INSURANCE

Crop Coverage Plus

Purpose

• Crop Coverage Plus (CCP) is a coverage option that provides producers more coverage and more compensation in disaster years.

• Small production losses in some crops may be offset by above average yields in other crops, resulting in reduced or zero compensation in normal years.

Eligibility

• CCP is available to insured producers (including landlords on a crop share basis) who insure all eligible crops at the 80 per cent coverage level.

• All insurable crops under AgriInsurance must be included in the CCP option except for:

table and processing potatoes, broccoli, cabbage, cauliflower, carrots, parsnips, rutabagas, sweet corn, winter squash, pumpkins, peppers, leeks, cooking onions, other onions, Select Hay, Basic Hay, greenfeed, silage corn, pasture and organic crops.

• To qualify for CCP, producers must grow more than one eligible crop.

Coverage

• All eligible crops are combined into a single Production Value Guarantee.

• The Production Value Guarantee is the sum of the dollar coverage for all crops, where dollar coverage for each crop equals Probable Yield, multiplied by the Dollar Value, multiplied by the acres, multiplied by the coverage level.

• The coverage level for all CCP crops will be greater than 80 per cent, up to a maximum of 90 per cent.

• If the calculated coverage level does not exceed 80 per cent, CCP is not in effect and all crops will be insured individually at the 80 per cent coverage level.

Coverage (cont'd)

• The coverage level is not determined until all acres of all eligible CCP crops are sown and reported on a producer's Seeded Acreage Report.

• The coverage level calculation accounts for the historical accumulated risks associated with growing a specific acreage of a combination of crops.

Cost

• Premiums are the same as the premium for the 80 per cent coverage level, because over time a producer receives similar benefits.

• Although producers with CCP will not have as many claims as they would have with individually selected crops, the payout will be greater when a significant yield loss occurs.

• A premium discount will be applied if the combination of crops grown results in a coverage level over the 90 per cent maximum.

Claims

• Offsetting production between crops does occur. A good yield from one crop may reduce any potential payment on another crop. CCP offers higher coverage for the farm but will usually only trigger when there is a significant yield or quality loss.

Losses are determined as follows:

1) calculate the value of each crop by multiplying the production of each crop by its Dollar Value

2) add the value of production from all CCP crops together, which results in a production value

3) subtract the production value from the Production Value Guarantee

• The Dollar Value used in this step is the MASC Dollar Value used to determine the guarantee, *not* the current market value. CCP insures for production losses, it is *not* a price guarantee.

Claims (continued)

• Any acreage of a crop that is destroyed and reseeded is not used to calculate the CCP coverage level. However, the reseed benefit will be calculated using the higher CCP coverage level.

• With the exception of reseed claims, no payments will be made for CCP until all eligible crops have been harvested. This is due to the fact that one crop may offset a loss to another crop (i.e. there are no payments for Stage 1 or Stage 2 losses on individual crops).

• Reseed claims will be paid on a per crop basis (usually by the end of July) once MASC has confirmed that reseeding has been completed.

Important Dates and Deadlines

March 31 is the last day to select CCP, make changes to (add or delete crops and change coverage levels) or to cancel AgriInsurance.

June 30 is the last day to file Seeded Acreage Reports.

November 30 is the last day to file Harvested Production Reports.

A Crop Coverage Plus Calculator is available for producers who have registered for *my*MASC. For more information contact your local MASC insurance agent or visit **masc.mb.ca**

Note: This information sheet contains general information only and does not form part of the AgriInsurance Contract between an insured and MASC. In all cases, the AgriInsurance Contract shall prevail.

CANADIAN AGRICULTURAL PARTNERSHIP Manitoba Canada

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Crop Coverage Plus / AgriInsurance Claim Scenarios

Crop Coverage Plus coverage levels are calculated based on the specific crops seeded and their ability to offset each other over time. A coverage level will be calculated for each farm, which can range anywhere from 81 per cent coverage to 90 per cent coverage, depending on Risk Area and acres of each crop seeded.

The following scenarios compare Crop Coverage Plus to traditional AgriInsurance in various claim situations. Note that the premium cost for traditional AgriInsurance coverage at 80 per cent is the same as the premium cost for Crop Coverage Plus coverage at 88 per cent.

In all scenarios, the producer has the same Probable Yield, Dollar Value, seeded acres, etc. as listed below and the Crop Coverage Plus coverage level is calculated at 88 per cent. Only the harvested yield (bu/ac) and calculations change in each example.

Table 1						
Crop	**Probable Yield (bu/ac)**	**Dollar Value ($/bu)**	**Acres Seeded**	**Producer Premium**	**AgriInsurance Coverage @ 80% (A)**	**Crop Coverage Plus Coverage @ 88% (B)**
Wheat	62	$6.40	800	$6,824.00	$253,952.00	$279,347.20
Barley	75	3.92	400	4,520.00	94,080.00	103,488.00
Canola	43	10.09	300	3,651.00	104,128.80	114,541.68
Flax	25	12.95	100	1,607.00	25,900.00	28,490.00
Totals:			**1,600**	**$16,602.00**	**$478,060.80**	**$525,866.88**

To calculate the **AgriInsurance Indemnity** for each crop in the scenarios below:

1) subtract the Harvested Production Value from the AgriInsurance Coverage @ 80% (in Table 1):

AgriInsurance Indemnity = Column A (Table 1) - Column C (each scenario)

To calculate the **Crop Coverage Plus Indemnity** in each scenario:

2) subtract the total Harvested Production Value from the total CCP Coverage @ 88% (in Table 1):

Crop Coverage Plus Indemnity = Column B Total (Table 1) - Column C Total (each scenario)

Repeat these two steps for each of the below scenarios.

Scenario #1 - All crop yields are well below average				
Crop	**Harvested Yield (bu/ac)**	**Harvested Production Value (C)**	**AgriInsurance Indemnities @ 80% (A - C per crop)**	**Crop Coverage Plus Indemnity (B - C, totals only)**
Wheat	28	$143,360.00	$110,592.00	
Barley	31	48,608.00	45,472.00	
Canola	16	48,432.00	55,696.80	
Flax	9	11,655.00	14,245.00	
Totals:		**$252,055.00**	**$226,005.80**	**$273,811.88**

Net Result of Scenario #1: Producer will receive **$47,806.08** ($273,811.88 - $226,005.80) more in indemnity under Crop Coverage Plus for the same total premium cost as traditional AgriInsurance.

Scenario #2 - All crop yields are slightly below average				
Crop	**Harvested Yield (bu/ac)**	**Harvested Production Value (C)**	**AgriInsurance Indemnities @ 80% (A - C per crop)**	**Crop Coverage Plus Indemnity (B - C, totals only)**
Wheat	51	$261,120.00	Nil	
Barley	62	97,216.00	Nil	
Canola	35	105,945.00	Nil	
Flax	20	25,900.00	Nil	
Totals:		**$490,181.00**	**$0.00**	**$35,685.88**

Net Result of Scenario #2: Producer will receive **$35,685.88** total indemnity under Crop Coverage Plus and zero indemnity under traditional AgriInsurance.

Scenario #3 - Two crops below average, two crops near average				
Crop	**Harvested Yield (bu/ac)**	**Harvested Production Value (C)**	**AgriInsurance Indemnities @ 80% (A - C per crop)**	**Crop Coverage Plus Indemnity (B - C, totals only)**
Wheat	35	$179,200.00	$74,752.00	
Barley	82	128,576.00	Nil	
Canola	16	48,432.00	55,696.80	
Flax	28	36,260.00	Nil	
Totals:		**$392,468.00**	**$130,448.80**	**$133,398.88**

Net Result of Scenario #3: Producer will receive a similar indemnity from Crop Coverage Plus or traditional AgriInsurance.

Scenario #4 - Two crops below average, two crops above average				
Crop	**Harvested Yield (bu/ac)**	**Harvested Production Value (C)**	**AgriInsurance Indemnities @ 80% (A - C per crop)**	**Crop Coverage Plus Indemnity (B - C, totals only)**
Wheat	74	$378,880.00	Nil	
Barley	88	137,984.00	Nil	
Canola	20	60,540.00	$43,588.80	
Flax	11	14,245.00	11,655.00	
Totals:		**$591,649.00**	**$55,243.80**	**Nil**

Net Result of Scenario #4: Producer will receive **$55,243.80** total indemnity from traditional AgriInsurance but no indemnity under Crop Coverage Plus.