INSURANCE

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 of similar soil types and risk areas.

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 uses a provincial average).
• IPI is crop-specific and uses a 10-year moving average. There is a two-year lag in the data used in the calculation (i.e. data from the 2009 to 2018 crop years' are used in the 2020 IPI calculation).
• There must be at least 25 acres of a crop for the production data to be used in an IPI calculation.
• Calculations are 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: When data is lacking for an area (less than three producers or there is insufficient data for a particular crop type) a larger area is used for comparison. For example, greenfeed is compared to yields from similar soil types from 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 that year's starting IPI.
– New producers, or producers growing a crop for the first time, start at the area average (1.00). For all other producers, 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, 20 per cent on the producer yield is used (four years = 4 x 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 **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.

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