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## OPVG Cucumber Day

Best Western Stoneridge Inn, &  
Conference Centre London ON

Arlie McFaul, Senior Industry Specialist

April 13, 2023

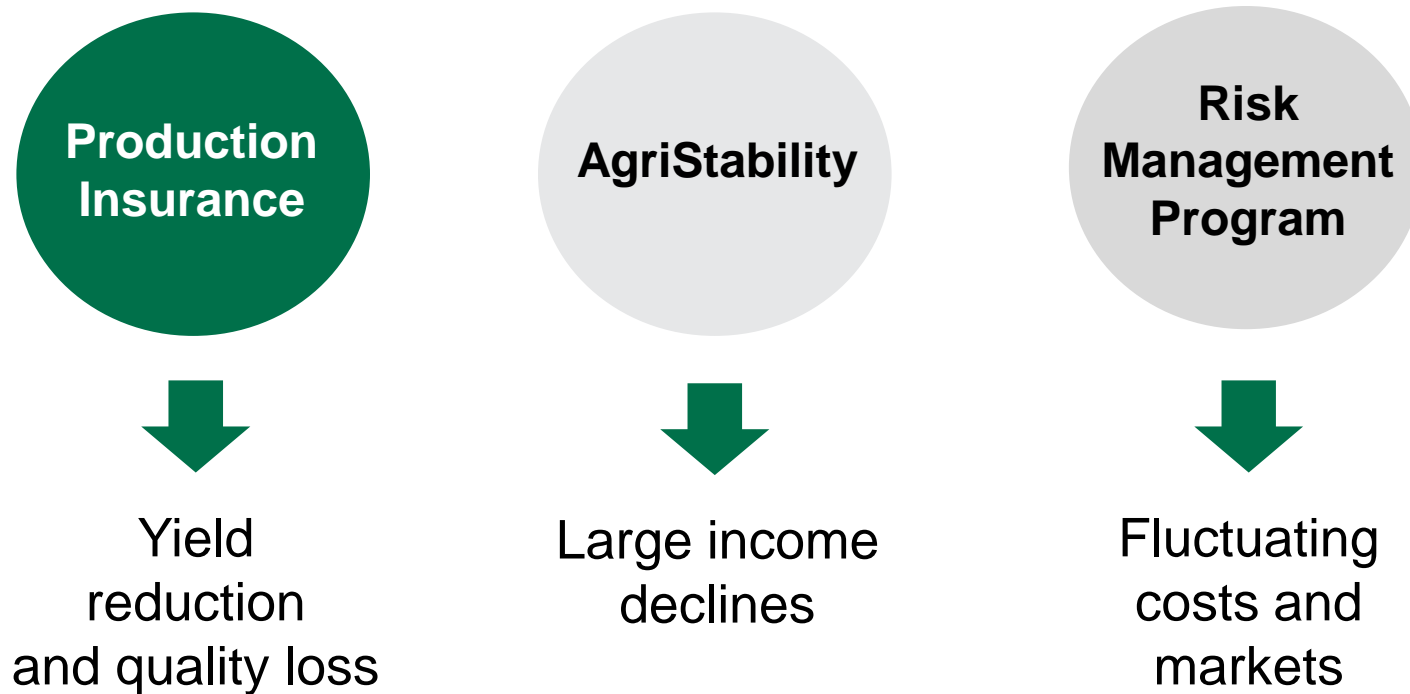
# Business Risk Management programs for Cucumbers



# Agenda

- Program Update
- Production Insurance Cucumber Coverage
- Where you can find information

# Coverage to include in your risk management plan



# Different programs cover different risks

Your risk:	Production Insurance	AgriStability	RMP
Large declines in net income		✓	
Lost markets		✓	
Increased costs		✓	✓
Lower market prices		✓	✓
Yield reductions and quality losses caused by adverse weather, disease, pests, wildlife or other uncontrollable natural perils	✓	✓	

# AgriStability highlights

# What is AgriStability?

## ► Disaster coverage

- Protects the net income of your *whole farm*
- Covers crops, livestock and by-products
- Covers *large declines* in net income, caused by:

**Production  
loss**

**Increased  
costs**

**Market  
conditions**

# Recent AgriStability updates



## Ontario compensation rate increased

- Paid as top-up for 2020, 2021, and 2022 program years
- Results in higher payments for farmers who trigger claims



## Removal of the Reference Margin Limit

- A higher reference margin means more coverage
- Increases support for operations with low allowable expenses

# 2023 AgriStability updates

~~70%~~ Now 80%

- National agreement is in place to raise the compensation rate from 70% to 80% – an increase that Ontario led, beginning in 2020.
- This means higher payments for farmers who trigger a claim.
- More details can be found at <https://www.agricorp.com/en-ca/News/2023/Pages/More-AgriStability-support-for-same-affordable-fee.aspx>



# Risk Management Program- Edible Horticulture

# Edible Horticulture - Self Declared Risk Management (SDRM)

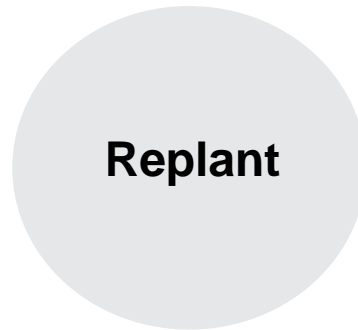
- The [SDRM](#) plan for edible horticulture allows a producer who grows an eligible commodity, like vegetables to establish an account with Agricorp to help mitigate risk associated with farm business.
- To support farmers, the Government of Ontario increased funding for RMP to \$150 million annually starting in 2020.
- Eligible producers automatically receive deposit notices starting in September.
- Each year, around 1,900 producers make a deposit into an SDRM account.
- Funds may be used to cover risks to the producer's farm business.
- Make a deposit into your SDRM account by February 1.

# Production Insurance

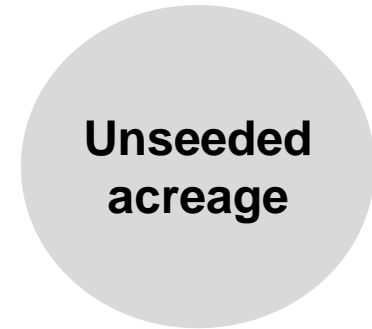
# Processing cucumber yield based coverage



Yield reductions caused by an insured peril



Replanting when an insured peril damages crop stands

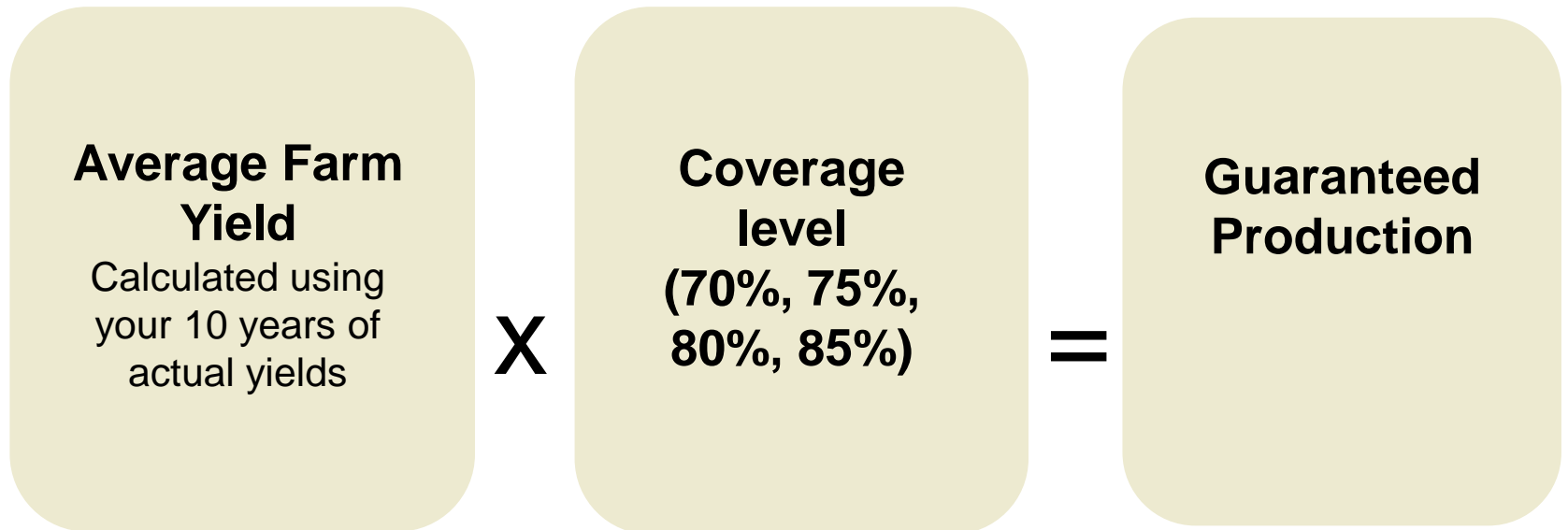


Helps cover costs when an insured peril prevents planting in a reasonable timeframe

# Production Insurance updates for Hand Picked Cucumbers

- Approval from the provincial government and AAFC to enhance the claim price starting in 2023.
- Claim price is about 88% higher. This means you have higher coverage, and in event of a claim have a higher payment.
- Agricorp collaborated with the OPVG and OMAFRA to review the claim price method to better reflect growers yield losses.
- Lowering the deduction for non-incurred costs to 6% of the negotiated price rather than 50%.

# How coverage is determined



- Yield buffering removes unusually high and low yields to stabilize your AFY and lessen the impact of extreme yields
- When your actual yield is below your guaranteed production, a production loss claim may be paid for the difference.

# Example: Average Farm Yield calculation for Hand Pick Cucumbers

Step 1: Calculate your AFY per acre in pounds

Year	Yield /Acre (lbs.)	Buffered Yield /Acre (lbs.)
2021	36,954	36,954
2020	36,648	36,648
2019	32,382	32,382
2018	27,930	27,930
2017	20,093	21,072*
	AFY (lbs.)	30,997

\* Buffered yield

# Example Average Farm Yield calculation

Step 2: Convert your AFY to a dollar value. (\$/acre)

AFY (lbs.)	X	Distribution per grade	X	Claim Price by Grade (CDN\$/lb.)	=	Value
	x	21.20%	x	\$0.5957	=	\$ 3,914.42
	x	41.73%	x	\$0.2259	=	\$ 2,921.79
30,997	x	29.43%	x	\$0.1592	=	\$ 1,452.65
	x	2.94%	x	\$0.0195	=	\$ 17.73
	x	4.70%	x	\$0.0121	=	\$ 17.67
				AFY \$/Acre		<u>\$ 8,324.33</u>

Your coverage is set using your individual distribution of harvested cucumbers by grade

Industry contract prices by grade/lb. (CDN) are used to determine your coverage. 2023 coverage uses 2023 contract prices



# Replant Coverage

Replant coverage is available for replanting some or all acres of your crop due to damage caused by an insured peril.

- Payments may be made whether you replant the same crop or a different crop.
- Payments for replant coverage are based on the crop that was originally planted and insured.
- The amount is based on a maximum per-acre rate that Agricorp sets annually for cucumbers for seed, planting, tillage.

**Replant payment = damaged acres x replant value/acre\***

\*the maximum seed amount is calculated by variety according to the 2023 industry contract in U.S. dollars.

## 2023 Replant Maximums

Max values /acre	Traditional	Parthenocarpic
Hand Pick	\$217	\$453
Machine Harvest	\$499	\$818

# Unseeded acreage coverage

- Unseeded acreage coverage is to help you to cover the carrying costs of land.
- You are eligible for unseeded acreage coverage if an insured peril other than drought prevents you from planting all or part of your contracted tonnage/acreage.

## Unseeded acreage claim calculation

= claim – premium

= [1/3 AFY\$ × (total unseeded acreage – 3 acre deductible)] – [\$1 × total unseeded acreage]

# Production Insurance premiums

- Premiums rates normally fluctuate based on claims history, changes in commodity prices, trends in liability and are driven by a methodology approved by AAFC.
- Production Insurance premiums are cost shared between farmers and governments. (Farmers pay 40%, federal and provincial government pay 60% and 100% of the administration costs).
- The Agricultural Products Insurance Fund continues to be in a good financial position. As a result, government and farmers are getting about an 8.6% discount in premiums across all commodities.
- Therefore, the total premiums (all insured commodities) in 2023 are reduced by about \$18.9 million with a savings of \$7.6 million for farmers (\$6.8M for federal government, \$4.5M the provincial government).
- Higher claim prices have a direct impact on premium costs, resulting in an 83% increase to 2023 hand pick cucumbers.
- Premium rates for machine harvested cucumbers will increase approximately 13%.

# 2023 Hand Pick Cucumber Production Insurance Premium Rates

<b>Coverage level (%)</b>	<b>Producer Premium rate (\$/acre)</b>	<b>Government Premium rate (\$/acre)</b>
85	130.33	195.50
80	100.95	151.43
75	79.46	119.20
70	61.07	91.60

HP cucumber AFY x 85% = Guaranteed production /acre

\$8,324.23 x 85% = \$7,075.60 /acre.

\$130.33/acre grower premium provides \$7,075.60 /acre of insurance.

# 2023 Machine Harvest Cucumber Premium Rates

<b>Coverage level (%)</b>	<b>Producer Premium rate (\$/acre)</b>	<b>Government Premium rate (\$/acre)</b>
85	94.58	141.87
80	76.55	114.83
75	60.84	91.25
70	47.51	71.27

MH cucumber AFY x 85% = Guaranteed production /acre  
\$2,374 x 85% = \$2,017.90 /acre.  
\$94.58/acre grower premium provides \$2,017.90 /acre of insurance.

# Our commitment to excellence in delivery

- Agricorp strives to be a customer-focused provider that always looks for ways to serve Ontario's farmers better.
- Our staff take tremendous pride in their work and the role they play in supporting Ontario's agriculture sector.
- Agricorp is committed to working with the Ministry and our industry partners on ways to strengthen the efficiency and quality of our services.
- Agricorp is committed to working closely with our stakeholder groups to ensure that our processes reflect the unique needs of different commodity groups.

# Customer satisfaction survey

- We track customer satisfaction regularly and have seen consistently strong results over the years
- The 2023 survey started January 9
- Results from previous year:

Satisfaction measure	2021
Perform the same as or better than other organizations	91%
Satisfaction with Production Insurance delivery*	94%
Satisfaction with RMP delivery*	84%
Satisfaction with AgriStability delivery*	75%
Call center performance (average, above average or outstanding)	99%
Field staff performance (average, above average or outstanding)	98%
Agree programs help stabilize income*	77%

\* Agree or strongly agree



# We're here to help

Farmers may have questions about program coverage

- To reach us, they can:
- Visit our website at [Agricorp.com](http://Agricorp.com)
- Call our offices at 1-888-247-4999,
- Email us at: [contact@Agricorp.com](mailto:contact@Agricorp.com)
- Speak with an adjuster
- Stakeholder/industry meetings

# Questions