

Kiwifruit Hail & Frost Insurance Factsheet



The following is a commentary on the hail and frost insurance cover that is being offered to Kiwifruit Growers by Aon New Zealand and Primacy Underwriting Management Limited 2015. Cover is voluntary so growers will need to apply for a quotation for each orchard requiring cover.

These notes are supplied as a general explanation and do not represent the policy document that we recommend you read.

Early Acceptance is recommended, as premiums are not affected by the Date of Acceptance. The premium remains the same for the whole season regardless of when cover is taken so there is no financial advantage in taking cover later in the season.

Cover can be obtained from the 1st August 2017 for Hail Only Top Up Insurance or the 1st September for Comprehensive Cover

Regardless of when the cover is taken, cover will cease when the crop is picked or at 4:00pm on the following dates, whichever is earliest.

Expiry Dates	Supply Region
31 May 2018	South Island
15 June 2018	North Island

Premiums are reflective of the orchard location, past loss history, variety of fruit (green or gold) and any frost protection systems in place.

Significant discounts for sprinkler protection and wind fans will apply. There is no discount for the use of heat dragons or smoke pots. Past claims history (for the last 5 years) will also influence premiums. Discounts will apply where the orchard loss experience has been good.

Option 1: Full Comprehensive Cover

Both Hail and Frost Available Under This Policy

The **Sum Insured** will be the total productive hectares within an orchard multiplied by your nominated sum insured. This figure can be within the below value bands. Available for Hail and Frost with the optional addition of Increased Production Costs and CTL

Green Fruit	\$5,000 to \$60,000 per hectare
Gold Fruit	\$5,000 to \$80,000 per hectare

For example: an orchard with 4 hectares of Green canopy and 3 hectares of Gold, the sum insured could be:

4 hectares x \$25,000	\$100,000
3 hectares x \$35,000	\$105,000
Total Sum Insured	\$205,000

Excess Amounts – Comprehensive Cover Only

- Hail Excess** – The excess for Hail is 10% of the Total Sum Insured per orchard in the aggregate subject to a minimum of \$2,500 and maximum of \$25,000 per orchard.
- Frost Excess** – The excess for Frost is 20% of the Total Sum Insured per orchard in the aggregate subject to a minimum of \$5,000 and maximum of \$50,000 per orchard

Option 2: Hail Only Top-Up Insurance

- This cover is hail only and is based on the number of trays insured and the value per block. This cover works alongside the Zespri Pool Hail Insurance cover. Claims are based on the assessed damage under the Zespri Pool Hail Insurance cover and the same assessor is used to assess the claim. Cover is for trays of class 1 export grade kiwifruit. You must insure your whole crop

- Expiry Date – 30 June 2018
- A Nil excess applies. Claims are calculated on:

Net Tray Loss x Sum Insured per Tray.

- Increased Production Cost and Constructive Total Loss cannot be taken with this cover.

Hail Waiting Period- (Comprehensive and Top Up)

- In the case of Hail Strike, cover takes effect at 48 hours (2 days) after 4:00pm on the day we receive your unconditional acceptance of our quotation.
- The reason for this is that insurers do not wish the policy to become elective only because adverse weather patterns are predicted, but encourage growers to take cover for the whole season.

Frost Waiting Periods- (Comprehensive Cover Only)

- The policy covers both spring and autumn frost risk with no distinction between either.
- Frost cover takes effect 168 hours (7 days) after 4.00pm on the day we receive your unconditional acceptance of our quotation.

Aggregate Loss Limits

- The policy total frost claim payment limit of \$10,000,000 for the season. This means the total that can be paid for all accumulated frost claims across the country cannot exceed \$10,000,000 for the season. Should the total of all frost claims exceed \$10,000,000 all claims will be scaled proportionately to equal \$10,000,000 in total.
- The orchard location will have particular relevance in regard to frost risk and this will be reflected in the premium quoted
- There is no annual claim payment limit applicable to hail related claims.

Increased Production Costs (IPC)

This extension provides compensation for the increased costs growers may incur when fruit is damaged by hail or frost, such as thinning prior to harvest, dropping fruit during harvest and penalties imposed by packhouses for grading out hail or frost damaged fruit. A set percentage of your nominated IPC sum insured will be paid to you depending upon the amount of damage assessed in the insured orchard as set out on the following page:

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Assessed Average % Loss of Yield Across the Insured Orchard	% of Sum Insured for Increased Production Costs that we will Pay
Below 20%	0
More than 20 and no more than 40	30%
More than 40 and no more than 60	50%
More than 60 and no more than 80	70%
More than 80 and no more than 100	100%

The sum insured for IPC can be up to 50% of your fruit sum insured.

Constructive Total Loss (CTL)

Where your crop is substantially damaged it may not be possible to economically pack any fruit. You have options to extend your policy to include Constructive Total Loss (CTL) at a loss level of either 80% or 65%. (An additional premium applies for this extension). If you elect to take one of the Constructive Total Loss (CTL) extensions, the assessed % of Loss is equal to or greater than your selected CTL; your claim will be treated as a 100% loss.

The policy does not differentiate between Grade 1 or 2 fruit, with losses being assessed as a percentage of the orchard damaged applied to sum insured. There is no variation between regions.

Claim Calculation

To Calculate Compensation for loss of yield of kiwifruit, assessors perform the following calculation:

For each block in which you have suffered a loss of yield of kiwifruit they take the assessed percentage loss of yield for that block and apply the percentage to the agreed value (dollars per hectare), multiplying the resulting number of dollars per hectare by the insured area of the block, we then add up the amounts of the gross loss for each block and deduct the excess. If the resulting amount is zero or less you are not entitled to recover any compensation. More than zero that is the compensation you are entitled to in respect of loss of yield of kiwifruit.

Claim Example

Sum insured			\$100,000
Excess	Frost	20%	\$20,000
Excess	Hail	10%	\$10,000
Loss occurs	Frost 25/9	35%	
Loss occurs	Frost 20/10	30%	
Total loss		65%	
Claim is	65% of \$100,000		\$65,000
Frost excess is		20%	\$20,000
Claim Payment			\$45,000

Insured Orchard

Insured Orchard means an area of Kiwifruit covered by a continuous area of canopy as detailed in your Schedule of Insurance. If there are multiple areas of separate canopy on one property, each section of canopy will be treated as a separate Orchard. The canopy(s) may be covered by one or more four digits Kiwifruit Property Identification Number (KPIN).

A map showing non-productive areas or areas of new plantings not yet in production should be submitted with the application to determine areas to be insured. If an orchard is in its first year of production, even though it is not fully productive, it should be included. These areas can be covered under the minimum sum insured.

Quotes

All quotations are generated by Aon. Staff familiar with hail and frost insurance will provide quotes by email or post. This will include a quote acceptance form that you will need to sign and email or post back to us. A Schedule of Insurance will be issued once cover has been accepted by Primacy.

Premium Funding is available through Hunter Premium Funding. If you would like to obtain a quote for premium funding, please indicate this on your quotation application or your quotation acceptance. Payments will be by monthly direct debit instalments over the period of the policy.

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