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Mr Keith Robbins
General Manager
Ontario Processing Vegetable Growers
435 Consortium Court
London, ON N6E 2C8

May 21, 2020

Dear Mr. Robbins,

Production Insurance Premium Rates established

With the 2020 growing season approaching, I'd like to update your organization on the Production Insurance program details for processing crops and vegetable plans. The 2020 premium rates have been finalized and are attached for your reference.

Agricorp's objectives in the Production Insurance program are to provide affordable coverage, offer stable premium rates and to accumulate adequate reserves in the Agricultural Production Insurance fund for long-term sustainability. As part of the yearly premium rate setting process Agricorp analyzes claims history, value of benefit payments, market price and the production insurance reserve fund to determine premiums of individual plans. As required by regulations, premium rate setting methodologies are developed by actuaries, approved by Agriculture and Agri-Food Canada's Chief Actuary and conform to prescribed national actuarial guidelines.

Overall, the PI program is in a strong financial position. Production Insurance premium rates for all commodities benefitted from the strong financial position of the Production Insurance Fund. As a result, insured farmers and governments are paying 21.5% lower costs than they otherwise would have been on all premiums in 2020.

Premium rate highlights

- Premium rates for tomatoes, peas, green and wax beans, lima beans and sweet corn are determined using the previous year's claim price.
- Processing tomato premiums continue to go down as a reflection of lower than average claims. In 2020, premiums at 90 percent coverage will be \$41.50 per acre, down 8.8 per cent from the previous year.
- Processing peas, sweet corn and green and wax bean premium rates remained the same or decreased slightly compared to last year. Lima bean premiums decreased 7.0 per cent as a result of lower claims.
- Seed cost premiums paid by the processor increased for peas 7.9 per cent to \$2.07 per acre, sweet corn 10.7 per cent to \$1.28 per acre and green and wax beans 19.5 per cent to \$3.66 per acre on account of higher seed cost claims. Lima bean seed cost premiums decreased by 7.5 per cent to \$0.54 per acre.

- Hand pick cucumber rates are up slightly (1.6 per cent) because of higher AFY's and machine harvest cucumber rates are down 7.3 per cent because of lower than average claims.
- Premium rates for rutabagas are down 5.8 per cent to \$74.84 per acre at 80 percent coverage, given lower than average claims.
- Butternut squash, processing carrots, red beet and Spanish onion premium rates are similar to 2019.

Claim payments for tomatoes, peas, green and wax beans, lima beans and sweet corn use the current year contract prices. Agricornp is continuing to calculate a weighted super sweet and regular corn claim price. For 2020, the weighted sweet corn claim price is \$97.12 per ton up from \$96.18 per ton in 2019.

The 2020 claim price for organic sweet corn is \$126.26 per ton up from \$125.03 per ton. There is one organic claim price option for the sweet corn plan. Agricornp based this on the minimum industry negotiated organic price factor.

Customers received their Production Insurance renewal packages in April depending on the crops they insured in 2019. Agricornp will provide processing tomato claim prices once an analysis is done to take into account changes in the processor specific contracts and when contracted tons are available to take into account any changes in the MOU.

Producers interested in applying for Production Insurance or other programs should contact Agricornp at contact@agricorp.com. The deadlines to apply for business risk management programs are attached.

Thank you for your continued cooperation. Please feel free to contact me with questions or concerns about any of Agricornp's programs.

Sincerely,



Arlie McFaul
Senior Industry Specialist
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Enclosed: 2020 Customer Premium rates.

2020 Processing crops customer premium rates, reseed and seed cost benefits per acre

Crops	Coverage Options	Customer Seed Benefit Premium	Customer Premium Without Seed Benefit	Customer Premium With Seed Benefit	Maximum Reseeding Benefit With seed benefit	Maximum Seed Cost Benefit
Green & Wax Beans	80%	\$3.66	\$21.80	\$25.46	\$369	\$313
	85%	\$3.66	\$28.96*	\$32.62*		
	80% (SHC)	\$3.66	\$30.46*	\$34.12*		
Green Peas	80%	\$2.07	\$17.00	\$19.07	\$416	\$360
	85%	\$2.07	\$23.71*	\$25.78*		
	80% (SHC)	\$2.07	\$23.49*	\$25.56*		
Lima Beans	80%	\$0.54	\$14.60	\$15.14	\$197	\$141.00
	85%	\$0.54	\$20.86*	\$21.40*		
Sweet Corn	80%	\$1.28	\$8.37	\$9.65	\$187	\$130
	85%	\$1.28	\$10.30	\$11.58		
	90%	\$1.28	\$12.82	\$14.10		
	80% (SHC)	\$1.28	\$13.34*	\$14.62*		
Sweet Corn Organic	80%	\$1.28	\$9.82	\$11.10	\$187	\$130
	85%	\$1.28	\$12.04	\$13.32		
	90%	\$1.28	\$16.86*	\$18.14*		
	80% (SHC)	\$1.28	\$15.54*	\$16.82*		
Tomatoes	90%	NA	NA	\$41.50	\$751	NA

SHC = Separate Harvest Coverage

(E&OE)

The federal and provincial governments pay up to 60 percent of the required Production Insurance premiums and 100 percent of the administration cost of delivering Production Insurance.

* A portion of the premium is high cost. The portion is paid at a 67 percent rate by the customer.

The tomato yield adjustment factor is 1.0120.

Early seeded and yield based processing vegetables

2020 claim prices and premium rates							
Crop	Maximum reseed benefit (\$/acre)	Claim price	Customer premium rate by coverage level (\$/acre)				
			65%	70%	75%	80%	85%
Banana peppers	\$2,278	\$230/ton	N/A	\$57.13	\$68.41	\$76.81	N/A
		\$350/ton	N/A	\$86.93	\$104.10	\$116.88	N/A
		\$470/ton	N/A	\$116.74	\$139.79	\$156.96	N/A
Bell peppers	\$2,278	\$230/ton	N/A	\$59.22	\$70.91	\$79.62	N/A
		\$350/ton	N/A	\$90.11	\$107.91	121.16	N/A
		\$470/ton	N/A	\$121.01	\$144.90	\$162.70	N/A
Processing butternut squash	\$273	\$106/ton	N/A	\$12.49	\$16.47	\$21.96	N/A
Processing carrots	\$940	\$87.00/ton	\$38.45	\$48.31	\$59.16	\$78.88	N/A
Cucumbers hand pick	\$413	Dollar value	N/A	\$28.12	\$36.54	\$45.83	\$55.97
Cucumbers machine	\$753	Dollar value	N/A	\$28.41	\$36.93	\$46.31	\$56.56
Red beets	\$555	Dollar value	N/A	\$19.50	\$23.21	\$27.51	\$33.32
Rutabagas	\$152	\$91/ton	N/A	\$57.30	\$65.95	\$74.84	N/A
Spanish onions	\$2,910	\$6.50 /50 lb. bag	N/A	\$206.39	\$236.39	\$271.13	N/A
		\$8.50 /50 lb. bag	N/A	\$269.90	\$309.12	\$354.55	N/A

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(E&OE)

The maximum salvage benefit for peppers is \$435 / acre.

2020 Fresh market vegetable acreage loss customer premium rates as a per cent of insurable value.

Plan	Peril option	Coverage level (%)			
		60%	70%	80%	85%
Fruit	Multi-peril	2.77%	3.23%	3.70%	N/A
	Hail only	0.23%	0.27%	0.31%	0.33%
	Frost only	0.17%	0.19%	0.22%	0.24%
	Hail & frost	0.40%	0.46%	0.53%	0.57%
Leafy	Multi-peril	4.72%	5.50%	6.29%	N/A
	Hail only	0.70%	0.82%	0.94%	0.99%
	Frost only	0.29%	0.33%	0.38%	0.41%
	Hail & frost	0.99%	1.15%	1.32%	1.40%
Root	Multi-peril	2.70%	3.14%	3.59%	N/A
	Hail only	0.42%	0.49%	0.55%	0.59%
	Frost only	0.09%	0.10%	0.12%	0.13%
	Hail & frost	0.51%	0.59%	0.67%	0.72%
Other	Multi-peril	2.70%	3.14%	3.59%	N/A
	Hail only	0.42%	0.49%	0.55%	0.59%
	Frost only	0.09%	0.10%	0.12%	0.13%
	Hail & frost	0.51%	0.59%	0.67%	0.72%
The federal and provincial governments pay up to 60 per cent of the required Production Insurance premiums and 100 per cent of the administration cost of delivering Production Insurance.					