

Presentation to the Crop Insurance Review
by
Wild Rose Agricultural Producers

On behalf of the members of Wild Rose Agricultural Producers, I would like to thank the committee members for this opportunity to address you on Crop Insurance. Most of the points I will be making are not new ideas or needs. They have been expressed by Farm Organizations, individuals, and even the Alberta Safety Net Coalition in presentations made to Administrators and Board panels in the past.

This leads to **our first recommendation**. A change needs to be made to the Administrative structure, so that a better ongoing review mechanism can be in place, which has the ability to make necessary changes that can improve Crop Insurance for producers.

The most common concern we hear expressed is that crop insurance does not provide adequate coverage. This is created by two factors; low commodity prices and historic yields that do not reflect current yield capabilities. New technology and changing practices mean that many grain producers have increased their yield expectations and potentials during the past few years.

We recommend that producers be given the option of using a shorter reference period for calculating historic yields averages. A five-year average would make sense.

Hail is not the only type of loss that can occur on a very localized basis and not affect all the fields of a particular crop for a producer. Spot loss coverage needs to be provided for all crops for other types of losses that occur as a result of unusual circumstances. Extreme weather has a way of doing things on a very localized basis, which can cause a significant loss. However, the resulting overall average for a producer for that crop may not be low enough to provide any coverage for such a loss. A couple of examples in my area are; the recent tornado and the 6" of heavy wet snow that fell during the July 15/99 snowstorm. The snow seriously damaged the canola on one of my quarters and never snowed 4 miles away on other land. Why should such losses be any different than a hailstorm?

By providing all risk spot coverage, Alberta Crop Insurance could be innovative and lead the private sector hail insurance companies into providing better coverage for other types of spot losses.

One large loss, especially if it occurs on the only field of a particular crop, can cause the average yield to be decreased significantly for a number of years coverage into the future. Severe crop losses from abnormal or extreme weather occurrences should not be yield index reducers.

There is a need to provide more categories of grain and oilseed types to recognize differences between yield and potential value. We are long over due to differentiate between: Polish and Argentine canola; CPS and Extra Strong Wheat; and possibly varieties of peas and barley that have different yield potentials and which are produced for different markets.

Some other changes to consider:

The size and geographic boundaries of many crop districts needs to be studied and revised to better reflect comparative production capabilities.

In many areas continuous cropping is producing yields just as good as summer fallow. Why do we continue to have higher yield coverage for summer fallow for producers who have not summer fallowed one acre for more than 10 years?

As producers endeavor to produce more and more on a per acre basis, their input costs also tend to increase. Re-seeding compensation needs to continually be reviewed as new cropping methods are adopted.

In today's modern world of communications, the effective date and time for hail insurance coverage should not have to be the next day (24 hours). Something like 4 to 6 hours would be more reasonable. The argument that farmers would then take out insurance when hail is predicted is unreasonable, since hail is spotty and can occur at any time in Alberta. Any producer doing such would be gambling and not purchasing insurance.

To be fairer to producers and crop insurance, hail storms earlier than July 1 should have settlements deferred until after harvest. In some cases crops will recover only to be caught by an early or normal frost. In other situations a totally destroyed crop can end up producing above average yields.

Summary of Recommendations:

1. That the Administrative structure be changed, so that a better ongoing review mechanism can be in place, which has the ability to make necessary changes that can improve Crop Insurance for producers.
2. That producers be given the option of using a shorter reference period for calculating historic yields averages. A five-year average would make sense.
3. Spot loss coverage needs to be provided for all crops for losses other than just hail when they occur as a result of unusual circumstances.
4. Severe crop losses from abnormal or extreme weather occurrences should not be yield index reducers.
5. There is a need to provide more categories of grain and oilseed types to recognize differences between yield and potential value.