

Flex Guard™

Added protection to meet today's farming needs



Co-operators Flex Guard* is an enhanced offering for our farm insurance clients. By combining coverage limits, it helps you meet the unique challenges of today's rapidly evolving economy.

What is Flex Guard?

Standard farm insurance allocates separate limits for each coverage type. If a claim exceeds the limit of one type, you may have to pay the excess amount out of pocket – even if other coverage types haven't reached their limits. But with the Flex Guard endorsement, you can pool the limits of all coverage types at individual locations. It's a great way to build flexibility into your policy and take more control over what you want to protect.

Flex Guard combines limits across four major coverage types:



Farm structure



Machinery



Livestock



Produce

Why does Flex Guard stand out?

Flex Guard is unique in the Canadian farm insurance market. While some competitors offer pooled limits, they typically omit machinery from this coverage. Because Flex Guard includes machinery, it's especially valuable in today's economy, where inflation, foreign exchange and supply chain issues are raising equipment costs.

How does Flex Guard work?

Flex Guard includes an 80% co-insurance threshold, which means:

1. The Flex Guard endorsement is applicable only if the individual coverage type for the lost or damaged item(s) is insured to 80% (or higher) of its actual cash value (ACV) or replacement cost.
2. The Flex Guard pooled limit includes only the individual coverage types that are insured to 80% (or higher) of their ACV or replacement cost.

Here’s an example of how Flex Guard allows you to optimize your coverage.**

Your farm policy is set up with these limits.

Farm structure
\$500,000
(88% co-insurance)

Machinery
\$100,000
(90% co-insurance)

Livestock
\$50,000
(95% co-insurance)

Produce
\$50,000
(70% co-insurance)

A fire on your property results in the complete loss of a barn, but no other items are lost or damaged.

	Scenario without Flex Guard	Scenario with Flex Guard
Cost to rebuild the damaged barn	\$600,000	\$600,000
Farm structure coverage	\$500,000	\$500,000
Shortfall in coverage	\$100,000	\$100,000
Flex Guard limit	N/A	\$150,000 (Machinery + Livestock limits)
Flex Guard endorsement	\$0	\$100,000
Total insurance coverage	\$500,000	\$600,000

Without Flex Guard: While you would receive \$500,000 from your Farm structure coverage, you would have to pay the \$100,000 shortfall out of pocket to replace your barn.

With Flex Guard: The Flex Guard endorsement is applicable because your structure limit – which applies to the damaged barn – meets the 80% co-insurance threshold (88%). Here, Flex Guard provides up to an additional \$150,000 in coverage, which comes from pooling the limits of the unused coverage types that meet the 80% co-insurance threshold (Machinery and Livestock coverage). Because the \$50,000 Produce limit does not meet the threshold (70%), it is not included in the pooled amount.

In this scenario, you can take from this \$150,000 pooled amount to pay for the coverage shortfall on your barn. Since you have a \$100,000 shortfall, the pooled amount is more than enough to cover it all. That means the entire cost to replace your barn is covered under your policy – \$500,000 from your Farm structure coverage and \$100,000 from Flex Guard endorsement – for a total of \$600,000.

Talk to us to learn more about Flex Guard.

For more information or to discuss the right insurance plan for your farming operation, contact your local Financial Advisor.

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