

# Livestock Price Insurance

## CONTRACT OF INSURANCE



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## TERMS AND CONDITIONS

These Terms and Conditions apply to every Insuring Agreement unless stated otherwise in the relevant Insuring Agreement(s) or unless inapplicable due to context.

Agriculture Financial Services Corporation (“AFSC”) is authorized to provide livestock price insurance to eligible applicant’s pursuant to the *Agriculture Financial Services Act* (“Act”) and the regulations made pursuant to the Act. The Contract of Insurance (“Contract”) is comprised of the application for insurance (“Application”) signed by the insured party and accepted by AFSC, the Price Insurance Policy, as well as these Terms and Conditions. An individual policy of insurance (“Policy”) may be issued under the Contract and is comprised of the applicable Insuring Agreement(s), and the Statement of Coverage and Premium issued.. A Policy issued under the Contract forms a part of the Contract.

In consideration of the payment of the Premium set out in the Policy and of the statements made in the Application, AFSC will indemnify the Insured in respect of Claims made under a Price Insurance Policy. The Premium to insure livestock shall be paid in full or under any terms and conditions that are made pursuant to the Act.

The Contract only governs Policies offering Price Insurance for Eligible Livestock. No coverage is provided pursuant to this Contract or any Policy issued pursuant to this Contract for mortality, disease, marketing or other forms of loss.

### ARTICLE 1. DEFINITIONS

The following definitions apply to all parts of the Contract and Policy unless stated otherwise in the relevant Insuring Agreement(s) or unless inapplicable due to context:

“**Act**” means the *Agriculture Financial Services Act*, Revised Statutes of Alberta 2000, Chapter A-12, as amended.

“**AFSC**” means Agriculture Financial Services Corporation.

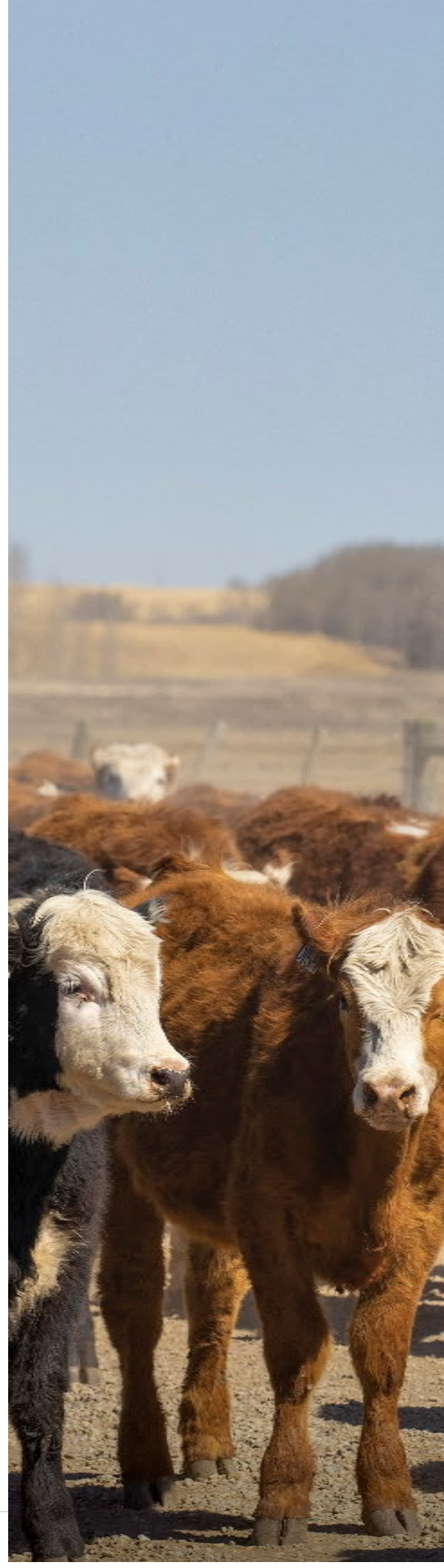
“**Application**” means the application for subscription to which this Contract applies and signed by the Insured or an individual who is authorized to sign on behalf of the Insured.

“**Business Day**” means Monday through Friday excluding holidays observed by AFSC.

“**Business Hours**” means the hours available for the purchase of a Policy or filing of a Claim as posted on the LPI Website.

“**Calendar of Insurance**” means the calendar published by the Program Administrator specifying dates and times of purchase and claim availability for each type of Policy

“**Canada**” means the Government of Canada as represented by the Minister of Agriculture and Agri-Food.



**“Claim”** means the process whereby the Insured initiates Settlement of some or all of the Insured Weight covered under a Policy issued under this Contract.

**“CME”** means the Chicago Mercantile Exchange, Global Headquarters: 20 South Wacker Drive, Chicago, Illinois, 60606, United States of America.

**“Contract”** means the Application signed by the Insured and accepted by AFSC, as well as these Terms and Conditions. A Policy may be issued under the Contract and, when issued, forms a part of the Contract.

**“Eligible Livestock”** means cattle or hogs which are insurable livestock pursuant to this Contract.

**“Effective Date”** means the first day that a Policy is in effect.

**“Expiration Date”** means the last day that a Policy is in effect.

**“Indemnity”** means the compensation paid to the Insured for Settlement of a Claim or Claims.

**“Insurable Period”** means the total length of time that a Policy is in effect.

**“Insured”** the person named on an application for insurance that has been accepted by AFSC for the purposes of providing insurance under this Contract and to whom any Policy issued under this Contract applies.

**“Insured Livestock”** means Eligible Livestock that are insured.

**“Insured Price Index”** as specified in the Insuring Agreement means a price level expressed in dollars per Unit below which an Indemnity is recoverable under a Price Insurance Policy.

**“Insured Weight”** means the total combined weight of Eligible Livestock that has been selected for insurance under a Policy.

**“Insurer”** means AFSC.

**“Insuring Agreement”** means one or more of the Parts which follow Part 1 of this Contract.

**“LPI”** means Livestock Price Insurance as described in the Livestock Price Insurance Multi-Lateral Framework Agreement.

**“LPI Office”** means any local AFSC Branch Office.

**“LPI Website”** means the Livestock Price Insurance public website ([www.lpi.ca](http://www.lpi.ca)).

**“Owner”** means a person, or persons who has (or have) ownership through financial risk and physical possession, whether it be partial or full legal ownership of, the Insured livestock.

**“Policy”** means a Price Insurance Policy issued under this Contract comprised of the applicable Insuring Agreement(s), and the Statement of Coverage and Premium issued. A Policy issued under the Contract forms a part of the Contract.

**“Premium”** means the dollar amount required to be paid by the Insured as consideration for a specified time period and amount of coverage under a Policy.

**“Premium Schedule”** means a list of premium rates per Unit of Eligible Livestock insured for each Insured Price Index and Insurable Period combination being offered.

**“Prescribed Rate”** means the rate of interest which is the aggregate of two percent (2%) per year and the Canadian Imperial Bank of Commerce prime rate adjusted quarterly on the last day of September, December, March and June.

**“Price Insurance Policy”** means a Policy that provides the Insured protection in the event that the Settlement Index or Settlement Price as defined in the specific Insuring Agreement is less than the Insured Price Index.

**“Program Administrator”** means AFSC.

**“Regulation”** means the Agriculture Financial Services Regulation, Alberta Regulation- 99/2002, as amended, and any amendments thereto and includes any by-laws and resolutions of AFSC relating to this Contract.

**“Settlement”** means the process of determining the Indemnity payable under a Policy and issuing payment, if any, to the Insured.

**“Settlement Index”** or **“Settlement Price”** means the price calculated for Eligible Livestock in Western Canada, established in accordance with the methodology as determined by the Program Administrator and posted to the LPI Website.

**“Unit”** means the measure used to denote Insured Weight.

**Western Canada** means the four provinces comprising British Columbia, Alberta, Saskatchewan, and Manitoba.

## **ARTICLE 2. EFFECTIVE DATE AND REQUIREMENTS/CONDITIONS OF INSURANCE**

### **2.01 Effective Date of Contract and Effective Date of Insurance Coverage**

- a. This Contract commences on the date the Application is signed by the Insured and is accepted by AFSC.
- b. The Contract is a continuous contract that remains in force until it is cancelled or terminated in accordance with this Contract.
- c. No insurance coverage is in effect under this Contract until a Policy under this Contract has been issued by AFSC
- d. A Policy under the Contract is not continuous and applies only for the term of the Insurable Period.
- e. Notwithstanding anything else in this Contract, AFSC is not obligated at any time to issue a Policy.

### **2.02 Insured Eligibility**

- a. To be eligible for insurance, the Insured must file farm income (or loss) for tax purposes in Alberta, be the Owner of the Eligible Livestock and, if an individual, be of the full age of majority. New producers who were not previously required to report farm income (or loss) may participate provided they intend to file farm income (or loss) as required.
- b. An Insured may only purchase Policies from AFSC if Alberta is the Province for which the greatest amount of income would be reportable under the *Income Tax Act* (Canada) for Eligible Livestock.

- c. Status Indians who carry on the business of farming on a reserve in Western Canada, and do not file returns for income tax purposes, are eligible to participate in the Program, provided that they otherwise meet the eligibility requirements for the Program.
- d. An Insured who participates in a shared ownership arrangement of Eligible Livestock is, for the purposes of this Contract, the Owner of such Eligible Livestock. Ownership of shared livestock is determined based on the proportion of the Owner's share in the total Eligible Livestock.
- e. An Insured who is a member of a feeder association or a feeder cooperative, and who feeds the Eligible Livestock pursuant to an arrangement between the Insured and the feeder association or feeder cooperative is, for the purposes of this Contract, the Owner of such Eligible Livestock.
- f. A feeder association, feeder cooperative, financial institution or private lender having only a security interest in the Eligible Livestock is not, for the purposes of this Contract, the Owner of such Eligible Livestock.

## 2.03 Liability if More than One Person is the Insured

If more than one person is the Insured, any obligations of the Insured shall be binding upon all such persons jointly and severally.

## ARTICLE 3. DESCRIPTION OF INSURANCE COVERAGE

### 3.01 Description of Insurance Coverage

- a. Price Insurance Policy: The maximum dollar coverage provided under a Price Insurance Policy is an amount equal to the product of the Insured Weight and the Insured Price Index (or Insured Price) as specified in the Insuring Agreement.
- b. The Insured Weight:
  - i. The Insured Weight for a Policy and the sum of Insured Weight for all outstanding Policies shall not exceed the weight that, in the opinion of AFSC, could reasonably be expected given the number and age of Eligible Livestock owned by the Insured.
  - ii. If, in AFSC's opinion, the Insured Weight exceeds the weight that could reasonably be expected, the Policy or Policies, as the case may be, shall be void and AFSC shall have the right to retain any Premiums paid by the Insured.
  - iii. The estimated Insured Weight of Eligible Livestock to be covered under a Policy shall include consideration of normal death loss using industry standards.
- c. In the event that an Insured experiences death rates on Eligible Livestock that are in excess of industry standards:
  - i. If the deaths are, as determined by AFSC, due to circumstances beyond the control of the Insured:
    - 1) the Premiums on the Insured Weight associated with the dead livestock shall be retained by AFSC; and
    - 2) the Insured may be eligible for Indemnities on the associated Insured Weight under the Policy in effect.

- ii. If the deaths are, as determined by AFSC, due to circumstances that are not beyond the control of the Insured:
  - 1) AFSC may retain the Premium; and
  - 2) AFSC may declare void any Policies in effect or require that the Insured repay any Indemnities paid in respect of the said livestock.
- iii. In the event of death loss among Insured Livestock, the Insured must keep proper records of the death loss for purposes of verifying the Insured Weight.

## **ARTICLE 4. PURCHASING AN INSURANCE POLICY**

### **4.01 Purchasing an Insurance Policy**

- a. The Program Administrator will provide a Premium Schedule for Insured Price Index options for the Insurable Periods offered. The Program Administrator reserves the right to change Premium Schedules at any time.
- b. The Insured may purchase a Policy during Business Hours by completing and submitting a request to purchase in a format provided by AFSC.
- c. A Policy comes into effect when:
  - i. the Insured has notified AFSC of their choice of Policy option, Insurable Period, Insured Weight, and Insured Price Index, as the case may be; and
  - ii. AFSC has received confirmation of payment of the total Premium due as consideration for the coverage requested, or the Insured makes a commitment to pay the Premium.

## **ARTICLE 5. LIMITATION OF OFFERING**

### **5.01 Limitation of Offering**

- a. The Program Administrator will make all efforts that they consider reasonable to make a Premium Schedule available during Business Hours.
- b. The Program Administrator or AFSC may, in its sole discretion and at any time, suspend the sale of new Policies if:
  - i. the total liability for Insured Weight covered under all Policies sold to all Insureds in a particular day or in the aggregate exceeds a pre-determined maximum liability as determined by AFSC;
  - ii. the total Insured Weight covered under all Policies sold to any one Insured either in the aggregate, or on a particular day exceeds a pre-determined maximum amount as determined by AFSC;
  - iii. one or more of the associated market indicators has experienced excessive price movement as determined by AFSC and is unable to determine appropriate Premium levels; or
  - iv. for any other reason, where the Program Administrator or Canada believe that the program may be exposed to unacceptable risk.
- c. A suspension of sales of new Policies will have no effect on existing Policies purchased on the same day or on any other day when such suspension is not in effect.



## **ARTICLE 6. VERIFICATION**

### **6.01 Verification**

- a. Upon AFSC's request, the Insured shall provide evidence satisfactory to AFSC that the Insured has met the terms and conditions of this Contract.
- b. AFSC has the right to perform onsite inspections and access any information it deems necessary to verify the ownership, weight or disposition of any Insured Livestock. If the Insured refuses to grant access to AFSC for such purpose, AFSC may deny payment of any Indemnity under the Policy and require that the Insured repay any Indemnities paid to the Insured.
- c. The Insured shall, for a period of three years after the Expiration Date of any Policy, maintain and keep complete records of the ownership of the Insured's share and the disposition of all the livestock that were insured under that Policy and, upon AFSC's request, produce such records to AFSC within 15 days of such request. If the Insured fails to maintain and keep such records or produce them upon request, AFSC shall be entitled, at its sole discretion, to deny payment of any Indemnity under the Policy and may require the Insured to repay any Indemnities paid.

## **ARTICLE 7. PAYMENTS OF PREMIUM AND INTEREST**

### **7.01 Payment of Premium and Interest**

- a. The Program Administrator will calculate and determine Premium and any surcharges, discounts and administrative fees as may be applicable. The Premium, any surcharges, administration fees, and all other charges billed are due and payable on the date of the Statement of Coverage and Premium.
- b. The Insured agrees to pay interest at the Prescribed Rate on unpaid premium, surcharges, administration fees and other charges. Interest begins to accrue on the 16th day following the date of purchase of the Policy and will be due and payable by the Insured on the first day of the month following the date interest begins to accrue and on the first day of each and every month thereafter until the total balance outstanding is paid.
- c. The Insured shall pay interest at the Prescribed Rate on amounts that AFSC has paid to the Insured to which the Insured was not entitled. Unless interest is waived by AFSC, interest accrues from the date the Insured received the amounts to which the Insured was not entitled.

## **ARTICLE 8. INDEMNITIES**

### **8.01 Payment of Indemnity**

- a. The Program Administrator will endeavour to process and pay all valid Claims in a timely manner, but under no circumstances shall the Program Administrator be liable to the Insured or the Insured's agents or creditors for any interest, loss of interest or damage resulting from delays or failure to pay an Indemnity. The Program Administrator neither represents nor warrants to the Insured that an Indemnity or any other payment will be made on a timely manner.
- b. If AFSC disputes the Insured's Claim, AFSC may withhold all Indemnity payments and may elect not to refund any Premiums determined to be owed by the Insured until the dispute is resolved.

## **8.02 Deductions from Indemnity**

- a. By virtue of the Act, AFSC is entitled to deduct from an Indemnity any amount that is due and payable by the Insured to AFSC including, but not limited to:
  - i. unpaid Premiums due by the Insured for programs administered by the Program Administrator according to the Act;
  - ii. money that AFSC has paid to the Insured to which the Insured was not entitled; and
  - iii. arrears outstanding on a loan made by AFSC to the Insured.
- b. AFSC may be required by legal process to deduct amounts from an Indemnity otherwise payable.

## **8.03 Assignment of Indemnity**

- a. The Insured may assign the right to an Indemnity, provided that:
  - i. The Insured has the legal authority to execute such an assignment;
  - ii. the assignment is in a form approved by AFSC;
  - iii. AFSC is in receipt of a copy of the assignment; and
  - iv. the assignment is accepted in writing by AFSC.
- b. Where the Insured has assigned the right to an Indemnity in accordance with the Contract or Policy, payment up to the amount stated in the assignment will be made in the name of the assignee and sent to the assignee

# **ARTICLE 9. TRANSFER, CANCELLATION OR TERMINATION OF CONTRACTS AND POLICIES**

## **9.01 Transfers/Cancellation/Termination**

- a. The Contract may be cancelled by either the Insured or AFSC, at any time by providing written notification to the other party. If this occurs, the Contract shall end upon the expiration of all Policies issued pursuant to the Contract.
- b. Subject to Article 8.02 (Deductions from Indemnity) and Article 10 (Misrepresentation or Misconduct), the Insured shall not transfer, assign or otherwise dispose of any of the Insured's rights and benefits under this Contract to any person without the prior written consent of the Insurer.
- c. The Insured may cancel a Policy by providing written notification to AFSC, on a form approved by AFSC, with full premium deemed earned and payable. This termination will be effective upon receipt of the written request from the Insured.
- d. AFSC may cancel the Contract effective immediately and cancel any outstanding Policies and the Insured shall forfeit the right to receive any payment of Indemnity or refund of Premiums if AFSC, in its discretion, determines the Insured has:

- i. failed or neglected to pay Premium or any portion of any Premium;
  - ii. failed or neglected to reimburse, or undertake to reimburse, AFSC for any overpayment of indemnities that AFSC determines are owed by the Insured;
  - iii. breached any term of this Contract;
  - iv. ceased to qualify as an Insured;
  - v. failed to cooperate with the Program Administrator or AFSC;
  - vi. made any false or misleading statement or representation to AFSC under a Policy pursuant to this Contract; or
  - vii. threatened or been abusive to AFSC staff, Officers, Board members or Contractors.
- e. After five consecutive years since expiry of the last active Policy, AFSC may cancel the Contract unless the Insured requests in writing that it not be cancelled.

## **ARTICLE 10. MISREPRESENTATION OR MISCONDUCT**

### **10.01 Misrepresentation or Misconduct**

- a. If AFSC determines that the Insured or the Insured's authorized representative has made any fraudulent, false or misleading statement or information to AFSC, the Insured will not be entitled to any Indemnity pursuant to any Policy between the Insured and AFSC.
- b. If the Insured or the Insured's authorized representative has made any fraudulent, false or misleading statement or information to AFSC and the Insured has already received an Indemnity associated with that false or misleading statement, AFSC may require that the Insured repay all such Indemnities.
- c. If any loss claimed by the Insured results from reasons stated in subsection (a) or (b), , AFSC will not refund to the Insured any portion of the Premium, and the Insured is not relieved from paying any outstanding Premium or any amount due and payable to AFSC.

## **ARTICLE 11. APPEALS**

### **11.01 Appeals**

- a. The Insured's right of appeal is subject to the Act and Regulation and nothing in this section is to be construed as modifying or altering any appeal provision in the Act and Regulation.
- b. An action or proceeding against AFSC for the recovery of insurance money or for any other action relating to the Contract or Policy must be commenced no later than one year after the date of the decision being appealed. To appeal, the Insured must complete the Notice of Appeal, which states the reasons for the appeal, and pay the applicable fee.
- c. The Insured may appeal any matter arising out of or relating to the Contract or Policy, including the Insured's entitlement to or the amount of any Indemnity.
- d. An Insured who receives an Indemnity is not precluded from filing a notice of appeal within the required one year time limit.

- e. If an Indemnity in respect of the matter under appeal has already been paid, adjustments or revisions to the Indemnity revisions will be made once the Appeal has been concluded or withdrawn.
- f. If any dispute arises regarding a determination arising out of or relating to this Contract or any Policy issued under this Contract, and after trying to resolve the dispute directly with AFSC, the Insured remains unsatisfied, the Insured may commence an appeal and the dispute will be resolved through an appeal process pursuant to the Act and the Regulation.
- g. All appeals will be conducted by an AFSC Appeals Committee established in accordance with the Act and the Regulation and will follow the rules of procedure established by the Appeal Committee.
- h. An appeal must be commenced not later than one year after the date of the decision being appealed.
- i. Under no circumstances will AFSC be liable for the payment of damages, legal fees, or other charges in connection with any disputed Claim brought forward under an appeal, whether the Appeal Committee approves or disapproves such Claim.
- j. The decision of the Appeal Committee is final.

## **ARTICLE 12. NOTICE AND PAYMENTS**

### **12.01 Notice and Payments**

- a. Except as stated otherwise in this Contract, any notice, except a Claim made under this Contract by either party to the other party and any payment by AFSC to the Insured, is deemed given to the other party if given personally sent by facsimile, other electronic means, or by mail as follows:
  - i. if to the Insured, delivered personally or sent to the most recent address, facsimile number or email address of the Insured indicated in AFSC's own records; or
  - ii. if to AFSC, to AFSC 5718 - 56 Ave., Lacombe, Alberta T4L 1B1 or by fax to (403) 782-8339 or by means set out in the LPI literature or on the LPI Website.
- b. Except as stated otherwise in the Contract, any payment to be made under the Contract must be delivered personally or sent by mail or electronic fund transfer as follows:
  - i. if to the Insured, delivered personally or sent to the most recent address of the Insured indicated in AFSC's records; or
  - ii. if to AFSC, delivered personally to any AFSC office, sent to any AFSC office or email address for AFSC set out in LPI's literature or on its website.
- c. Any party may change their address by giving written notice of such change to the other party.
- d. Any notices or payment under the Contract sent by ordinary mail is deemed to have been received on the fifth (5th) Business Day after the date on which the notice was postmarked. If there is disruption, strike or interruption of postal service after mailing and prior to receipt or deemed receipt, such notice shall be deemed to have been received on the fifth (5th) Business Day following full resumption of postal service.
- e. A notice received by AFSC from the Insured by facsimile, email or other electronic means or by telephone is deemed to have been received on the date and time shown on the record of receipt.
- f. Payment received by AFSC is deemed to have been received on the date shown on the record of receipt.

- g. A notice given or a payment made by personal delivery to any AFSC Office that is only open for business on a part-time basis is deemed to have been received on the next Business Day following the date of delivery that the AFSC Office is open for business. Where notice or payment is required before the next Business Day that the AFSC Office is open for business, notice shall be given or payment made by one of the other methods provided for in this section.

## **ARTICLE 13. AMENDMENTS, WAIVER OR ALTERATION**

### **13.01 Amendments**

- a. AFSC reserves the right at its sole discretion, to change, modify or otherwise alter the terms and conditions of this Contract.
- b. AFSC and Canada reserve the right at their discretion, to change, modify or otherwise alter its methodology or procedures as deemed necessary due to changing events and circumstances.
- c. Any such changes shall become effective immediately and will be binding upon all Insureds with respect to any current or future Policies. Amended methodology or procedures will be made available to the Insured. If the Insured participates or continues to participate after the latter of either:
  - i. notice of the amendment; or
  - ii. the date the amendment comes into effect.
- d. The Insured is deemed to have accepted such amended terms and conditions. The Contract shall be subject to the provisions of the Act and the Regulation, except for the definition of a term where the Contract alters the definition of a term that is in the Act or the Regulation.

### **13.02 Waiver**

- a. No term or condition of the Contract is deemed to be waived or altered unless the waiver or alteration is expressed in writing in a form authorized by AFSC and signed by a duly authorized representative of AFSC. An approved waiver by AFSC only applies to the specific thing waived at the specific time and may not serve as a waiver of any breach of the Contract or Policy.
- b. Any amendments to the Contract or Policy must be in writing by AFSC to be effective.
- c. The rights, remedies and privileges of AFSC under this Contract are cumulative and any one or more may be exercised.

## **ARTICLE 14. AUTHORIZATION**

### **14.01 Authorization**

- a. If the Insured authorizes a representative to act on the Insured's behalf in all matters concerning the Insured's insurance, the representative must be authorized in writing on a form acceptable to AFSC.
- b. The Insured may, by written authorization in a form acceptable to AFSC, name an agent who is able to buy insurance on behalf of the Insured through the agent's account.

- c. The Insured may, by written authorization in a form acceptable to the Insurer, name a person who is able to receive information about the Insured's insurance, but who does not have authority to act on the Insured's behalf in all matters concerning the Insured's insurance.
- d. Those who are authorized representatives, agents, or authorized to receive information only of an Insured, eligibility criteria outlined in the Contract must be met.
- e. Any notice, claim or document completed and signed by the Insured's properly authorized representative is binding on the Insured.

## **ARTICLE 15. LIENS**

### **15.01 Liens**

- a. From the date that AFSC provides coverage, the Insurer has, pursuant to the Act, a lien for the following amounts:
  - i. unpaid premiums;
  - ii. charges;
  - iii. amounts that AFSC has paid to the Insured to which the Insured was not entitled; and
  - iv. interest on the amounts referred to in (i), (ii) and (iii).
- b. The lien is on:
  - i. all agricultural products of the Insured or in which the Insured has an interest in the year for which the Premium is payable and in each of the next three years;
  - ii. all proceeds owing to the Insured for sale of any agricultural products referred to in (i); and
  - iii. all amounts payable to the Insured pursuant to any claim of loss or damage under any Policy issued by AFSC pursuant to any Contract of Insurance.
- c. Payment of the amounts owing is enforceable by the Program Administrator in the manner set out in the Act.

## **ARTICLE 16. MISCELLANEOUS**

### **16.01 Applicable to Every Policy**

This Contract applies to every Policy issued pursuant to this Contract.

### **16.02 Severability**

If any provision of this Contract is illegal, invalid or unenforceable, that provision shall be severable and the remaining provisions of this Contract shall remain in full force. They will be binding upon the parties as though such unenforceable provision had never been included.

### **16.03 Time of the Essence**

Time is of the essence of this Contract.

## 16.04 Binding Effect

This Contract shall be for the benefit of and binds the successors and assigns of the parties.

## 16.05 Canadian Currency

All references to dollar amounts in this Contract are in Canadian currency.

## 16.06 Data

All data used to calculate Settlement Indexes will not be disclosed for any reason due to contractual obligations.

# INSURING AGREEMENTS

## ARTICLE 17. FED CATTLE INSURING AGREEMENT

### 17.01 Definitions

For the purposes of this Insuring Agreement:

- a. **Claim Date** means the date during the Claim Window that a Claim is made by the Insured or on the Insured's behalf. Since a Policy allows for partial Claims (i.e. on a portion of the total Units insured), there may be more than one Claim Date on a Policy.
- b. **Claim Window** means the four week period immediately prior to and including the Expiration Date of a Policy issued under this Contract during which the Insured is eligible to make a Claim, except as specified in the Calendar of Insurance.
- c. **Fed Cattle** means bovines that are at least 500 pounds and under 30 months of age at the Effective Date, are intended by the insured for slaughter, and must reasonably be expected to grade A or better at the time of slaughter.
- d. **Fed Cattle Insured Price Index** means the price level expressed in dollars per Unit below which an Indemnity is recoverable under a Price Insurance Policy, established in accordance with the methodology as determined by AFSC and posted to the LPI Website.
- e. **Fed Cattle Price Settlement Index** means the weighted average weekly price of Fed Cattle intended for slaughter in the province of Alberta, expressed in dollars per Unit, established in accordance with the price setting methodology as determined by AFSC and posted to the LPI Website.
- f. **Hundred weight (cwt)** means one hundred pounds of live weight or live weight equivalent Fed Cattle and is the unit used to denote Insured Weight.
- g. **Price Insurance Policy** means a Policy that provides the Insured protection in the event that the Alberta Fed Cattle Price Settlement Index is less than the applicable Fed Cattle Insured Price Index during the week(s) of the Claim Date(s).

## 17.02 Insurable Livestock

Fed Cattle are insurable under a Policy issued under this Contract provided that the Insured:

- a. finishes the Fed Cattle for at least the four week period immediately prior to the Claim Window for that Policy; and
- b. feeds the Fed Cattle either within Alberta or within a geographical locale, as may be specified by AFSC.

## 17.03 Description of Insurance Coverage

- a. The Insured Weight for a Policy and the sum of Insured Weight for all outstanding Policies shall not exceed the weight that, in the opinion of AFSC, could reasonably be expected given the number and age of Fed Cattle owned by the Insured.
- b. The maximum allowable rate of gain that may be assumed for the purposes of estimating the Insured Weight is four pounds per day.

## 17.04 Filing a Claim

- a. The Insured may file a Claim by completing and submitting it to AFSC in an electronic or paper format provided by AFSC. The Claim must specify the Policy number and the number of Units of Insured Livestock that is being claimed.
- b. The Insured may file a Claim only on, or subsequent to, the first day of the Claim Window as specified in the Policy and prior to the Expiration Date.
- c. AFSC will review any Policy with an Insured Weight that has not yet had a Claim made against it by the last day of the Claim Window, verify the Insured's entitlement to an Indemnity and, if applicable, calculate and pay the Indemnity. AFSC shall calculate the Indemnity for all Insureds in this situation as if the unclaimed Insured Weight had been claimed during the final week of the Claim Window.
- d. The Insured must file a Claim during Business Hours. If AFSC receives any Claim after this time, AFSC reserves the right to receive the Claim as if it were filed during Business Hours of the next day a Claim can be made.
- e. AFSC may at its discretion extend or suspend the Claim Window when necessary.

## 17.05 Determination of Amount of Indemnity

- a. The Insured will be entitled to an Indemnity under a Price Insurance Policy if the Fed Cattle Price Settlement Index for the week of the Claim Date is less than the Fed Cattle Insured Price Index applicable for that Policy. In such event, the dollar value of the Indemnity will be equal to the Fed Cattle Insured Price Index less the Fed Cattle Price Settlement Index multiplied by the Units claimed during the week of the Claim Date.
- b. AFSC reserves the right to reassess any Claims paid in error by AFSC and request that the Insured return any Indemnities paid in error.



## ARTICLE 18. FEEDER CATTLE INSURING AGREEMENT

### 18.01 Definitions

For the purposes of this Insuring Agreement:

- a. **Claim Date** means the date during the Claim Window that a Claim is made by the Insured or on the Insured's behalf. Since a Policy allows for partial Claims (i.e. on a portion of the total Unit insured), there may be more than one Claim Date on a Policy.
- b. **Claim Window** means the four week period immediately prior to and including the Expiration Date of a Policy issued under this Contract during which the Insured is eligible to make a Claim, except as specified in the Calendar of Insurance.
- c. **Feeder Cattle** means bovines that are nearly weaned or weaned from the cow and are on a backgrounding ration not intended to finish the animal.
- d. **Feeder Cattle Insured Index** means the price level expressed in dollars per Unit below which an Indemnity is recoverable under a Price Insurance Policy, established in accordance with the methodology as determined by the program administrator and posted to the LPI Website.
- e. **Feeder Cattle Settlement Index** means the weekly average price of feeder cattle sold through auction in the Western Canadian location relevant to that Settlement Index, expressed in dollars per Unit, representing an 850 pound steer and established in accordance with the price setting methodology as determined by AFSC and posted to the LPI Website.
- f. **Hundred weight (cwt)** means one hundred pounds of live weight or live weight equivalent Feeder Cattle and is the unit used to denote Insured Weight.
- g. **Price Insurance Policy** means a Policy that provides the Insured protection in the event that the Feeder Cattle Settlement Index is less than the applicable Feeder Cattle Insured Index during the week(s) of the Claim Date(s).

### 18.02 Insurable Livestock

Feeder Cattle are insurable under a Policy issued under this Contract provided that the Insured:

- a. can demonstrate ownership of Feeder Cattle for 60 continuous days within the policy length; and
- b. feeds the Feeder Cattle either within Alberta or within a geographical locale as may be specified by AFSC.

### 18.03 Description of Insurance Coverage

- a. The Insured Weight for a Policy and the sum of Insured Weight for all outstanding Policies shall not exceed the weight that, in the opinion of the Program Administrator, could reasonably be expected given the number and age of Feeder Cattle owned by the Insured.
- b. The maximum allowable rate of gain that may be assumed for the purposes of estimating the Insured Weight is three and one half pounds per day.

## 18.04 Filing a Claim

- a. The Insured may file a Claim by completing and submitting it to the Program Administrator in an electronic or paper format provided by the Program Administrator. The Claim must specify the Policy number and the number of Units of Insured Livestock that is being claimed.
- b. The Insured may file a Claim only on or subsequent to the first day of the Claim Window as specified in the Policy and prior to the Expiration Date.
- c. AFSC will review any Policy with an Insured Weight that has not yet had a Claim made against it by the last day of the Claim Window, verify the Insured's entitlement to an Indemnity and, if applicable, calculate and pay the Indemnity. AFSC shall calculate the Indemnity for all Insureds in this situation as if the unclaimed Insured Weight had been claimed during the final week of the Claim Window.
- d. The Insured must file a Claim during Business Hours. If AFSC receives any Claim after this time, AFSC then reserves the right to receive the Claim as if it were filed during Business Hours of the next day a Claim can be made.
- e. AFSC may at its discretion extend or suspend the Claim Window when necessary.

## 18.05 Determination of Amount of Indemnity

- a. AFSC will be entitled to an Indemnity under a Price Insurance Policy if the Feeder Cattle Settlement Index for the week of the Claim Date is less than the Feeder Cattle Insured Index applicable for that Policy. In such event, the dollar value of the Indemnity will be equal to the Feeder Cattle Insured Index less the appropriate Settlement Index multiplied by the weight claimed during the week of the Claim Date.
- b. AFSC reserves the right to reassess any Claims paid in error and request that the Insured return any Indemnities paid in error.

# ARTICLE 19. CALF INSURING AGREEMENT

## 19.01 Definitions

For the purposes of this Insuring Agreement:

- a. **Calf Insured Index** means the price level expressed in dollars per Unit below which an Indemnity is recoverable under a Price Insurance Policy, established in accordance with the methodology as determined by AFSC and posted to the LPI Website.
- b. **Calf Settlement Index** means the weekly average of the price of Calves sold through auction in, the Western Canadian location relevant to that Settlement Index, expressed in dollars per Unit, representing a 550 to 650 pound steer and established in accordance with the price setting methodology as determined by AFSC and posted to the LPI Website.
- c. **Calves** means bovines typically not weaned from the cow and under one year of age.
- d. **Claim Date** means the date during the Claim Window that a Claim is made by the Insured or on the Insured's behalf. Since a Policy allows for partial Claims (i.e. on a portion of the total Unit insured), there may be more than one Claim Date on a Policy.

- e. **Claim Window** means the four week period immediately prior to and including the Expiration Date of a Policy issued under this Contract during which the Insured is eligible to make a Claim, except as specified in the Calendar of Insurance.
- f. **Hundred weight** (cwt) means one hundred pounds of live weight or live weight equivalent Calves and is the unit used to denote Insured Weight.
- g. **Price Insurance Policy** means a Policy that provides the Insured protection in the event that the Calf Settlement Index is less than the applicable Calf Insured Index during the week(s) of the Claim Date(s).

## 19.02 Insurable Livestock

Calves are insurable under a Policy issued under this Contract provided that the Insured:

- a. can demonstrate ownership of the Calves for 60 continuous days within the policy length; and
- b. feeds the Calves either within Alberta or within a geographical locale as may be specified by AFSC.

## 19.03 Description of Insurance Coverage

- a. The Insured Weight for a Policy and the sum of Insured Weight for all outstanding Policies shall not exceed the weight that, in the opinion of AFSC, could reasonably be expected given the number and age of Calves owned by the Insured.
- b. The maximum allowable rate of gain that may be assumed for the purposes of estimating the Insured Weight is three (3) pounds per day.

## 19.04 Filing a Claim

- a. The Insured may file a Claim by completing and submitting it to AFSC in an electronic or paper format provided by AFSC. The Claim must specify the Policy number and the number of Units of Insured Livestock that is being claimed.
- b. The Insured may file a Claim only on or subsequent to the first day of the Claim Window as specified in the Policy and prior to the Expiration Date of the Policy.
- c. AFSC will review any Policy with an Insured Weight that has not yet had a Claim made against it by the last day of the Claim Window, verify the Insured's entitlement to an Indemnity and, if applicable, calculate and pay the Indemnity. AFSC shall calculate the Indemnity for all Insureds in this situation as if the unclaimed Insured Weight had been claimed during the final week of the Claim Window.
- d. The Insured must file a Claim during Business Hours. If AFSC receives any Claim after this time, AFSC reserves the right to receive the Claim as if it were filed during Business Hours of the next day a Claim can be made.
- e. AFSC may at its discretion suspend the Claim Window when necessary.

## 19.05 Determination of Amount of Indemnity

- a. The Insured will be entitled to an Indemnity under a Price Insurance Policy if the Calf Settlement Index for the week of the Claim Date is less than the Calf Insured Index applicable for that Policy. In such event, the dollar value of the Indemnity will be equal to the Calf Insured Index less the appropriate Settlement Index multiplied by the weight claimed during the week of the Claim Date.
- b. AFSC reserves the right to reassess any Claims paid in error and request that the Insured return any Indemnities paid in error.

## ARTICLE 20. HOG INSURING AGREEMENT

### 20.01 Definitions

For the purposes of this Insuring Agreement:

- a. **Hog Insured Price** means the price level expressed in dollars per Hundred Kilograms below which an Indemnity is recoverable under a Price Insurance Policy, established in accordance with the methodology as determined by AFSC and posted to the LPI Website.
- b. **Hog Settlement Price** means the monthly average of the price of market hogs, expressed in dollars per Unit, established in accordance with the price setting methodology as determined by AFSC and posted to the LPI Website.
- c. **Hogs** means porcine.
- d. **Hundred Kilograms (ckg)** means one hundred kilograms of dressed weight or dressed weight equivalent hogs and is the unit used to denote Insured Weight.
- e. **Market Hogs** means Hogs intended for slaughter and must reasonably be expected to fit within the industry standard grading grid for Market Hogs.
- f. **Price Insurance Policy** means a Policy that provides the Insured protection in the event that the Hog Settlement Price is less than the applicable Hog Insured Price during the month the policy expires.
- g. **Weaner Hogs** means Hogs weaned from the sow and typically weighing less than 25 kilograms.

### 20.02 Insurable Livestock

Hogs are insurable under a Policy issued under this Contract provided that the Insured:

- a. can demonstrate ownership of Hogs for a minimum of 20 continuous days within the policy length purchased; and
- b. feeds the Hogs either within Alberta or outside of Alberta but within a geographical locale as may be specified by AFSC .

### 20.03 Description of Insurance Coverage

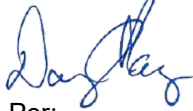
- a. The Insured Weight for a Policy and the sum of Insured Weight for all outstanding Policies shall not exceed the weight that, in the opinion of AFSC could reasonably be expected given the number and age of Hogs owned by the Insured.
- b. The maximum allowable rate of gain that may be assumed for the purposes of estimating the Insured Weight of Market Hogs will be one kilogram per day.
- c. The maximum weight that may be assumed for the purposes of estimating the Insured Weight of Weaner Hogs will be 1.7 times the expected sale weight.

### 20.04 Determination of Amount of Indemnity

- a. AFSC will pay an Indemnity to the Insured under a Price Insurance Policy if the Hog Settlement Price for the month of the Policy is less than the Hog Insured Price applicable for that Policy. In such event, the dollar value of the Indemnity will be equal to the Hog Insured Price less the appropriate Settlement Price multiplied by AFSC.
- b. The Program Administrator reserves the right to reassess any Claims paid in error by the Program Administrator and request that the Insured return any Indemnities paid in error.

IN WITNESS WHEREOF  
AFSC has signed this Contract.

**AGRICULTURE FINANCIAL SERVICES CORPORATION**



Per:  
Darryl Kay, Chief Executive Office