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Agricultural Insurance

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Hail Spot Loss Benefit

The New Brunswick Agricultural Insurance Commission is pleased to offer a Hail Spot Loss Benefit for the 2023 Crop Year. This rider is an optional add-on that will provide insurance against spot loss damage caused by hail to any of the insured crops elected for coverage under the benefit.

Facts and Details about the Hail Spot Loss Benefit

- Will be offered for potatoes, grains, oilseeds, grain corn and sweet corn.
- Producer must have base plan insurance to be eligible for the hail rider.
- Producer must select the hail rider at application time and will be charged an extra premium for the hail rider.
- Hail spot loss benefit is only available for crops insured at 70% and 80%.
- Hail spot loss benefit must be selected by group of commodities.
- Any surcharge / discount from the base plan will also apply to the hail rider.
- When there is a loss due to hail before July 1st, the maximum indemnity payable is 50% of the insured value of the damaged acreage. After July 1st, hail damages are covered up to 100%.
- Indemnity calculation = % of damage to the insured crop x insured production per acre x coverage level x number of damaged acres x unit price.
- If there is less than 10% damage to the crop; no indemnity will be paid.
- If there is over 70% damage but less than 90%, an additional allowance is made. This allowance is the difference between the actual damage and 70%, to a maximum of 10%.
- If there is over 90% damage, the indemnity is calculated as 100%.
- The total indemnity for all insured perils (including the Hail Spot Loss Benefit) shall not exceed the maximum insured value for the crop.

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Example – Russet Burbank Potatoes

- Probable yield (PY) = 287.96 cwt/ac
- Coverage = 80%
- Unit price (U.P.) = $18.00/cwt
- Base plan premium cost = $82.10/ac
- Hail Spot Loss Benefit premium cost = $6.36/ac
- Insured acres = 100 ac

- **Hail Spot Loss Benefit payment;**

  If we assume that the hail damage is determined to be 50% on 20 acres, the hail spot loss benefit payment is;

  = % damage x PY x coverage x damaged acres x U.P.

  = 50% x 287.96 cwt/ac x 80% x 20 acres x $18.00/cwt

  = $41,466.24

- **Low yield indemnity payment;**

  If we assume that the total PTC (including section hit by hail) is 20,000 cwt, the low yield indemnity payment is;

  = (Insured production – PTC) x U.P.

  = (23,036.80 cwt – 20,000 cwt) x $18.00/cwt

  = $54,662.40

- **Total payment received = $96,128.64**

- **The maximum indemnities payable for the insured crop = $414,662.40;**

  If the PTC is only 1500 cwt, then the low yield indemnity would be $387,662.40, but the maximum payment the producer can receive is $360,000.00

  ($414,662.40 – $54,662.40)