

#### 4. Product—Basic Concepts

The product in second draft form is attached as part of the appendices.

It is very simple in its concept and sets out to cover:

- yield loss
- initially for wheat, barley, lupins, canola
- for a selected percentage of anticipated yield
- subject to an insurer imposed underwriting limit on percentage of cover
- but excluding failure to plant, quality downgrade, most diseases and most pests

The following table sets out some typical loss scenarios and the intended policy response.

Event	Loss Description	Claim Triggered
Excessive rain at harvest.	Sprouted grain causing crop to be down graded to feed quality. Therefore loss of income as a result of quality downgrade.	No.
Frost	Grain does not achieve minimum weight for delivery to bulk handling authority. Sold direct to feedlot at heavily discounted price. Therefore loss of income due to quality.	No.
Frost	Grains do not form. The lack of grain results in a yield loss. Therefore loss of income due to yield loss.  In most cases frost will cause both a quality and yield loss.	Yes
Hot dry finish to season	Pinched or deformed grain resulting in downgrading of crop. Therefore loss of income due to quality downgrade.	No
Hot dry finish to season	Plants do not fill normal number of seeds. Therefore loss of income due to yield loss.	Yes.
Flood	Waterlogging causes disease which in turn causes both a yield and quality loss. Therefore loss of income resulting from both yield and quality but cause of loss is an excluded peril.	No.
Excessive rain	Water logging causes disease which in turn causes a quality downgrade. Therefore loss of income from quality downgrade.	No.
Excessive rain	Waterlogging causes disease and poor plant growth. Therefore loss of income due to loss of yield which resulted as a direct cause of an insured peril.	Yes.
Lack of rainfall	Crop fails to achieve average yield. Loss of income due to yield loss.	Yes.
Disease eg "Take all"	Crop fails to achieve average yield. Loss of income due to yield loss but cause is disease which is largely controllable by management practice – crop rotation.	No.
Dry summer and autumn	Conditions do not allow grower to plant. Therefore no crop harvested. Policy does not cover failure to plant.	No.
Lack of rainfall	Crop fails to achieve first jointing. No crop harvested. Therefore grower has not achieved average yield but crop has not achieved attachment growth stage.	No.

There will be a need to more closely assess farmer needs as part of the further market research and the extent to which the product responds to scenarios where government support currently exists.