



## Do you really understand hail insurance?

This brochure answers some commonly asked questions about hail insurance and the adjusting of hail claims on agriculture crops.

**Q:** When I buy a hail insurance policy, how much will I get if it hails on that field?

**A:** Your hail policy provides for payment on a “percentage of loss basis”. If you received hail damage equivalent to thirty percent in any one field, your policy would pay thirty percent of the amount insured per acre.

**Q:** My neighbor cash rents his land to my son. Can I purchase a hail insurance policy on my son’s crops?

**A:** Generally, no. You must have an insurable interest in each and every crop you insure. That means you must personally stand to lose money in the event your son’s crop is lost or damaged by hail. If you don’t, then you do not have the right to purchase insurance.

The same holds true for the landlord. The cash rent the landlord has collected is seen to remove any insurable interest he may have had in your son’s crop.

**Q:** Can I insure my crop for more than it’s worth?

**A:** Insurance limits purchased should be adequate to replace only the income lost due to hail.

**Q:** Usually when I buy hail insurance it is early in the growing season. Later on, if the crop really looks good, I will purchase

additional limits. Is there a problem in buying insurance this way?

**A:** This is quite acceptable. The only requirement is that on your application you must declare the limits of all hail insurance carried with any other insurance company.

**Q:** Last year I bought a hail insurance policy in June and it was August before I received the actual policy. Is this normal?

**A:** Usually, you will receive your policy much sooner than that. If your policy is not received within a reasonable period of time, contact your agent.

**Q:** Is there anything I should do when I receive my hail policy?

**A:** When your policy arrives you should review it thoroughly to ensure that: a) you understand and are familiar with the terms and conditions of the policy; and b) the description of the crops insured, legal location and number of acres insured are correct.

If there is a mistake, it is much easier to correct at this time than after a loss.

You will also receive a Notice of Loss form with your policy. This form will be completed by you or your designated Power of Attorney after an actual hail claim.

**Q:** Is there anything I have to do if I know I’m going to be away for a part of the growing season?

**A:** One of the requirements of your hail policy is that a written Notice of Loss must be filed with the hail insurance company within three days of the storm that caused the loss or damage. If you plan on being away you should consider appointing someone to act as your Power of Attorney in the event of a loss occurring in your absence. The form you must sign to do this is included in your insurance policy. If you appoint someone to act for you as your legal representative, that person is authorized to file a Notice of Loss in your name within the required three day period, as well as to represent you if adjustment commences before your return.

**Q:** I farm some land which is a considerable distance from my home quarter. Is there any rule in the policy that says I have to inspect these insured crops a certain number of times over the summer?

**A:** There is no rule requiring a set number of inspections of these crops. Remember, however, that the Notice of Loss must be filed with the hail insurance company within three days of the storm causing loss or damage. Small localized storms do occur and for that reason alone, you or your representative should inspect, or make arrangements to have these crops inspected, periodically.

**Q:** If I have a claim, is there anything I should do before I complete the Notice of Loss and forward it to the hail insurance company?

**A:** Certainly you or your representative will want to inspect all insured fields in the area after the storm to determine what crops have been damaged. This is the information required in your Notice of Loss.

A claim should not be filed where there is no apparent hail damage.

**Q:** What happens after I send in the required written Notice of Loss to the hail insurance company?

**A:** The hail insurance company assigns an adjuster to handle your claim. The adjuster will make every effort to contact you or your representative to establish an appointment to inspect the fields for which hail damage is being claimed.

It is important that you or your designated representative accompany the adjuster on all field inspections.

**Q:** How do I know the adjuster is qualified? Is there a standardized set of adjusting procedures all adjusters must follow?

**A:** All persons adjusting hail losses are licensed by the Hail Insurance Council of Saskatchewan or are in the employ of a licensed insurance company. Adjusters are required to comply with education requirements, adhere to conduct and trade practices and adjust claims using the current version of a crop hail adjuster manual that has been approved by Council.

All adjusters use the same basic adjusting procedures to determine the amount of hail loss or damage. Generally, you can expect the following steps to be taken:

- a) Actual plant counts will be taken from representative parts of the field. On larger fields, more counts are required to ensure accuracy.
- b) In assessing the loss, the adjuster will consider various factors depending on the type of crop and stage of growth of the crop. The adjuster repeats the adjustment process throughout various parts of the field. When the required number of counts has been taken, all the counts are added together and averaged to arrive at a final percentage of loss.
- c) With early storms the farmer and the adjuster may agree to defer the adjustment until a more accurate assessment of the loss can be later determined.

**Q:** What do I do if I have a concern with the loss assessment provided by the adjuster?

**A:** The Statutory Conditions listed on the back of your insurance policy contain specific loss settlement provisions.

#### Stage 1 – Adjustment Process

The insurance company and farmer (or their representatives) will together determine and agree upon the percentage of loss or damage sustained by hail on the acreage of the crop or any portions thereof, insured under any item of the policy.

If the insurance company and farmer cannot agree upon the percentage of loss on each insured crop, the dispute will advance to the appraisal process.

#### Stage 2 – Appraisal Process

If a disagreement as to the percentage of damage from hail to any of the crops occurs, either the insurance company or the farmer may request, in writing, an appraisal.

Time restrictions for notifying and appointing an appraiser exist. It is therefore critical that you familiarize yourself with Section 15 of the Statutory Conditions relating to the appraisal process.

**Q.** Can the adjuster who reviewed my claim also act as the appraiser?

**A.** No. It is not recommended that an individual act in the dual capacity of an adjuster and appraiser due to the conflict of interest this presents.

The insurance company and farmer are removed from the process once the appraiser(s) are appointed.

The Hail Insurance Council of Saskatchewan maintains a list of appraisers that have agreed to act for the farmer and while you do not have to use one of the appraisers, Council urges you consider the options available to you in selecting an appraiser to represent you.

Full details on Council's List of Appraisers are on Council's website.

If only one appraiser is appointed, the percentage of hail damage will be estimated and determined by that appraiser. When this happens the claim is settled and there is no recourse to the umpire stage.

When both the farmer and the insurance company have appointed an appraiser and those appraisers cannot agree on the percentage of damage, an umpire will be appointed.

The insurance company and the farmer incur the expenses of their respective appraiser. If only one appraiser is appointed, then the expenses will be shared equally by the insurance company and farmer.

#### Stage 3 – Umpire Process

The appraisers may appoint an umpire, however, if an agreement cannot be reached, an umpire will be appointed by the Superintendent of Insurance.

#### Umpire responsibilities when conducting an assessment

1. The umpire will apply the adjustment procedures set out in the current version of the crop hail adjuster manual, as approved by the Hail Insurance Council of Saskatchewan, in assessing the damage with the appraisers.
2. The umpire will explain the process to be followed in order for an award to be made.
3. The umpire will only make a determination with respect to the field(s) in dispute.
4. The umpire will assess each insured item separately and make an award for each insured item separately.
5. The umpire will provide both parties with the opportunity to show how they determined their assessment of the loss.
6. The umpire will also do his own count of the damage and will make a written record of his assessment of the loss. The record will include the umpire count of the damage, the umpire assessment of the loss and the reasons for the assessment.

7. Once the parties have completed their counts, the umpire will request that each appraiser record their assessment of the loss on a separate piece of paper.

8. If the numbers are close to each other, the umpire will provide the appraisers with the opportunity to settle the dispute amongst themselves.

9. If the numbers are not close, or the appraisers have failed to come to an agreement as provided for in #8, the umpire will select the assessment that is closest to his own.

10. The exception to #9 above occurs when one of the appraisers has determined that the hail loss is less than 5%. When this happens, that appraiser's loss award must be adjusted to 0% by the umpire when determining which appraiser's award is closest to that of the umpire.

An umpire should not apply this rule to any claim that has a specified deductible as the rule is only for claims below the minimum amount of damage governed under Statutory Condition #4.

11. The umpire will explain to the appraisers how he came to his award. The umpire is limited to inspecting the hail loss and making an award based on the percentage determined by one of the two appraisers. The umpire does not become a third appraiser who provides a new estimate.

The umpire's decision will be final.

Both the insurance company and the farmer are equally responsible for paying the expenses of the umpire.

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