

Sustainable Canadian Agricultural Partnership

Competitive. Innovative. Resilient.

BC GRAPEGROWERS ASSOCIATION PRODUCTION INSURANCE CASE STUDIES



PRODUCTION INSURANCE OVERVIEW

WHOLE FARM INSURANCE

- COVERS CROP AND PLANT LOSSES CAUSED BY WEATHER-RELATED PERILS INCLUDING:
 - HAIL, SPRING FROST, DROUGHT, FLOOD, WIND, LANDSLIDE, FIRE, RAIN, FREEZE.
- ANNUAL RENEWAL (OCTOBER 31ST DEADLINE)

UNLIKE PRIVATE INSURANCE

- PREMIUMS ARE COST SHARED BY THE FEDERAL AND PROVINCIAL GOVERNMENTS (60/40) AS PER THE SCAP AGREEMENT
 - AVERAGE GROWER SHARE IS ROUGHLY 10-15% OF THE COST
- INDIVIDUAL PREMIUMS ARE NOT IMPACTED BY FILING CLAIMS OR RECEIVING AN INDEMNITY



PRODUCTION INSURANCE CASE STUDY #1

SMALL GROWER

- 5 ACRE VINEYARD – 7,260 VINES
CHARDONNAY, MERLOT, PINOT NOIR
- AVG 4.5 TON/AC FROM 2017-2021
- AVG CONTRACT SALES VALUE FROM 2017-2021 = \$1.50/LB – DID NOT REPORT TO INSURANCE

POLICY OFFERED

- 45,000 LB PROBABLE YIELD
- \$1.120/LB 100% INSURABLE VALUE



PRODUCTION INSURANCE CASE STUDY #1



GROWER CONCERNS

- NEEDS AT MINIMUM \$50,000 CROP REVENUE/YEAR TO COVER COSTS
- ESTIMATING THEY NEED \$12/VINE REPLACEMENT COST
 - HAVE AN ANNUAL BUDGET OF \$2,000 FOR VINE REPLACEMENT

POLICY PURCHASED

- 50% DEDUCTIBLE = 22,500LB PRODUCTION GUARANTEE
- \$1.0089 INSURABLE VALUE = \$22,700 CROP COVERAGE
- 5% VINE DEDUCTIBLE (363 VINES) AT \$7.60/VINE = \$52,417 VINE COVERAGE
- TOTAL COST = \$200

PRODUCTION INSURANCE CASE STUDY #1

2023 CLAIM FILED

- CROP LOSS – 50% CROP (22,500 LBS) ACROSS ALL VARIETIES
- VINE LOSS – 1,000 VINES

CLAIM

22,500 LB GUARANTEE – 22,500 LB CROP = \$0 CROP LOSS CLAIM

1,000 VINE – 363 DEDUCTIBLE = 637 VINES @ \$7.60 = \$4,841 VINE LOSS CLAIM

PRODUCTION INSURANCE CASE STUDY #1

TOTAL NEEDS SHORTFALL

\$33,750 CROP REVENUE ($\$1.50 \times 22,700\text{LBS}$) +

\$0 CROP CLAIM +

\$4,841 VINE CLAIM +

\$2,000 REPLANT BUDGET = \$40,591

\$50,000 COSTS + \$12,000 VINES = $-\$62,000$

SHORTFALL = -\$21,409



PRODUCTION INSURANCE CASE STUDY #1

REVISITING THE PURCHASE

STEP ONE – ADDED CROP COVERAGE

- BUY UP TO 20% DEDUCTIBLE (36,000 LB PRODUCTION GUARANTEE)
AND 100% INSURABLE VALUE (\$1.1210/LB) = \$40,356 COVERAGE
- ADDED PREMIUM = **\$580**
- CROP CLAIM AMOUNT = **\$15,134** (vs original \$0 claim)
- ADDED CROP CLAIM BENEFIT = **\$15,134**

PRODUCTION INSURANCE CASE STUDY #1

REVISITING THE PURCHASE

STEP TWO – ADDED VINE COVERAGE

- BUY UP TO 1% VINE DEDUCTIBLE (73 VINES)
AND INSURABLE VALUE (\$9.50/VINE)
- ADDED PREMIUM = **\$175**
- VINE CLAIM AMOUNT = **\$8,807** (vs original \$4,841 claim)
- ADDED VINE CLAIM BENEFIT = **\$3,966**

PRODUCTION INSURANCE CASE STUDY #1

REVISITING THE PURCHASE

TOTAL PURCHASE SELECTION IMPACT

- **\$19,100** LOST CLAIM BENEFIT VS **\$755** IN ADDED PREMIUM
- **\$18,345** NET ADDED CLAIM BENEFIT
- TOTAL BENEFIT = **\$23,941**
- TOTAL PREMIUM = **\$955**
- SHORTFALL REDUCED TO **-\$3,264**

PRODUCTION INSURANCE CASE STUDY #1

IMPACT OF REPORTING

REPORTING SUMMARY SHEETS (2017-2021)

- 100% INSURABLE VALUE (\$1.50/LB) = \$54,000 COVERAGE
- ADDED PREMIUM = \$196
- CROP CLAIM AMOUNT = **\$20,250** (vs \$15,133)
- ADDED CROP CLAIM BENEFIT = **\$5,117**

TOTAL CLAIM BENEFIT = **\$29,057**

MINUS **\$1,151** PREMIUMS = **\$27,906** NET BENEFIT

\$1,656 OVER VS ORIGINAL **\$21,409** SHORTFALL

PRODUCTION INSURANCE CASE STUDY #1

ORIGINAL PURCHASE

Canada - British Columbia
Production Insurance

P.O. Box 857
Oliver BC V0H 1T0
Toll Free: (888) 812-8811
Phone: (250) 498-5250 Fax: (250) 498-4952

Agent: Cameron Stewart

Statement of Premiums and Coverages 2023

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GRAPES - ACTIVE

JOHN SMITH
1234 MAIN
PENTICTON BC V2A 1Z1

Policy: 713077-23
Grower: 524160
Phone: (250) 111-222 3333

QUANTITY

Commodity	Status	Total Probable Yield (lbs)	Deductible (%)	Production Guarantee (lbs)	Insurable Value (\$/lb)	Coverage (\$)	Option Premium (\$)
WINE GRAPE	FINAL	45,000	50	22,500	1.0089	\$22,700	\$0
Total:							\$0

PLANT

Commodity	Status	Units	Deductible (%)	Insurable Value (\$/vine)	Coverage (\$)	Option Premium (\$)
VINE	FINAL	7,260	5	7.60	\$52,417	\$0
Total:						\$0

\$4,841 INDEMNITY

TOTAL OPTION PREMIUMS: \$0

The contract that this Statement of Premium and Coverage forms a part of contains a clause which may limit the amount payable

PROPOSED PURCHASE

Canada - British Columbia
Production Insurance

P.O. Box 857
Oliver BC V0H 1T0
Toll Free: (888) 812-8811
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Agent: Cameron Stewart

Statement of Premiums and Coverages 2023

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GRAPES - ACTIVE

JOHN SMITH
1234 MAIN
PENTICTON BC V2A 1Z1

Policy: 713077-23
Grower: 524160
Phone: (250) 111-222 3333

QUANTITY

Commodity	Status	Total Probable Yield (lbs)	Deductible (%)	Production Guarantee (lbs)	Insurable Value (\$/lb)	Coverage (\$)	Option Premium (\$)
WINE GRAPE	FINAL	45,000	20	36,000	1.5000	\$54,000	\$776
Total:							\$776

PLANT

Commodity	Status	Units	Deductible (%)	Insurable Value (\$/vine)	Coverage (\$)	Option Premium (\$)
VINE	FINAL	7,260	1	9.50	\$68,280	\$175
Total:						\$175

\$29,407 INDEMNITY

TOTAL OPTION PREMIUMS: \$951

The contract that this Statement of Premium and Coverage forms a part of contains a clause which may limit the amount payable

PRODUCTION INSURANCE CASE STUDY #2

MEDIUM SIZED WINERY

- 50 ACRES - 4 VINEYARDS – LAKE COUNTRY TO OSOYOOS
- 72,600 VINES
CHARDONNAY, MERLOT, PINOT NOIR, CAB FRANC, PINOT GRIS
- AVG 4.5 TON/AC FROM 2017-2021

POLICY OFFERED

- 400,000 LB PROBABLE YIELD
- \$1.3470/LB 100% INSURABLE VALUE



PRODUCTION INSURANCE CASE STUDY #2



GROWER CONCERNS

- NEEDS AT MINIMUM \$450,000 CROP REVENUE/YEAR TO COVER COSTS
= APPROX 300,000LBS
- ESTIMATE VINE REPLANT COST = \$20/VINE

POLICY PURCHASED

- 20% DEDUCTIBLE = 320,000 LB PRODUCTION GUARANTEE
- \$0.7577 INSURABLE VALUE = \$242,460 CROP COVERAGE
- 5% VINE DEDUCTIBLE (3,630 VINES) AT \$7.60/VINE = \$524,172 VINE COVERAGE
- TOTAL COST = \$2,308

PRODUCTION INSURANCE CASE STUDY #2

2023 CLAIM FILED

- CROP LOSS – 40% CROP (160,000 LBS) ACROSS ALL VARIETIES
- VINE LOSS – 10,000 VINES (*INCLUDES 5,000 UNREPORTED 2020 SYRAH ON 5AC BLOCK)

CLAIM

320,000LB GUARANTEE – 160,000LB CROP = 160,000LB @ 0.7577/LB = **\$121,232 CLAIM**

5,000 VINE LOSS – 3,630 DEDUCTIBLE = 1370 VINES @ \$7.60 = **\$10,412 VINE CLAIM**

TOTAL CLAIM BENEFIT = **\$131,644**

MINUS **\$2,308** ADDED PREMIUMS = **\$129,336 NET BENEFIT**

PRODUCTION INSURANCE CASE STUDY #2

TOTAL NEEDS SHORTFALL

\$240,000 CROP REVENUE ($\$1.50 \times 160,000\text{LBS}$) +

\$121,232 CROP CLAIM +

\$10,412 VINE CLAIM = \$371,644

\$450,000 COSTS + \$200,000 VINES = $-\$650,000$

SHORTFALL = -\$278,356



PRODUCTION INSURANCE CASE STUDY #2

REVISITING THE PURCHASE

STEP ONE – ADDED CROP COVERAGE

- BUY UP TO 100% INSURABLE VALUE (\$1.347/LB) = \$431,040 COVERAGE
- ADDED PREMIUM = **\$4,215**
- CROP CLAIM AMOUNT = **\$215,520** (vs Original \$121,232 claim)
- ADDED CROP CLAIM BENEFIT = **\$94,288**

PRODUCTION INSURANCE CASE STUDY #2

REVISITING THE PURCHASE

STEP TWO – ADDED VINE COVERAGE

- BUY UP TO 1% VINE DEDUCTIBLE (726 VINES)
AND INSURABLE VALUE (\$9.50/VINE)
- ADDED PREMIUM = **\$1,748**
- VINE CLAIM AMOUNT = **\$40,603** (vs original \$10,412 claim)
- ADDED VINE CLAIM BENEFIT = **\$30,191**

PRODUCTION INSURANCE CASE STUDY #2

REVISITING THE PURCHASE

TOTAL PURCHASE SELECTION IMPACT

- **\$124,479** LOST CLAIM BENEFIT VS **\$5,913** IN ADDED PREMIUM
- **\$118,566** NET ADDED CLAIM BENEFIT
- TOTAL ADJUSTED CLAIM AMOUNT = **\$256,123**
- TOTAL PREMIUM = **\$8,271**
- SHORTFALL REDUCED TO **-\$153,877**

PRODUCTION INSURANCE CASE STUDY #2

IMPACT OF REPORTING

REPORTING SYRAH BLOCK

- TOTAL 79,860 VINES (799 DEDUCTIBLE)
- ADDED PREMIUM = \$175
- VINE CLAIM AMOUNT = **\$87,410** (vs \$40,603)
- ADDED VINE CLAIM BENEFIT = **\$46,807**

TOTAL CLAIM BENEFIT = **\$302,930**

MINUS **\$8,446** ADDED PREMIUMS = **\$294,484** NET BENEFIT

REVISED SHORTFALL = \$107,070 VS ORIGINAL \$278,356

PRODUCTION INSURANCE CASE STUDY #2

ORIGINAL PURCHASE

Canada - British Columbia
Production Insurance

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Oliver BC V0H 1T0
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Phone: (250) 498-5250 Fax: (250) 498-4952

Agent: Cameron Stewart

Statement of Premiums and Coverages 2023

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GRAPES - ACTIVE

SAMPLE WINERY
1234 VINEYARD RD
OLIVER BC V0H 1T0

Policy: 713078-23
Grower: 524162
Phone: (250) 555-555 5555

QUANTITY							
Commodity	Status	Total Probable Yield (lbs)	Deductible (%)	Production Guarantee (lbs)	Insurable Value (\$/lb)	Coverage (\$)	Option Premium (\$)
WINE GRAPE	FINAL	400,000	20	320,000	0.7577	\$242,460	\$1,976
Total:							\$1,976

PLANT

Commodity	Status	Units	Deductible (%)	Insurable Value (\$/vine)	Coverage (\$)	Option Premium (\$)
VINE	FINAL	72,600	5	7.60	\$524,172	\$0
Total:						\$0

\$131,644 INDEMNITY

TOTAL OPTION PREMIUMS: \$1,976

The contract that this Statement of Premium and Coverage forms a part of contains a clause which may limit the amount payable

PROPOSED PURCHASE

Canada - British Columbia
Production Insurance

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Toll Free: (888) 812-8811
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Agent: Cameron Stewart

Statement of Premiums and Coverages 2023

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GRAPES - ACTIVE

SAMPLE WINERY
1234 VINEYARD RD
OLIVER BC V0H 1T0

Policy: 713078-23
Grower: 524162
Phone: (250) 555-555 5555

QUANTITY							
Commodity	Status	Total Probable Yield (lbs)	Deductible (%)	Production Guarantee (lbs)	Insurable Value (\$/lb)	Coverage (\$)	Option Premium (\$)
WINE GRAPE	FINAL	400,000	20	320,000	1.3470	\$431,040	\$6,191
Total:							\$6,191

PLANT

Commodity	Status	Units	Deductible (%)	Insurable Value (\$/vine)	Coverage (\$)	Option Premium (\$)
VINE	FINAL	79,860	1	9.50	\$751,083	\$1,923
Total:						\$1,923

\$302,930 INDEMNITY

TOTAL OPTION PREMIUMS: \$8,114

The contract that this Statement of Premium and Coverage forms a part of contains a clause which may limit the amount payable

PRODUCTION INSURANCE DOs & DON'Ts

DO:

- ❑ **ASSESS YOUR Risk Needs Before Selecting Your Coverages**
 - What costs do you need covered?
 - What can you afford to lose?
- ❑ **REVIEW Your Insurance Offer**
 - Verify Inventories are Complete and Accurate
 - Ensure the Probable Yield and Insurable Value are Reasonable
 - If Not Confirm All Yields and Prices have been Declared
- ❑ **ASK Questions About Your Offer and Your Coverage**
 - Call us with ANY Questions or Concerns
- ❑ **REPORT ALL Changes to Your Rep**
 - Vine Plantings and Removals
 - Added or Removed Lots
 - New Management Practices
 - New Contact Info/People



PRODUCTION INSURANCE DOs & DON'Ts

DON'T:

- ❑ **LEAVE Your Offer to the Last Minute**
 - Give Yourself Enough Time to Review Your Options
 - Check Your Information Thoroughly
- ❑ **BARGAIN Shop**
 - Low Premiums don't Manage Your Risk
 - Minimum Coverage (50%) is designed for a 1 in 20-year event
- ❑ **FORECAST Weather**
 - Events ARE NOT Predictable
 - It CAN Happen Again
- ❑ **ASSUME or Fail to Report**
 - Confirm that we have your complete information
 - Unreported vines/vineyards may be assessed against a claim
 - If you're not sure, contact us – We're here to answer your questions



CONTACT US

KELOWNA:

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ProductionInsurance.Kelowna@gov.bc.ca

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ProductionInsurance.Oliver@gov.bc.ca



QUESTIONS

