RURAL AFFINITY
The Obvious Choice

Clarification of Area Definition
Broadacre & Crop Essentials

In 2025, Rural Affinity updated the Area definition on page 11 of RABAPREH0425 and page 14 of RABACE0425 to make claims calculations simpler where the area of Your Paddock(s) is greater than 200ha.

Previously, Your Paddock(s) may have been split for assessment purposes. Now, for areas larger than 200 hectares, your Excess will instead reduce by a fixed amount per hectare, up to a maximum of 400 hectares. This change helps speed up claim assessments while ensuring Your Excess is applied fairly.

This brochure explains how the Excess reduction applies across a range of claim scenarios.

Maximum Total Excess Reduction

The following table appears in the policy wording on page 11 of RABAPREH0425 and page 14 of RABACE0425. The 'Maximum Total Excess Reduction' column has been added to demonstrate the maximum total Excess reduction available using this calculation. This maximum total Excess reduction will apply for all Paddock(s) that are 400 hectares or greater.

Excess reduction for each hectare above 200 hectares up to 400ha		Maximum total excess reduction
5%*	0.0125%	2.5%
10%*	0.0250%	5.0%
15%*	0.0375%	7.5%
20%*	0.0500%	10.0%
25%*	0.0625%	12.5%

**represents the Excess listed on Your Schedule*

Application of Area definition where Paddock Area is less than 200ha

Claim Examples

Assumptions

Gross Loss	Excess	Excess Reduction per ha
25%	5%	0.0125%

Step 1. Determine area to apply to claim	Claim 1	Claim 2
Paddock Area shown on Schedule	150	210
Sum Insured on Schedule	$150,000	$210,000
Actual area of Crop grown in Paddock	150	190
Area applied to claim	150	190
Sum Insured applied to claim	$150,000	$190,000
Step 2. Calculate Adjusted Excess		
Total area above 200ha up to 400ha	0	0
Adjusted Excess Calculation *'Excess'* ***minus*** *('total area above 200 ha up to 400ha'* ***multiplied by*** *'excess reduction per ha')"*	n/a	n/a
Adjusted Excess	**5.00%**	**5.00%**

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Step 3. Apply Reducing Excess optional benefit where applicable	Claim 1	Claim 2
Reducing Excess Optional Benefit Applies?	No	Yes
Reducing Excess Calculation	n/a	(25%-20%) x 0.5
Reduced Excess		**2.5%**
		(5%-2.5%)
Final Adjusted Excess	**5.00%**	**2.50%**
Calculate Claim Payment		
Net Loss Percentage *(Gross Loss minus final adjusted excess)*	20.00%	22.50%
Claim Payment *(Net Loss Percentage multiplied by Sum Insured applied to claim)*	$30,000.00	$42,750.00

Application of Area definition where Paddock Area is greater than 200ha

Claim Examples

Assumptions

Gross Loss	Excess	Excess Reduction per ha
25%	5%	0.0125%

Step 1. Determine area to apply to claim	Claim 1	Claim 2	Claim 3
Paddock Area shown on Schedule	300	450	300
Sum Insured on Schedule	$300,000	$450,000	$300,000
Actual area of Crop grown in Paddock	300	500	250
Area applied to claim	300	450	250
Sum Insured applied to claim	$300,000	$450,000	$250,000
Step 2. Calculate Adjusted Excess			
Area used to calculate Adjusted Excess *(= 'area applied to claim' **less** 200ha or 200ha whichever is the lesser)"*	100	200	50
Adjusted Excess Calculation *'Excess' **minus** ('area used to calculate Adjusted Excess' **multiplied by** 'excess reduction per ha')*	5%- (100ha x 0.0125%)	5%- (200ha x 0.0125%)	5%- (50ha x 0.0125%)
Adjusted Excess	**3.75%**	**2.50%**	**4.38%**
Step 3. Apply Reducing Excess optional benefit where applicable			
Reducing Excess Optional Benefit Applies?	No	No	Yes
Reducing Excess Calculation	n/a	n/a	(25%-20%) x 0.5
Reduced Excess			**2.5%**
			(4.38%-2.5%)
Final Adjusted Excess	**3.75%**	**2.50%**	**1.88%**
Calculate Claim Payment			
Net Loss Percentage *(Gross Loss minus final adjusted excess)*	21.25%	22.50%	23.13%
Claim Payment *(Net Loss Percentage multiplied by Sum Insured applied to claim)*	$63,750.00	$101,250.00	$57,812.50