



May 9, 2022

Bulletin #01-2022

May 9, 2022

Revision to Insurance deductible levels for Protocol F Agricultural Ammonium Nitrate Code of Practice

The purpose of this Bulletin is to provide Agricultural Ammonium Nitrate Code of Practice certified sites with information regarding a change in the maximum insurance deductible required for compliance with Protocol E. Protocol E of Agricultural Ammonium Nitrate Code of Practice states:

The facility has documentation that gives evidence of current policies of insurance covering the following areas of risk exposure:

1. Environmental impairment liability (EIL) in the minimum amount of \$2 million covering third party bodily injury and property damage and off-premises clean up expenses with \$2 million policy aggregate for all occurrences; and \$2 million covering on-premises clean up with \$2 million policy aggregate for all occurrences.
2. Owned automobile liability (applicable to any and all vehicles that are owned or leased or operated by the facility in connection with the facility's business) covering bodily injury or property damage to third party interests in the minimum amount of \$5 million per loss occurrence.
3. Non-owned automobile liability in the minimum amount of \$5 million per loss occurrence.
4. Comprehensive General Liability (CGL) and Product Liability in the minimum amount of \$5 million per loss occurrence.

Note:

- a) Any endorsement or other policy wording that directly or indirectly selects fertilizers as specifically excluded from coverage, or that selects fertilizers for diminished coverage, is NOT acceptable.
- b) No deductibles more than \$25,000 are permitted.**



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For sites seeking higher deductibles, they must individually apply for a self-insurance retention which includes submission of audited financial statements to Fertilizer Canada. Management assesses financial liquidity and accepts higher deductibles when sufficient liquidity is evident.

Effective May 9, 2022, the maximum insurance deductible has increased to \$50,000.

Rationale:

Several of the large commercial insurers now offer \$50,000 deductible on policy renewals starting in May 2022. These higher deductibles lower the insurance premium for retailers. Consequently, Fertilizer Canada was asked to consider increasing the deductible requirements by \$25,000 to \$50,000. The request was considered and approved. The rationale included:

- The industry continues to enjoy a favourable loss ratio.
- Widespread availability of environmental impairment liability insurance and the offering of increased deductibles by insurers.
- Retailers benefit from lower insurance costs.
- The deductible levels were increased from \$25,000 to \$50,000 for the AWSA Warehousing Standards on May 1, 2022 and for the Anhydrous Ammonia Code of Practice on May 9, 2022. Most AN Code of Practice retailers have dual certification so their insurance cover would include both AWSA Warehouse Certification and Agricultural Calcium Ammonium Nitrate Code Security of Practice Certification. This change aligns all certification programs.

Please direct any questions or concerns to the coordinates below.

Sincerely,

Nadine Frost
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Fertilizer Canada
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AMMONIUM NITRATE CODE OF PRACTICE CONFIRMATION OF COVERAGE FORM-PROTOCOL F

To be provided to Authorized Auditor as part of compliance documentation and a copy forwarded with the audit to the program office.

1. Insurer A		Insurer B		Insurer C	
Name of Insurer:		Name of Insurer:		Name of Insurer:	
Address of Insurer:		Address of Insurer:		Address of Insurer:	
Postal Code:		Postal Code:		Postal Code:	
Tel:		Tel:		Tel:	
2. Company			3. Agent/Broker		
Name of Insured:			Name of Agent/Broker:		
Address of Insured:		Postal Code:		Address of Agent/Broker:	
Covered Location:			Postal Code:		
Policy Number:	Certificate Number:	Policy Period:		Tel:	
AN Compliance #:					

Coverage type	Insurer	\$ Coverage	\$ Deductible	\$ Policy Aggregate
Environmental Impairment Liability (on site) <small>(Note: a combined on-site/off-site EIL policy with a minimum \$2 million combined coverage, \$50,000 max deductible and minimum \$2 million policy aggregate is also permitted)</small>	(A, B or C)	Minimum \$2,000,000	Max \$50,000	Minimum 2,000,000/occurrence
Environmental Impairment Liability (off site) <small>(to include third party injury and property damage and off premises clean up)</small>	(A, B or C)	Minimum \$2,000,000	Max \$50,000	Minimum 2,000,000/occurrence
Owned Automobile Liability <small>(applicable to any and all vehicles that are owned, or leased or operated by the facility in connection with the facility's business)</small>	(A, B or C)	Minimum \$5,000,000	Max \$50,000	Minimum \$5,000,000/ occurrence
Non-Owned Automobile Liability	(A, B or C)	Minimum \$5,000,000	Max \$50,000	Minimum 5,000,000/ occurrence
Comprehensive General Liability	(A, B or C)	Minimum \$5,000,000	Max \$50,000	Minimum 5,000,000/ occurrence

The undersigned warrants that he or she has reviewed the Ammonium Nitrate Code of Practice insurance protocol; that the coverage represented above is in conformity with the required coverage limits and permitted deductibles.

It is further understood and agreed that the undersigned undertakes to give fifteen (15) "days" notice to the Ammonium Nitrate Code Program Manager if the policy should be cancelled or otherwise terminated prior to the specified policy expiration date; or if the policy should fail to be renewed on a basis that ensures continued compliance with the insurance protocol; or if any other circumstance should occur which prejudices or invalidates a representation of compliance previously given.

Name of Authorized Representative of Insurer:	
Signature of Authorized Representative of Insurer:	Date:

AMMONIUM NITRATE CODE OF PRACTICE CONFIRMATION OF COVERAGE FORM-PROTOCOL F

Ammonium nitrate facilities require insurance coverage as outlined in Protocol F of the Agricultural Ammonium Nitrate Code of Practice and Section F of the Agricultural Ammonium Nitrate Code of Practice Implementation Guide. The Standard Confirmation of Coverage Form is designed for use by operators who that have insurance meeting the required levels of coverage, limits and deductibles.

This form must be completed fully and executed by an authorized insurance representative. A separate form is required for each insured location. Any endorsement or other policy wording that directly or indirectly selects fertilizers as specifically excluded from coverage, or that selects fertilizers for reduced coverage, is NOT acceptable.

Reimbursable Deductible Acknowledgement

Deductible amounts in excess of \$50,000 must be of a reimbursable nature. With a reimbursable deductible, the insurer shall be responsible for paying all losses and loss expenses. The insured shall promptly reimburse the insurer for advancing any element of loss falling within the deductible.

For reimbursable deductibles:	
(a) Insurance representative must complete the Confirmation of Coverage Form, recording the insurance arrangement amounts.	
(b) Insurance representative must complete the reimbursable deductible section immediately below.	
(c) Dealer must sign acknowledging reporting of all incidents.	
The undersigned warrants that the deductibles recorded on page one of the Confirmation of Coverage Form are of a reimbursable nature (as described above).	
Name of Authorized Representative of Insurer:	
Signature of Authorized Representative of Insurer:	Date:
The insured agrees to report all pollution events promptly to the insurer(s) without regard for the size of the deductible.	
Name of Authorized Representative of Insured Premises:	
Signature of Authorized Representative Insured Premises:	Date:

Alternative Insurance – Statement of Equivalent Coverage

Any alternative insurance arrangement by an operator which incorporates agreements such as self-insured risk retentions or other similar insurance program alternatives which may fall under the umbrella of self-insurance must still adhere to the principal requirements of Fertilizer Canada's Agricultural Ammonium Nitrate Code of Practice.

For alternative insurance arrangements:

- (a) Insurance representative must complete the Confirmation of Coverage Form, recording the insurance arrangement amounts.
- (b) Insurance representative must review any alternative insurance arrangements and complete the section below.
- (c) Operator must sign acknowledging reporting of all incidents.

Certification of Alternative Insurance Program

The undersigned warrants that the alternative insurance arrangements recorded on page one of the Confirmation of Coverage Form meet the following criteria:

- a) Any alternative insurance arrangements over \$50,000 has been reviewed by the undersigned Insurer and is confirmed to meet the minimum coverage limits as specified in the Agricultural Ammonium Nitrate Code of Practice. If the insurance arrangement contains both insured and alternative components, the sum of coverage meets the specified limits.
- b) The insurance arrangements do NOT contain any endorsement or other policy wording that directly or indirectly selects fertilizers as specifically excluded from coverage, or that selects fertilizers for reduced coverage; and
- c) The review of the insured and alternative components was conducted by a licensed insurer.

I have reviewed the insurance program of _____. In my opinion, this program provides at least equivalent coverage to the minimum insurance requirements as set out in the Agricultural Ammonium Nitrate Code of Practice.

Name of Authorized Representative of Insurer: _____

Signature of Authorized Representative of Insurer: _____

Date: _____

The insured agrees to report all pollution losses promptly to the insurer(s) without regard for the insurance arrangement.

Indemnity

I, _____ agree to indemnify, defend and hold harmless Fertilizer Canada and its employees, officers, directors, agents and affiliates for any claims, costs (including legal costs), damages, losses and expenses arising out of or resulting from any deficiency in the self-insurance program described herein.

Name of Authorized Representative of Insured Premises: _____

Signature of Authorized Representative of Insured Premises: _____

Date: _____