

The final appraisal for hay loss is based on weather-related data observed by the weather station network and on the three compensation tables for hay included on the insurance certificate. A payment sheet outlining the final calculation of the hay payment is then sent to all participants. This explanatory document is designed to provide you with additional information on the five steps involved in calculating the payment.

Remember that you can also consult the compensation tables for hay on our website under the section “Crop insurance – Documentation”.

## Step 1 Options on your insurance certificate

The options are found at the top of the payment sheet in the section **Options on the certificate** (number of cuts and harvesting start date).

## Step 2 Weather-related variables observed at the weather stations identified on your insurance certificate

These data are found in the **Results** column under point **1. Weather-related variables** on the payment sheet. The periods during which the variables are observed depend on the options on your insurance certificate. These periods are shown in the compensation tables.

## Step 3 Percentages of gross loss associated with the weather-related variables in the compensation tables

These percentages are shown in the **Gross loss** column under point **1. Weather-related variables**.

## Step 4 Calculation of loss from the percentages of gross loss

These calculation results are found on the payment sheet under point **2. Calculation of payment**. If your insurable yield is divided among more than one weather station, each yield is calculated independently considering only the share of the insurable yield associated with each weather station.

### A. Frost loss (winter stress)

Frost loss is calculated using the entire insurable yield associated with the weather station and the percentage of loss identified in the Frost table.

#### Example :

Insurable yield (station)	=	200,000 kg	
Loss rate on Frost table	=	7%	
Frost loss	=	200,000 kg x 7%	= 14,000 kg

## B. Quantity loss

Quantity loss is calculated independently for each of the cuts during the growth periods (pasture) covered. The breakdown of the insurable yield depends on the options on your insurance certificate. The possibilities are as follows:

Option	Start of harvest	1st cut or growth period	2nd cut or growth period	3rd cut or growth period
2 cuts	Before June 25	<b>65%</b>	<b>35%</b>	n.a.
	As of June 25	70%	30%	n.a.
3 cuts	Before June 16	50%	30%	20%
	As of June 16	55%	30%	15%
Pasture	n.a.	40%	30%	30%

### Example :

Total insurable yield (weather station)	=	200,000 kg	
Proportion of yield cut 1	=	200,000 kg x <b>65%</b>	= 130,000 kg
Loss rate Quantity table cut 1	=	13.2%	
Quantity loss cut 1	=	130,000 kg x 13.2%	= 17,160 kg
Proportion of yield cut 2	=	200,000 kg x <b>35%</b>	= 70,000 kg
Loss rate Quantity table cut 2	=	0%	
Quantity loss cut 2	=	70,000 kg x 0%	= 0 kg

## C. Quality loss

Quality loss is also calculated independently for each of the cuts covered. This loss is applied only to the quantity harvested. The quantity harvested corresponds to the insurable yield from which is subtracted the Quantity loss calculated in point B. Please note that quality is not covered for the pasture option.

### Example :

Yield insured for cut 1	=	130,000 kg	
Quantity loss calculated for cut 1	=	17,160 kg	
Quantity harvested	=	130,000 kg – 17,160 kg	= 112,840 kg
Loss rate Quality table	=	8%	
Quality loss	=	112,840 kg x 8%	= 9,027 kg

## Step 5 Calculation of payment

The percentage of gross loss is first determined using the sum of the losses calculated in **Step 4** and the total insurable yield on your insurance certificate. The amount of the overall payment is then calculated using this percentage, the guarantee option and the insurable value on your insurance certificate.

### Example :

Sum of losses	=	40,187 kg	
Total insurable yield	=	200,000 kg	
Gross loss	=	40,187 kg / 200,000 kg x 100%	= 20.1%
Guarantee option	=	88%	
Net loss (Gross loss – Deductible)	=	20.1% - 12%	= 8.1%
Unit price	=	\$125/t.	
Insurable value	=	200,000 kg x \$125/t.	= \$25,000
<b>Payment</b>	=	8.1% x \$25,000	= <b>\$2,025</b>