The advantage is higher coverage for the same premium

Crop Coverage Plus another option to consider

by Allan Dawson, Farmers' Independent Weekly

"Higher coverage for the same or less cost." That's the answer you'll get from farmers if you ask them how to improve crop insurance.

Last year the Manitoba Agricultural Services Corporation (crop insurance) introduced that option, and called it "Crop Coverage Plus." Instead of insuring individual crops, they are insured as one, providing what some refer to as "whole-farm" coverage.

Under regular crop insurance farmers can insure up to 80 per cent of their long-term average yield. Depending on the crops, with Crop Coverage Plus farmers can get up to 90 per cent coverage and pay the same premium they would with 80 per cent coverage, said Herb Sulkers, director of crop insurance field operations. Since coverage is capped at 90 per cent, if the farmer should get higher coverage, crop insurance will reduce the premium.

Sound too good to be true? There are things to consider. The main one is that when insuring all your crops, payouts are less likely because a poor yield from one crop may be offset by relatively good yields from the other crops.

"Over time you'll probably collect just as much money with the whole-farm (coverage) as you will with individual crop coverage, the difference being with individual crop coverage you'll probably claim more often for less money, but when you have that bad year like we went through in 2005 you'll get more probably in the year that you need it," Sulkers said.

Many farmers in the Red River Valley probably would have been better off with Crop Coverage Plus in 2005 because almost every crop yielded poorly due to excess rain. Only 145 farmers signed up in 2005 — fewer than crop insurance officials expected.

"I think the biggest concern from producers is they really like the idea if they have a loss on one crop that they get paid for it, regardless of what the rest do," Sulkers said.

In fact, when you ask farmers how to improve crop insurance some will suggest field-specific coverage. Now each crop is insured so if say one field wheat is wiped out but there is a bumper yield in another the farmer might not be eligible for a payment. Sulkers said it's too expensive to insure each field individually because the likelihood of payouts is so much higher.

2005, 2004 yields by rural municipality

RM	2005 Red Spring wheat	2004 Red Spring Wheat	2005 Canola	2004 Canola	2005 Oats	2004 Oats
Red River Valley						
Cartier	13	59	7	35	34	121
Macdonald	11	49	5	35	25	109
Franklin	11	38	5	27	19	70
Morris	14	46	7	32	26	81
Eastern						
Lac du Bonnet	17	46	9	37	4 5	8 8
Brokenhead	19	54	13	40	3 0	8 9
Interlake						
Fisher	29	50	26	41	56	106
Lakeview	35	61	22	36	45	98
Southwest						
Brenda	25	38	23	28	55	105
Arthur	25	39	23	27	46	92
Turtle Mountain	37	45	28	29	48	94
Northwest						
Gilbert Plains	45	53	37	38	90	108
Grandview	46	52	37	35	90	9 7
Minitonas	53	51	45	33	70	9 0
Swan River	57	50	44	34	70	8 5
Shell River	61	40	47	22	77	7 4
Kelsey	43	40	32	29	44	8 3