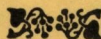


An Explanation Of  
**HAIL INSURANCE**  
on  
**FRUIT CROPS**



RAIN AND HAIL DEPARTMENT  
504 Chronicle Building  
SPOKANE, WASHINGTON

APRIL, 1943



Washington

**HAIL INSURANCE**  
**RULES *and* RATES**

**1943**



Send Applications, Remittances, Loss Notices, and  
Correspondence Pertaining to  
Hail Insurance to

**HAIL DEPARTMENT**



# HAIL INSURANCE

## RULES AND INSTRUCTIONS

### APPLICATION

Not binding on Company until the expiration of twenty-four hours from hour and date of actual signing of application, and to continue in force for twenty-four hours after receipt of application by the Company. Company shall either issue policy or serve notice by registered letter or telegram within twenty-four hours after receipt of the application that risk is not acceptable. (See application.)

Applications incomplete in any particular will not be accepted. **DECLINE** all applications on crops which have been hailed upon during the current season.

### EXPIRATION

The date of expiration of policies is September 15th, excepting policies which cover on fruit, which expire November 1st.

Application for extension of expiration dates for not more than 15 days may be made by making an additional premium charge of 1% provided application with remittance is received by the Company at its policy-writing office not later than September 1st. No extension of expiration date shall be granted after September 1st.

**Note.**—Extension of Expiration Date endorsement must be attached to Policy.

### PREMIUM

May be paid in cash or Certificate of Deposit bearing no interest (not duplicate deposit slip). Remittance shall cover net amount due Company. Certificate of Deposit covering premium on all crops except fruit shall be payable not later than October 15th; and fruit December 1st, and shall not be extended or renewed.

### LIMIT PER ACRE

Total insurance permitted for all interests is \$36. per acre on peas and beans, vegetables grown for seed, and all other crops; excepting that vine, truck, fruit, and vegetables not grown for seed (other than peas and beans) may be written for full value if acceptable to the Company.

### INSURABLE INTEREST

The undivided interests of owner and tenant may be insured jointly under one policy, or under individual policies as may be desired. Remember, however, that each party owns a portion of the crop only on each acre, and the amount of insurance to be written must be obtained by multiplying the total number of acres to be insured by the limit per acre desired, thus: If owner and tenant farm 100 acres and each desires full limit per acre on \$36.00 basis (one-half interest being \$18.00) two policies for \$1,800 each should be applied for, or a joint policy for \$3,600 should be applied for and the aggregate amount of both interests must not exceed \$36.00 per acre.

### CROPS OF SEVERAL CUTTINGS

On all crops capable of producing more than one cutting, unless otherwise endorsed, insurance will cover an equal amount on each cutting, thus: In insuring alfalfa hay crops if the estimated number of cuttings is three, and the applicant desires a limit of say, \$36.00

per acre, each cutting will then be insured for \$12.00 per acre.

If insurance on alfalfa or clover seed crop is desired, separate application covering on the seed crop must be taken. The application must show which cutting is for seed crop.

### PEAS AND BEANS

If peas and beans are grown for "green pack" or canning purposes, endorsement must be attached providing that liability shall terminate at the time such crop has attained the stage of maturity beyond which it is unfit for "green pack" or canning purposes, and in any event not later than July 31st.

Special endorsement will be furnished on request.

### FEDERAL ALL-RISK CROP INSURANCE

If any crops insured under a Hail Policy are also insured under an All-Risk Crop Policy, any hail coverage under said All-Risk Crop Policy shall not be considered as coming under the pro rata provisions of the Hail Policy.

### LOSS CLAIMS

The policy provides for a minimum loss of 5%, and if a claim be made and found to be less than the minimum, the expenses of the Adjuster must be borne by the claimant. (See Policy Conditions.)

All losses must be reported within 48 hours, by Notice sent by Registered Mail signed by the **Insured** only. (See Policy Conditions.) A blank Notice of Hail Loss is folded within the Policy.

### Do Not Telephone or Telegraph

An adjuster will be sent after properly executed Notice of Loss is received at the Company's policy-writing office. Adjusters are not authorized to inspect insured crops on which losses have not been reported.

The Company may, at its option, defer the adjustment of losses on fruit. However, fruit losses must be reported within 48 hours. If fruit losses are reported, and the Insured determines prior to the time an Adjuster is sent that the loss is less than the minimum (5%), advise the Company that the Insured is willing to sign Release of Claim, and an Adjuster will not be sent. This procedure will relieve the insured of the Adjuster's expenses.

### COMMISSION

Commission to agent shall be as follows:

17½% for acceptable C.D. with application.

20% for Cash with application.

In either case this must cover postage, exchange, and all other expenses.

### REDUCED RATES

When either of the following endorsements is used, a credit from the rate is permitted:

10% Deductible Clause.....20%

20% Deductible Clause.....33⅓%

25% Accumulative-Deductible Clause.....40%

25% Minimum Loss Clause.....20%

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In case of known crop failure, policy must be returned for flat cancellation prior to June 1st. For cancellation during the month of June and prior to July 1st, the Company shall retain 50% of the original premium. No cancellation for any cause permitted after July 1st. No cancellation permitted on cherries after June 10th.



# WASHINGTON RATES

COUNTY	CROP CLASSIFICATION		
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Asotin County.....	5%	7%	15%*
Benton and Yakima Counties.....	1½%	2½%	3%* ✓
Columbia County.....	2%	3½%	5%*
Garfield County.....	1½%	3%	4%*
All other Counties.....	1½%	2½%	4%*

\*Note.—On canning pears, charge 1% additional to the Fruit rate, and designate the crop insured as "Canning pears" on the application.



Washington

**HAIL INSURANCE**  
***RULES and RATES***

**1944**



Send Applications, Remittances, Loss Notices, and  
Correspondence Pertaining to  
Hail Insurance to

**HAIL DEPARTMENT**

**CENTRAL HAIL DEPARTMENT**  
**HOME FLEET**  
Old National Bank Building  
**SPOKANE, - WASHINGTON**

Washington

**HAIL INSURANCE**  
***RULES and RATES***

**1944**



Send Applications, Remittances, Loss Notices, and  
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**HAIL DEPARTMENT**

**PHILADELPHIA FIRE & MARINE**  
**INSURANCE COMPANY**  
504 CHRONICLE BUILDING  
**SPOKANE, WASHINGTON**



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80% of Loss Clause.....	20%

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Asotin County.....	5%	7%	15%*
Benton and Yakima Counties.....	1½%	2½%	3%*
Columbia County.....	2%	3½%	5%*
Garfield County.....	1½%	3%	4%*
All other Counties.....	1½%	2½%	4%*

\*Note.—On canning pears, charge 1% additional to the Fruit rate, and designate the crop insured as "Canning pears" on the application.

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\*Note.—On canning pears, charge 1% additional to the Fruit rate, and designate the crop insured as "Canning pears" on the application.



## APPLICATION

Hail Insurance on fruit crops is written on application only. All of the Policy Stipulations and Conditions, and the terms of the contract (policy) are stated in the application for the insurance. The Fruit Farm Hail Application is used, and must be executed by the applicant and the agent. Both the original and a copy of the application are mailed to the policy writing office of the Company. The original is placed in the Company's file and the copy is placed in the agent's file.

### WHY INSURE AGAINST HAIL

Hail Insurance on fruit crops is designed particularly for the grower who is attempting to produce a heavy yield of high quality fruit. In producing heavy yields and high quality, he necessarily incurs a heavy expense in proper cultural practices, pruning, cultivation, irrigating, fertilizing and spraying. However, profitable production depends upon producing yields and quality.

After the frost hazard is over, about the only thing that can seriously damage a crop that is being properly taken care of is HAIL. By cultivating, pruning, thinning, irrigating and fertilizing, the most desirable size and color is obtained. By spraying, the crop is protected against disease and particularly insects. Hail not only destroys high quality by reducing the crop in grade, but may also reduce the quantity or tonnage produced by throwing the crop to culls or unmarketable fruit. The expense incurred and the season's labor may be lost by hail. Financing next season's operations may be seriously impaired.

The best protection against the hazard of hail is to carry insurance in a STOCK FIRE INSURANCE COMPANY of sound financial strength which maintains a CASH RESERVE sufficient to pay its losses.

The hail policy (contract) now in use by Stock Fire Insurance Companies has been developed through years of experience and cooperation with practical fruit growers. The terms of the policy are stated in plain and understandable language so as to provide for adequate protection to the grower at the lowest rate possible for the area in which the crop is grown. Thousands of growers now carry Hail Insurance as that is the only way of protecting themselves against the fury of devastating HAIL.

Thousands of losses are adjusted each year to the entire satisfaction of the policy-holders.

### SUPPLIES

If the Agent is in need of Supplies he should make requisition direct to the HAIL DEPARTMENT of the Company stating the kind and quantity of forms desired. Necessary Application and Endorsement Forms, Rate Sheets and Instructions will be forwarded immediately upon receipt of the requisition.



## APPLICATION

Hail Insurance on fruit crops is written on application only. All of the Policy Stipulations and Conditions, and the terms of the contract (policy) are stated in the application for the insurance. The Fruit Form Hail Application is used, and must be executed in duplicate and signed by the applicant and the agent. Both the original and duplicate application must be mailed to the policy writing office of the Company by first mail as the original is for the Company's file and the duplicate is attached to and becomes a part of the policy, and therefore embodies the contract between the insured and the Company.

### Premium

A remittance covering the premium must be submitted with the application. Therefore, arrangements should be made for payment of the premium at the time the application is taken.

### Insurance Effective

The insurance becomes effective beginning 24 hours from the hour and date of the actual signing of the application by the applicant and the agent, and remains in force (if approved by the Company) until the crop is harvested from the trees, or until November first of the current year.

Note - No liability attaches on tree fruit until 90% of the fruit has attained a minimum diameter of  $\frac{1}{2}$  inch, excepting cherries, and they must have attained a diameter of  $\frac{1}{4}$  inch.

### Amount of Insurance

Fruit applications are generally written during April, May, and June. At that date it is impossible for the grower to know what his actual production is going to be, or to know the value per unit of the crop at harvest time, and therefore he cannot accurately determine the value of the crop to be insured. Consequently, the actual value of the crop is largely disregarded in determining the amount of insurance to be carried, excepting that the amount of insurance should not exceed a reasonable anticipated value for the crop to be harvested, based on previous production and average prices.

It is left to the applicant to determine the amount of insurance desired, and most growers limit their insurance to cost of production, including taxes and ground rental value, plus a reasonable estimated profit in accordance with production from the particular orchard and average prices received. An applicant may take insurance in an amount sufficient only to cover his need for protection, even though this amount may be less than that determined by the method suggested.

### Describing Crop Insured

Each kind of fruit must be insured specifically, that is, if apples and pears are both grown in one orchard and are to be insured under one policy, then apples must be insured under one specific item with a definite amount of insurance applying thereon, and the pears insured under a separate item with a definite amount of insurance applying to them.

A specific amount of insurance may be placed on each variety of the same kind of fruit, as separate items of insurance; or all of the fruit of one kind may be insured under one item as "various" or "all" varieties. If each variety is insured as a separate item, a larger proportional amount of the insurance may be placed on the more valuable varieties, if desired.



## Describing Crop Insured (Cont.)

Not all varieties in an orchard need to be insured, and the less valuable varieties can be eliminated from the insurance, if desired. However, the schedule must be completed so that there is no question as to the crop that is insured, and if any part of the crop is not to be insured, a full statement to that effect must be made by a notation on the application.

### Minimum Five Percent Loss

The policy contains a 5% minimum loss clause which means that the Company is not liable for loss or damage to any crop insured, unless such loss or damage equals 5% or more of the particular crop so damaged.

### Hail Insurance Indemnifies

For direct damage to the fruit by hail only. (The trees - limbs, leaves, buds, bloom and/or blossoms are not covered). The policy does not recognize "market value", but deals only with the percentage of damage to the fruit caused directly and exclusively by hail. When the percentage of damage is determined, that percent of the amount of insurance carried on the crop is the amount of the loss to be paid.

### PROCEDURE IN EVENT OF LOSS

#### How to Report Hail Losses

Later a hail storm occurs. If the policy is in effect, the insured should inspect his crop and if the damage exceeds the minimum percent (5%) of loss provided for in the policy, he must file a claim by giving the company proper Notice of Loss.

The Notice of Loss must be signed by the insured, or his authorized agent, and mailed to the company by Registered Mail - Return Receipt Requested, full postage paid, within forty-eight (48) hours after the occurrence of the loss.

The company will be required to receipt for delivery of the Notice of Loss and the receipt will be returned to the insured by the Post Office, thus advising the insured that the notice was received by the Company.

The insured should bear in mind that if the loss is less than the minimum percentage provided for in the policy, and he files a claim requiring the Company to send an adjuster, the insured will be required to pay the expense of the inspection. This provision in the policy is designed to discourage and prevent the filing of claims where the loss is trivial, or of no consequence, and to save the expense of the adjuster for inspection of such losses.

The Company by the above rule does not desire to prevent the reporting of any meritorious loss, however small, that comes within the terms of the policy.

Notice of loss given to, or by, the local Agent of the Company does not constitute legal notice to the Company under the terms of the policy.

DO NOT report losses by Telegraph, nor by Telephone.



## How to Report Hail Losses (cont.)

When fruit losses are reported within 48 hours as required, and the insured determines prior to the time an adjuster is sent that the loss is less than the minimum (5%), advise the Company that the insured is willing to sign a Release of Claim, and an adjuster will not be sent. This procedure will relieve the insured of the adjuster's expenses.

### Care of Crop

The crop must be properly cared for (whether or not damage is sustained by hail) including thinning, proper spraying, fertilizing and any other particular care necessary in the practice of proper husbandry. In case of loss there can be no abandonment to the Company of the crop.

If a loss occurs before thinning is completed, the insured should proceed with his thinning in the same way he would have done, spacing, etc., had no loss occurred, and the adjustment will be made on the condition of the crop at maturity.

### ADJUSTMENT OF LOSS

#### When Adjusted

Upon receipt of Notice of Loss, the Company will arrange to send an adjuster. If the loss occurs early in the season, an inspection will probably be made, but the adjustment of the loss will probably be deferred until nearly harvest time. The policy provides that the quality, condition and/or grade of the crop shall be considered at maturity, and the Company may at its option defer any adjustment until the time of harvest.

The adjustment is made on the basis of the reduction in grade of the crop due directly to hail. It is, therefore, necessary to make the adjustment on the crop when it is sufficiently mature so that it can be classified into its commercial grades. This is usually any time within two or three weeks of harvest time.

If the crop is ready for harvest and a claim has not been adjusted, the insured must notify the Company at least five days prior to the beginning of harvesting of his intention to harvest so that an adjuster may be sent prior to harvest, but after notifying the Company, if the adjuster does not arrive within the time specified, the insured should proceed to harvest the crop.

#### How the Adjustment is Made

The usual procedure in adjusting an apple loss is about as follows: a representative sample of the fruit (usually about 100 apples) is picked from all parts of a representative tree. This sample is first graded without any reference to the hail blemishes appearing on the fruit, and a record is made of the number of apples in each grade and the number of natural culls (this shows how the crop would have graded had no hail occurred). From the grades thus developed, the apples are again graded into the grades into which they are reduced by hail, and a record of the number of apples reduced from a higher to a lower grade is made. The percentage depreciation schedule in the policy is then applied to the number of apples reduced from a higher grade to each of the lower grades, and in this way, the percentage of damage, or loss to the crop is obtained. When the percentage of loss is so determined, that percent of the amount of insurance covering on the crop is the amount of the claim to be paid under the policy.



### How the Adjustment is Made (cont.)

In taking the sample, the fruit is picked from the inside and outside, the top and the bottom of the tree; the object being to get a sample which is truly representative of the condition of the crop on the tree.

The sample is graded according to the requirements of the published grades in effect in the State in which the policy covers. Adjusters are experienced fruit men, thoroughly familiar with grades and grading, and they agree with the insured on the proper grading of the fruit as the inspection is being made. A record is made of the grading of the sample showing how it would have graded had no hail occurred, and the grades into which it has been reduced by reason of hail.

The percentage depreciation schedule in the policy (See Par. 13) is then applied. This depreciation schedule was made up from records taken from packing houses and shippers throughout the district, showing the difference in the actual selling prices for the various grades and varieties of fruit, and is the average over a number of years. This schedule represents the difference in value between fruit of each grade expressed as a percentage difference.

The percentage depreciation schedule in the policy provides that fruit which is reduced from an Extra Fancy or 1st Grade to Fancy or 2nd Grade is damaged 20%; from an Extra Fancy to C or 3rd Grade, 40%; and from an Extra Fancy to cull, 100%. Proportional percentage depreciations are shown in the schedule for Fancy and C Grade fruit, when reduced to the lower Grades or Culls.



An illustration of an adjustment with a sample of 100 apples, which considers that each apple represents 1% of the crop, is shown herewith.

Grade designation: XF Extra Fancy or 1st Grade F Fancy or 2nd Grade C C or 3rd Grade	How the sample would have graded had no hail occurred	How the sample was reduced in grade by hail	Percentage depreciation schedule provided in policy	Percentage of loss
XF without hail - - - -	- 68			
remaining XF - - - -	- -	- 13 -		
reduced to F - - - -	- -	- 14 -	- 20% -	- 2.80
reduced to C - - - -	- -	- 16 -	- 40% -	- 6.40
reduced to 4th - - - -	- -			
reduced to Culls - - - -	- -	- 25 -	- 100% -	- 25.00
F without hail - - - -	- 21			
remaining F - - - -	- -	- 6 -		
reduced to C - - - -	- -	- 8 -	- 30% -	- 2.40
reduced to 4th - - - -	- -			
reduced Culls - - - -	- -	- 7 -	- 80% -	- 5.60
C without hail - - - -	- 11			
remaining C - - - -	- -	- 5 -		
reduced to 4th - - - -	- -			
reduced to Culls - - - -	- -	- 6 -	- 50% -	- 3.00
4th Grade without hail - -	- 0			
Natural Culls - - - -	- 0			
Total	100	Average Percent Loss		45.2%

Note: 4th Grade is not used unless it is provided for in the States Grades in which the Policy is written.



The percentage of loss on the sample in the illustration just given is 45.2%. Additional samples are taken from as many trees as necessary to get a truly representative sample of the condition of the fruit on the entire orchard. The sample from each tree is graded, and records kept; the percentage depreciation schedule is applied to the number of apples reduced in grade, and the average percentage of loss to the entire crop on the orchard is so determined.

#### An Example

Now suppose that three growers, named "A", "B" and "C" each own and operate a 50 acre apple orchard and grow the same varieties of apples, and the value of the crop to be produced on each orchard is identical, say \$10,000. These growers live in an area where the rate for hail insurance is 5%, or \$5.00 per \$100. of insurance carried. Each grower carries hail insurance on his crop, but in different amounts, according to his individual requirements. Later a hail storm occurs which causes an identical loss to each crop, say 45.2%.

With the following amounts of insurance carried and premium paid, the loss paid to each grower would be as follows:

Grower	Insurance Carried	Premium Paid	% Loss	Amount of Loss
A	\$10,000.	\$500.00	45.2%	\$4520.00
B	5,000.	250.00	45.2%	2260.00
C	2,500.	125.00	45.2%	1130.00

It will be observed that the Company pays each insured in direct proportion to the amount of insurance he carries and the premium he pays. For this reason, this form of insurance is most equitable, as it not only compensates the grower in event of loss in direct proportion to the amount of insurance he has carried and the premium which he has paid, but it leaves it entirely to the grower to select the amount of insurance which he desires to carry, according to his individual requirements. In this illustration, after payment of the 45.2% loss, the remaining insurance is still in force.

#### Adjustments on Other Kinds of Fruit

Adjustments are made on other kinds of fruit crops in the same manner, by considering the specific grades of the particular kind of fruit.

#### Proof of Loss

The Company is not required, under the terms of the policy, to send an Adjuster, but ordinarily this service is given in order to expedite the settlement of the loss. If the Company fails to send an adjuster, the insured must, within 120 days after the occurrence of the loss, make proof of claim as required under the terms of the policy.

#### DEDUCTIBLE AND MINIMUM LOSS ENDORSEMENTS

In certain States, the Insured may obtain a substantial reduction in rate by asking that one of the following Endorsements be attached to the policy.

TEN PER CENT DEDUCTIBLE CLAUSE  
 TWENTY PER CENT DEDUCTIBLE CLAUSE  
 TWENTY-FIVE PER CENT ACCUMULATIVE-DEDUCTIBLE CLAUSE  
 TWENTY-FIVE PER CENT MINIMUM LOSS CLAUSE

A circular explaining each of these Clauses, and explaining the REDUCTION IN RATE, will be mailed upon request.