



Understanding Coverage for DON Grain Corn

Feature Sheet

The information in this document applies to Production Insurance customers who are affected by Deoxynivalenol (DON), also known as vomitoxin.

Plant diseases, like DON, are insured perils that are covered by Production Insurance. Agricorp is here to help you understand how your coverage works and to walk you through the claim process.

About Production Insurance

Production Insurance is a yield based program that provides:

- Coverage against insured perils, like plant diseases, including DON
- A guaranteed level of production
- Compensation if your yield falls below your guaranteed level due to an insured peril
- Payments based on your yield at the time of harvest

If your crop is affected by DON...

- Call Agricorp immediately to report damage and keep us updated on any changes to crops. An adjuster will contact you within 48 hours to start an assessment.
- Your adjuster will work with you through the claims process to assess:
 - ✓ The marketability of your crop
 - ✓ Proof of rejections, which should be in writing and contain your name, elevator or dealer name, and why your crop was rejected
 - ✓ The results of DON level tests taken before or at harvest, especially if you are storing the crop on farm
 - ✓ The destruction of any crop

For information about DON level testing and best management practices for storing and handling DON-affected corn, farmers can contact OMAFRA at 1-877-424-1300.

Production Insurance responds to unmarketable crop due to DON

- Agricorp may write off (assign a zero yield) unmarketable crops affected by DON, upon proof of rejection.
- Your final yield will then be reduced to exclude corn that was written off and destroyed. See how yields are reduced on the back of this page.
- If your final yield is below your guarantee, you may receive a payment. Please note that discounted prices do not affect how your yield is reduced.

How other programs can help

AgriStability provides whole farm coverage designed to cover large declines in net income. It protects farm income as a whole instead of one commodity at a time.

AgriInvest is a savings account that producers can use to either cover small net income declines or support other investments.

Visit agricorp.com for more information.

How yields are reduced

Example scenario:

- You have 200 acres of corn on four fields and 50 acres are affected by DON
- Your historical average farm yield (AFY) is 185 bu/ac
- You insure your corn at the 90% coverage level
- Your actual harvested yield is 190 bu/ac, making your yield 9,500 bushels per field (190 x 50 acres)
- After proof of rejection, Agricorp writes off 50 acres of corn

200 acres of corn:

| | |
|---------------|----------------------|
| 9,500 bushels | 9,500 bushels |
| 9,500 bushels | 0 bushels due to DON |

Step 1: Determine your guaranteed production (GP)

$$\begin{aligned} \text{GP} &= \text{AFY} \times \text{coverage level} \\ &= 185 \text{ bu/ac} \times 90\% \\ &= 166.5 \text{ bu/ac} \end{aligned}$$

Step 2: Determine total guaranteed production (TGP)

$$\begin{aligned} \text{TGP} &= \text{GP} \times \text{acres} \\ &= 166.5 \text{ bu/ac} \times 200 \text{ ac} \\ &= 33,300 \text{ bu} \end{aligned}$$

Step 3: Reduce actual harvested yield due to DON

Because one field is affected by DON and written off, Agricorp reduces the yield to zero bushels for those acres.

$$\begin{aligned} \text{Actual harvested yield} &= 9,500 \text{ bu} + 9,500 \text{ bu} + \\ &\quad 9,500 \text{ bu} + 0 \text{ bu} \\ &= 28,500 \text{ bu} \end{aligned}$$

Step 4: Determine if there is a shortfall

$$\begin{aligned} \text{Shortfall} &= \text{TGP} - \text{actual harvested yield} \\ &= 33,300 \text{ bu} - 28,500 \text{ bu} \\ &= 4,800 \text{ bu} \end{aligned}$$

Step 5: Calculate your claim

$$\text{Claim} = \text{shortfall} \times \text{claim price}^*$$

*Claim prices are either fixed or floating. Fixed claim prices are set at renewal time and provide a lower and set value, which provides a lower premium cost. Floating claim prices are set after harvest using market prices and are designed to compensate customers at current market prices. Claim prices are available on agricorp.com. Floating prices are normally posted in late November.

Errors and omissions excepted.

Agricorp reserves the right to make corrections if there are any errors or omissions on this feature sheet. For specific legal obligations of Production Insurance, consult the *Contract of insurance, Terms and conditions*. For details on the collection of information and treatment of records, refer to Part I, Section I of the contract.

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