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national farmers union
In Union Is Strength

FOR IMMEDIATE RELEASE

JUNE 15, 2010

CROP INSURANCE PAYOUTS WON'T COVER LOSSES BY PRAIRIE FARMERS

SASKATOON, Sask.—Double and triple normal rainfall amounts across much of the Prairie region means that millions of acres may have to be left unseeded. In theory, Crop Insurance programs will provide \$50 per unseeded acre. But due to adjustments and premium deductions, most farmers will net much less—perhaps half the \$50 amount. The NFU is calling for a full \$50 per acre payment for all farmers on all unseeded acres, and an additional \$50 per acre top-up payment, limited to 2,000 acres per farm.

NFU President Terry Boehm commented: “As it stands, no farmer is actually going to receive the full \$50. The deduction of premiums reduces the payment to about \$45 or \$40, or less, right off the bat. And that amount is further reduced by an ‘insurance intensity’ adjustment, cutting coverage in many cases to 70% or 80% and reducing the effective net payment for many farmers to somewhere in the neighbourhood of \$30 to \$35 per acre.”

Boehm continued: “From the \$30 or so that farmers may net in unseeded acreage payments, they may have to pay for land rental costs, weed control costs, and fertilizer losses. At the end of the day there will be little or no money left to cover bank payments or farm family expenses.”

To ensure family farms can shoulder the losses caused by unusual rainfall amounts, the NFU is calling for three measures:

1. Eliminating Crop Insurance’s “insurance intensity” factor so that all farmers are eligible for the full \$50 per acre payment on all unseeded acres;
2. A top-up payment of \$50 per acre on up to 2,000 acres per farm; and
3. A one-time payment from the federal government to the Crop Insurance programs to cover the cost of measures 1 and 2.

Commenting on the need for federal funding, Boehm said: “The NFU does not want to jeopardize the long-term fiscal stability of the Crop Insurance program and that is why we are calling for federal funding.”

Addressing the need to limit the \$50 per acre top-up payment to 2,000 acres per farm, Boehm said: “Farmers need adequate payments, but programs must be capped and targeted. Taxpayers’ dollars should work in the public interest—in this case, the protection and stabilization of family farms.”

Boehm said that the NFU proposal is affordable. An additional \$50 per acre on 5 to 10 million acres would cost between \$250 and \$500 million. “When you consider that this program would add up to no more than half the total dollar figure budgeted for security at the upcoming G20 meetings, yes it’s very affordable,” said Boehm.

He concluded that without adequate payments, family farms will be devastated. “Most Prairie farmers are facing low livestock prices, potentially poor crop yields or quality problems on seeded acres, and large unseeded acreage losses. Without a full \$50 per acre from Crop Insurance, and without an additional \$50 per acre, prairie farmers may well be facing their worst net income year in history,” said Boehm.

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