

BACKGROUND

2008 Prices, Coverage and Premiums

Each year, Crop Insurance prices, coverage and premiums are updated using the actuarial guidelines established for the Crop Insurance program.

- Prices are forecasted based on expected final market values. Crop Insurance's insured price is the 2008-2009 market price as forecasted by Agriculture and Agri-Food Canada in consultation with Crop Insurance.
- Dollar coverage is based on two components: yield (bushel) coverage and insured price. Yield coverage is based primarily on a customer's individual production information, including long-term individual and long-term area yields. **Dollar coverage is increasing significantly, from a provincial average of \$86 per acre in 2007 to \$128 per acre in 2008.**
- Premium rates (the amount farmers pay for each dollar of coverage) are set annually by crop and risk zone. **Overall, premium rates will be reduced by four per cent in 2008.**
- As in 2007, premiums are cost-shared by producers and governments, with the producers paying 40 per cent of the premium at all coverage levels and governments paying 60 per cent.

Program Updates for 2008

New features for the 2008 Crop Insurance Program include:

- **Gopher Damage**
Crop Insurance has added gopher damage as an insurable cause of loss under both the establishment benefit and yield-loss components of the multi-peril insurance program for 2008. A pilot program on coverage for gopher damage was run in 2007.
- **Enhanced Irrigation Pilot**
Crop Insurance is introducing a new Enhanced Irrigation Pilot to recognize the unique risks associated with irrigated crop production. The pilot allows a separate production guarantee for irrigated and dryland acres of the same crop. This will enable the producer to be protected against losses on irrigation without being impacted by production of the same crop on dryland acres, and vice versa.
- **Alfalfa Seed**
Since 1998, Crop Insurance has provided yield-loss coverage for alfalfa seed under its New Crops program. Coverage was determined based on area average yields calculated from research data and customer information. Beginning in 2008, Crop Insurance will offer alfalfa seed yield-loss insurance based on the producer's individual experience with alfalfa seed production. This feature will better reflect the individual production average on the producer's farm. Insurance for alfalfa seed has been extended to include pedigreed price coverage, individual coverage and experience discount/surcharge.

Crop Insurance will also be continuing the following programs in 2008. These programs are designed to provide producers with the opportunity to customize their insurance package to better meet their specific insurance requirements.

- **Price Options**

Crop Insurance's Variable Price Option and Contract Price Option give producers the opportunity to receive a better insured price by allowing them more control over how their insured price is calculated.

- **Variable Price Option** – rather than using the spring base price, under the Variable Price Option, if the July forecast price is higher or lower than the spring base price, the producer's insured price will be adjusted to reflect the July price. The price can go up or down by as much as 50 per cent. In 2007, producers who selected the Variable Price Option experienced an average price increase of 21 per cent.
- **Contract Price Option** – allows the producer to insure eligible crops based on the price at which they have contracted the crop. The producer's insured price is an average of their contract price and Crop Insurance's base price, based on the amount of crop contracted and their production guarantee.

- **Crop Averaging Program**

Crop Insurance's Crop Averaging Program, introduced in 2005, was expanded to the entire province in 2007. Under this program, eligible crops are "basketed" instead of treated as individual crops. This reduces the insurance risk, which is then returned to the customer in the form of coverage above 80 per cent of their average yield, to a maximum of 90 per cent.

- **Wild Rice Insurance Program**

In 2007, Crop Insurance introduced a Wild Rice Insurance Pilot Program in support of the province's growing wild rice industry which had recently experienced consecutive losses. The program is an area-based insurance program, meaning coverage is based on the average production for each region in which the customer harvests. Crop Insurance paid just over \$182,000 to wild rice producers in 2007, and will continue to offer the program in 2008.

Key features of Saskatchewan Crop Insurance's multi-peril program include:

- **Establishment Benefit**

Crop Insurance's Establishment Benefit provides insurance on crops that fail to adequately establish or suffer significant damage due to insurable causes of loss before June 20. A Forage Establishment Benefit Option and Organic Reseeding Benefit are also available for forage and organic crops.

- **Unseeded Acreage Feature**

The Unseeded Acreage feature is available to all customers as part of the multi-peril contract of insurance, protecting producers in the event that it is too wet to seed by June 20. Coverage on Unseeded Acreage is based upon the number of acres a customer normally seeded, less a five per cent deductible applied to the quarter sections where there are wet acres.

- **Gopher Damage Feature**

Crop Insurance has added gopher damage as an insurable cause of loss under both the establishment benefit and yield-loss components of the multi-peril insurance program for 2008.

Deadline

Customers will receive their personal coverage and premium information in their endorsement packages, which will be mailed in early March. Information is also available at any of the customer service offices throughout the province, online at www.saskcropinsurance.com and by calling 1-888-935-0000.

The deadline to apply for, make changes to, or cancel the 2008 contract of insurance is March 31, 2008. A Crop Insurance contract is continuous; unless changes are made by March 31, 2008, the selections made for 2007 will remain the same for 2008.

Crop Insurance Review

As promised in the Saskatchewan Party election platform, the Government of Saskatchewan will launch a full review of the Crop Insurance program in the very near future. The results of this review will be considered in the development of the 2009 Crop Insurance program.