

Individual Productivity Index

Purpose

- Individual Productivity Index (IPI) establishes probable yields (yield expected for each crop) based on each individual's yield history. The impact of year to year variability is stabilized by comparing the individual yields to the area yields.

Background

- For most crops, probable yields are calculated using the IPI method (exceptions are crops that use an individual coverage method and silage corn which is a provincial average).
- The IPI uses a 10-year moving average.
- A two-year lag applies in the calculation (i.e. data from the 1999 to 2008 crop years' are used in the 2010 IPI calculation).
- IPI is crop specific.
- The growing year requires a minimum of 25 acres of production (yield) information.
- Information is based on data reported by the producer on Harvested Production Reports and/or claims (excluding reseed claims).

Calculation

- The producer's yield is compared to yields from other producers growing the same crop in the same soil zone and risk area.
Note: Where a lack of data occurs for an area (less than three producers or there is insufficient data for a crop type) a larger area is used for comparison. Greenfeed for example, is compared to soil zone yields for the entire province.
- The yield comparison results in an annual index being determined.

Example:

A producer gets 40 bu/acre on D05 soil.
The average bu/acre on D05 soil is 38.
The producer index is $40 \div 38 = 1.05$

- The annual index is averaged over the 10-year period resulting in an IPI for the current crop year.
- The IPI is limited as follows:
 - For any given year, the annual index cannot drop below 70 per cent or rise above 130 per cent of the previous years' IPI.

Example:

2007 year IPI was 1.10
producer had "0" yield in 2008
2008 index $(1.10 \times .70) = .77$
2010 IPI = 1.07 (10 year average)

- New producers, or producers growing a crop for the first time, start at area average (1.00). For all others, the 10-year average annual index is used as the starting point.
 - If a crop is grown for less than five years, there is a phase-in calculation that uses the individual's yield in combination with the area average. For each growing year, we rely 20 per cent on the producer yield (four years = $4 \times 20\% = 80\%$).
- The producer's IPI is then multiplied by the 10-year average for the soil zone resulting in the producer's probable yield for that year.
- Yield losses caused by hail, wildlife or third party (such as chemical spray drift) are included as production for IPI calculation, but the resulting IPI cannot exceed the previous year's IPI.

For more information contact your local MASC insurance agent or **visit our website at masc.mb.ca**.

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