calculated as follows:

$\frac{\text{actual yield}}{\text{variety norm}}$	x	settlement factor	=	grower's settlement bushels/acre
$\frac{53.4}{53.4}$	x	190	=	190

The seed company will pay Jacob Farm for producing 190 bushels per acre. This amount will be used to calculate Jacob Farm's guaranteed production for PI.

Example III: Settlement bushels when yield exceeds norm

Assume the seed company's settlement factor is 190 bushels and Jacob Farm's actual yield is 60 bushels per acre.

The settlement bushels that Jacob Farm would be paid for is calculated as follows:

$\frac{60}{53.4}$	x	190	=	213.48
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The seed company will pay Jacob Farm for producing 213.48 bushels per acre. This amount will be used to calculate Jacob Farm's guaranteed production for PI.

Coverage type

Under the PI plan for seed corn, you have a choice between two coverage types:

1. Total production coverage (TPC) provides a single guaranteed production on the combined yield of all inbred-cross varieties planted. Therefore, a high yield of one or more varieties will offset the lower yields of other varieties. If the total yield from all inbred-cross varieties is less than your total guaranteed production (GP), a claim may be paid on the difference.

You must insure all your planted acres of seed corn for coverage (i.e. you cannot choose to insure only certain varieties).



2. Separate inbred-cross variety coverage (SIC) provides a separate guaranteed production for each inbred-cross variety planted. Therefore, a higher yield of one or more varieties does not offset the lower yields of other varieties. A claim may be paid on a low-yielding variety even if the yield of other varieties is above the variety norm.

Coverage level

Your coverage level is the percentage of the seed company's settlement factor (in bushels per acre) that is used to determine your guaranteed production.

- If you choose **total production coverage (TPC)**, your coverage level options are 80, 85, or 90 percent of your seed company's settlement factor.
- If you choose **separate inbred-cross variety coverage (SIC)**, your coverage level is fixed at 80 percent of your seed company's settlement factor.

Example IV: Calculating guaranteed production

Jacob Farm is trying to decide between two coverage options, as follows:

- 1: TPC at 90 percent coverage level
- 2: SIC at fixed 80 percent coverage level

Jacob Farm has a contract with a seed company that applies a settlement factor of 190 bushels per acre. The crop data for the current year is as follows:

VARIETY	ACRES
X	45
Y	55
Z	20
Total	120

Option 1

The total guaranteed production (GP) is calculated as follows:

$$\begin{aligned}
 \text{GP} &= (\text{settlement factor} \times \text{coverage level}) \times \text{total \# acres} \\
 &= (190 \text{ bu/ac} \times 90\%) \times 120 \text{ ac} \\
 &= 171 \text{ bu/ac} \times 120 \text{ ac} \\
 &= 20,520 \text{ settlement bushels}
 \end{aligned}$$

If the combined yield in settlement bushels of varieties X, Y, and Z is less than 20,520 settlement bushels, a production claim may be paid on the difference.

Option 2

A separate guaranteed production (GP), for each variety, is calculated as follows:

Variety X

$$\begin{aligned} \text{GP} &= (\text{settlement factor} \times \text{coverage level}) \times \# \text{ acres} \\ &= (190 \text{ bu/ac} \times 80\%) \times 45 \text{ ac} \\ &= 152 \text{ bu/ac} \times 45 \text{ ac} \\ &= 6,840 \text{ bushels} \end{aligned}$$

If variety X produces less than a total of 6,840 settlement bushels, a production claim may be paid on the difference.

Variety Y

$$\begin{aligned} \text{GP} &= (\text{settlement factor} \times \text{coverage level}) \times \text{total} \# \text{ acres} \\ &= (190 \text{ bu/ac} \times 80\%) \times 55 \text{ ac} \\ &= 152 \text{ bu/ac} \times 55 \text{ ac} \\ &= 8,360 \text{ bushels} \end{aligned}$$

If variety Y produces less than a total of 8,360 settlement bushels, a production claim may be paid on the difference.

Variety Z

$$\begin{aligned} \text{GP} &= (\text{settlement factor} \times \text{coverage level}) \times \text{total} \# \text{ acres} \\ &= (190 \text{ bu/ac} \times 80\%) \times 20 \text{ ac} \\ &= 152 \text{ bu/ac} \times 20 \text{ ac} \\ &= 3,040 \text{ bushels} \end{aligned}$$

If variety Z produces less than a total of 3,040 settlement bushels, a production claim may be paid on the difference.

How are PI premiums determined?

Your premium calculation is based on:

- The base premium rate
- Your total liability (TL)

Base premium rate

Base premium rates are determined annually at the time of renewal. Rates may change due to factors like past performance of the plan, changes to the claim price, and the level of the Crop Insurance Reserve Fund.

Base premium rates are expressed as a percentage of total liability.

For details on the premium rates for the seed corn plan for a specific year, refer to the information sheet for seed corn. This information is updated annually and is available at www.agricorp.com.



Total liability

Total liability (TL) is calculated as follows:

$$TL = \text{settlement factor} \times \text{coverage level} \times \text{estimated claim price (forecasted floating claim price} + \text{seed company price premium)} \times \text{total acres}$$

Example V: Calculating PI premium

If Jacob Farm chooses TPC at 90 percent and grows 120 acres of seed corn under contract with a seed company and assuming that:

- The seed company settlement factor is 190 bushels per acre
- The seed company price premium is \$0.75 per bushel
- The forecasted floating price \$4.65 per bushel
- Jacob Farm's portion of premium rate is 3.03 percent of total liability.

The customer's insurance premium (IP) is calculated as follows:

$$\begin{aligned} IP &= \text{seed company settlement factor} \times \text{coverage level} \times (\text{forecasted floating price} + \text{seed company price premium}) \times \text{total acres} \times \% \text{ total liability} \\ &= 190 \times 90\% \times \$5.40 \times 120 \times 3.03\% \\ &= \$3,357.48 \end{aligned}$$

Jacob Farm's portion of the insurance premium is \$3,357.48 (or \$27.98 per acre).

Invoicing and payment

As part of your seed corn contract, your seed processing company pays Agricorp directly for the required insurance premium. Your contract with the seed company specifies how the premium will be deducted from your seed corn payments.

Agricorp invoices seed companies in September. Payment is due by December 1. No insurance claims can be paid until the required PI premium is paid in full.



Cost sharing

Premiums are cost-shared with the federal and provincial governments, who together pay up to 60 percent of the annual premium, depending on the risk profile. Your portion does not include any fees for administrative costs, which are funded entirely by the provincial and federal governments.



What happens when a crop is damaged?

Reporting damage

You must report crop damage to Agricornp as soon as it occurs. If you don't report damage immediately, your claim could be denied. An Agricornp adjuster may visit your farm to inspect the damage.

Claim eligibility

You are expected to follow the obligations outlined in the section *What are my responsibilities?* on page 3 or your claim could be denied.

Production claims

Production claims cover reductions in yield caused by insured perils. Agricornp may pay a claim if:

- i. damage was reported to Agricornp before harvest;
- ii. yield loss was due to an insured peril; and
- iii. your harvested yield falls below your guaranteed production.

Claim price

The insurance claim price for seed corn consists of a floating portion that Agricornp derives from a survey of corn prices at Chatham and Hensall during the period from **October 21** to **November 10**, each year. The seed corn company's price premium per bushel is added to the floating portion to determine the total claim price.

Example VI: Calculating claim price

Jacob Farm grows seed corn under contract with a seed company. For the current year, the claim price for Jacob Farm is based on the following data:

Actual floating price based on average from price survey at Chatham and Hensall from October 21-November 10	=	\$4.4333/bu
Seed company price premium	=	\$0.75/bu

The claim price (CP) is calculated as:

$$\begin{aligned}
 \text{CP} &= \text{actual floating price} + \text{seed company price premium} \\
 &= \$4.4333 + \$0.75 \\
 &= \$5.1833 \text{ per bushel}
 \end{aligned}$$

Example VII: Calculating a production claim under TPC

In this example, assume that Jacob Farm decided to insure under TPC at 90 percent and experienced hot and dry weather at pollination. As a result, their production data for the current year is as follows:

VARIETY	ACRES	VARIETY NORM (BU)	ACTUAL YIELD (BU)	ACTUAL YIELD AS PERCENTAGE OF NORM
X	45	50	30	60
Y	55	60	40.8	68
Z	20	45	54	120

Recall that under the contract with the seed company, the settlement factor is 190 bushels per acre and the claim price (Example VI) is \$5.1833 per bushel.

Under the TPC coverage type, all 120 acres are combined for determining the guaranteed production (GP) and production claim calculation. The GP is based on the TOTAL for all varieties, as follows:

VARIETY	ACRES	GP @ 90%	HARVESTED YIELD
X	45	7,695 bu	5,130 bu
Y	55	9,405 bu	7,106 bu
Z	20	3,420 bu	4,560 bu
Total	20	20,520 bu	16,796 bu

The production claim (PC) calculation is as follows:

$$\begin{aligned}
 \text{PC} &= (\text{guaranteed production} - \text{harvested yield}) \times \text{claim price} \\
 &= (20,520 \text{ bu} - 16,796 \text{ bu}) \times \$5.1833 \\
 &= 3,724 \text{ bu} \times \$5.1833 \\
 &= \$19,302.61
 \end{aligned}$$

Jacob Farm would receive an insurance claim totalling \$19,302.61.

Under TPC, the production from a high yielding variety offsets the production from a low yielding variety. The high yield from variety Z (120 percent of norm) offsets the low yields of varieties X and Y.

Example VIII: Calculating a production claim under SIC

In this example, assume that Jacob Farm chooses SIC. With this option, the coverage level is 80 percent and a separate guaranteed production (GP) is calculated for each variety.

Jacob Farm experienced hot and dry weather at pollination. As a result, their production data for the current year is as follows:

VARIETY	ACRES	GP @ 80%	HARVESTED YIELD
X	45	6,840 bu	5,130 bu
Y	55	8,360 bu	7,106 bu
Z	20	3,040 bu	4,560 bu

The production claim calculation for variety X is as follows:

$$\begin{aligned}
 \text{PC} &= (\text{guaranteed production} - \text{harvested yield}) \times \text{claim price} \\
 &= (6,840 \text{ bu} - 5,130 \text{ bu}) \times \$5.1833 \\
 &= 1,710 \text{ bus} \times \$5.1833 \\
 &= \$8,863.44
 \end{aligned}$$

The production claim calculation for variety Y is as follows:

$$\begin{aligned}
 \text{PC} &= (\text{guaranteed production} - \text{harvested yield}) \times \text{claim price} \\
 &= (8,360 \text{ bu} - 7,106 \text{ bu}) \times \$5.1833 \\
 &= 1,254 \text{ bu} \times \$5.1833 \\
 &= \$6,499.86
 \end{aligned}$$

There is no claim for variety Z as the harvested yield (4,560 bushels) is greater than the guaranteed production (3,040 bushels).

With SIC, Jacob Farm has the benefit of an insurance guarantee for each separate variety. The production from the high-yielding variety Z does not offset the low yields from varieties X and Y. The total claim payable to Jacob Farm is **\$15,363.30** (\$8,863.44 + \$6,499.86).

Reseeding benefit claims

A reseeding benefit may be paid if you and your seed company determine you must reseed some or all acres of your crop due to an insured peril. It is designed to reimburse you for a portion of the costs associated with reseeding. The maximum benefit is based on a per acre rate that Agricorp sets for the crop year.

To qualify, at least three adjoining acres must be damaged and you must contact Agricorp to generate a damage report **before** you reseed. An adjuster will visit your farm to verify damage and determine the eligibility for a reseed benefit.

Components that may be included in the calculation of your seed corn reseed benefit are:

- Herbicide application (up to two herbicides)
- Tillage (one-pass shallow cultivation)
- Planting (up to three passes)
- Row cultivation (one pass, if needed)

The reseeding benefit can be paid whether you seed to the same crop or to any other crop. If you reseed to seed corn, your production guarantee will continue to be based on the total acres you plant to seed corn. If you reseed to a different crop, the reseeding benefit will be calculated based on the crop that was originally planted.

Refer to the plan information sheet available at www.agricorp.com for the maximum reseeding benefit that applies in the current crop year.



Example IX: Calculating a reseeding benefit claim

Recall that Jacob Farm planted 45 acres of seed corn variety X. Assume that:

- All 45 acres were planted at one time (male and female) on May 12.
- On May 27, a severe rainstorm wiped out the original planting, requiring total reseeding.
- Two herbicides were applied on May 31 to prepare for replanting.
- All 45 acres were shallow cultivated on June 5.
- All 45 acres were replanted on June 6 and June 13 (two passes with the planter).
- No follow up row cultivation was required.

The reseeding benefit is based on the cost of eligible reseeding activities, as follows (subject to maximum allowable amounts for the current year, as set by Agricorp):

RESEEDING ACTIVITY	VALUE/ACRE
Spraying application	\$8.00
Two herbicide applications*	\$20.00
One tillage	\$12.00
Two passes with planter	\$34.00
Total	\$74.00

* Receipts verified by Agricorp adjuster.

Based on the information above, Jacob Farm is eligible for a total reseeding benefit of \$3,330 for the 45 damaged acres (\$74.00 x 45 damaged acres).

Salvage benefit

The PI plan for seed corn includes a salvage benefit for seed corn that is rejected for quality reasons due to an insured peril. Any portion of your seed corn crop that does not meet required quality standards is removed from the variety total yield and will be credited as commercial grain corn (i.e. the salvage price recovered).

Rejected seed corn must be sold by the seed company to a commercial elevator and the proceeds are paid to you. The dollar value recovered is used to adjust any potential claim. In the event that the rejected corn is not appropriately sold to a commercial elevator, Agricorp may use the floating insurance claim price for commercial grain corn to determine the salvaged dollar amount.

To qualify, you must notify Agricorp as soon as there is damage that may cause your seed corn to be rejected. Agricorp will verify the cause of the loss (rejected seed corn) and determine eligibility for a claim.

Early reporting of damage is essential in order for Agricorp to follow the process required to accurately verify the cause and amount of the loss.



Example X: Calculating a production claim with a salvage benefit

In Example IV, assume that Jacob Farm chose Total Production Coverage (TPC) at 90 percent. The guaranteed production was calculated as 20,520 bushels (based on the total production for varieties X, Y and Z). Assume that:

- Jacob Farm harvested 1,080 bushels of variety Z.
- Subsequent germination tests by the seed company confirmed all bushels of variety Z are rejected.
- The seed company recovered \$3.50 per bushel and paid Jacob Farm \$3,780.
- The actual harvested yield of **accepted** seed corn is 12,236 bushels (varieties X and Y).
- The production shortfall is 8,284 bushels (20,520 bu - 12,236 bu).

The salvage benefit (SB) is calculated as follows:

$$\begin{aligned}
 \text{SB} &= (\text{production shortfall} \times \text{claim price}) - \text{value recovered from salvaged corn} \\
 &= (8,284 \times \$5.1833) - \$3,780 \\
 &= \$42,938.46 - \$3,780 \\
 &= \$39,158.46
 \end{aligned}$$

The total claim of \$39,158.46 is more than double the amount of the production claim calculated in Example VII, when all harvested seed corn was assumed to be of acceptable quality.

How do I resolve a PI dispute?

Agricorp has a dispute resolution process for PI disagreements:

- If you disagree with a decision about your file, a claim, or your eligibility for PI, contact Agricorp at **1-888-247-4999** to speak to a customer service representative.
- If, after calling, your issue is unresolved, you may request that Agricorp review your issue further. A customer service representative will review the required steps with you.



APPENDIX A: Landlord/sharecrop vs. shared equity option

Landlord/sharecrop arrangement

A landlord/sharecrop arrangement is made between a landowner and a sharecropper who works the land. Production from the acreage involved is divided based on a predetermined share percentage (i.e. up to a maximum 80/20 split in favour of the sharecropper). The percentage of shares may vary from arrangement to arrangement and from crop to crop.

Agricorp views landlord/sharecrop arrangements as a form of rent. Because landlords receive a portion of the crop in exchange for the use of the land, they also take on a portion of the risk and are therefore eligible to insure their share.

The landlord and the sharecropper are each responsible for declaring their share of the arrangement when they report their final acres to Agricorp by the required deadlines (see *What are my responsibilities*, page 3).

Coverage is available to both the landlord and the sharecropper based on their respective share of the crop. Members of an arrangement can decide independently whether to insure their own share but may not insure the share belonging to the other member (for example, if the other member misses the coverage deadline or chooses not to obtain coverage).

All of the yield from the arrangement must be reported before a claim is paid. If both parties are insured, the sharecropper may report yield on behalf of the landlord, however, both parties must sign their own proof of loss form.

Special considerations for claim payment include:

- **Re seeding benefit** – the sharecropper is assumed to carry the expense of planting the crop. As a result, re seeding benefits are paid to the sharecropper only.
- **USAB** – customers are eligible for USAB claims only on acres they own or cash-rent. Therefore, any USAB claim is paid to the landlord only.

If you insure a share in a crop that does not belong to you and a claim results, your claim will be based on your share only and the premium on the uninsured share is forfeited.



Shared equity option (SEO)

SEO is an alternative enrolment option for landlords and sharecroppers, which allows each landlord/sharecrop arrangement to be insured under a separate insurance contract. Both the landlord(s) and sharecropper(s) jointly own the insurance contract for each arrangement.

One party, the sharecropper, manages the relationship with Agricorp. All acres of the planted crop must be insured, whether they are owned, cash rented, or sharecropped (see *inset*). The average farm yield and the premium (including discount/surcharge) established for the landlord's property is used to calculate coverage and premium for the shared equity contract. When claims are made, the cheque is payable to all parties on the contract.

To qualify for USAB, all parties in the SEO contract must insure all of their spring-seeded acreage and apply for this benefit by May 1.



Definitions

Landlord:	A person who owns a parcel of land and allows another person to farm it in exchange for a percentage of the production.
Sharecropper:	A person who farms land belonging to a landlord in exchange for a percentage of the production.
Owner-operator acres:	Acres that are owned or cash-rented and that are insured at 100 percent by one individual, partnership, or corporation.
Cash-rent:	The landlord is paid a dollar amount per acre for the use of the land. The renter of the land (the tenant) declares any cash-rent land with their owner-operator acres. This is not a landlord/sharecrop arrangement.
Joint-tenancy:	When two or more farmers own or rent a parcel of land and share both the production costs and the work. The acres are to be divided, and each farmer reports their share along with their owner-operator acres. This is not a landlord/sharecrop arrangement.

Summary of benefits

LANDLORD/SHARECROP ARRANGEMENT	SEO
<ul style="list-style-type: none"> • Easier to make third-party assignments. 	<ul style="list-style-type: none"> • Easier to understand.
<ul style="list-style-type: none"> • Either the landlord or sharecropper (or both) can choose to insure their share of the land. 	<ul style="list-style-type: none"> • Yields are kept separate from any other PI contract (no offsetting of yield).
<ul style="list-style-type: none"> • Agricorp communicates the terms of the contract to both landlord and sharecropper. 	<ul style="list-style-type: none"> • Flexible: all types of arrangements can be insured. This includes different levels of splits and number of shareholders.
<ul style="list-style-type: none"> • Fulfillment of the contract is based on each party's ability to meet the terms and conditions. 	<ul style="list-style-type: none"> • N/A

Example: Yield reporting

As an owner-operator, Farmer A has 200 acres of corn that produced 25,000 bushels. He also has a 60 percent share in 50 acres of corn with Farmer B that produced a yield of 5,500 bushels. For PI purposes, their respective shares of acres and production are as follows:

	LANDLORD/SHARECROP		SEO	
Share of acres	Farmer A	200 acres + 60% of 50 acres = 230 acres	SEO account	250 acres
	Farmer B	40% of 50 acres = 20 acres		
Share of production	Farmer A	25,000 bu + 60% of 5,500 bu = 28,300 bu	SEO account	30,500 bu
	Farmer B	40% of 5,500 bu = 2,200 bu		
Yield per acre	Farmer A	28,300 bu/230 acres = 123 bu/acre	SEO account	122 bu/ac
	Farmer B	2,200 bu/20 acres = 110 bu/acre		

Example: Acreage reporting

A sharecropper has 200 acres (100 acres are owned and 100 are cash rented). In addition, the sharecropper has a 67 percent interest in Landlord A's 150 acres and a 67 percent interest in Landlord B's 75 acres.

LANDLORD/SHARECROP		SEO	
Sharecropper's contract		Sharecropper's contract	
100% interest in land owned and rented	200 acres	100% interest in land owned and rented	200 acres
2/3 interest in Landlord A's	100 acres	Total	200 acres
2/3 interest in Landlord B's	50 acres		
Total	350 acres		
Landlord A's contract (1/3 share)	50 acres	Landlord A and Sharecropper's contract (100%)	150 acres
Landlord B's contract (1/3 share)	25 acres	Landlord B and Sharecropper's contract (100%)	75 acres



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