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**national farmers union**

***In Union Is Strength***

**FOR IMMEDIATE RELEASE**

**JANUARY 26, 2010**

## **NFU URGES IMPROVEMENTS TO ALBERTA CROP INSURANCE PROGRAM**

Alberta's provincial crop insurance program is useful and effective, but there is room for improvement, says the National Farmers Union (NFU).

In a presentation to the Agriculture Financial Services Corporation (AFSC) in Lacombe, Alberta, on January 26, NFU National Board member Doug Scott said the provincial crop insurance program needs to be more responsive to farmers' requirements. "There is universal acceptance among farmers for the need for increased coverage at lower cost," he said. "The escalating price of essential farm inputs, including seed, fuel, fertilizer and chemicals, has severely cut into farmers' operating margins."

He urged the AFSC to retain and expand the Spring Price Endorsement (SPE) component of crop insurance. He said many farmers are taking advantage of this option to insure against the roller coaster swings in market prices for insured commodities.

Scott also urged that changes be made to the "yield averaging" component of crop insurance to more fairly compensate farmers for high input costs. He pointed out that under yield averaging, a portion of a farmer's crop may be wiped out, but if the rest of the crop yielded above average, that may negate any coverage on the damaged portion. Meanwhile, the farmer could still face a substantial loss.

"This is especially true in the case of farmers who have widely-separated fields," stated Scott. "A hailstorm, frost or damaging wind can decimate one field, while another field with the same type of crop several kilometers away will escape the damage unscathed. Farmers should not have to be put in a position where their good crop is used to cover the damage to the poor crop. Yield averaging and spot-loss provisions need to be linked together. Farmers should at least be able to recover the costs of their inputs on crops that are severely damaged."

Doug Scott was accompanied at the meeting in Lacombe by former NFU Board members Jan Slomp and Dale Fankhanel. NFU Alberta Coordinator Margo Staniforth of Eckville, who was unable to attend the meeting, said the AFSC should build on the positive aspects of crop insurance coverage, such as spot-loss hail coverage (Hail Endorsement) and the Spring Price Endorsement. She suggested modifying the crop cost equation under the Hail Endorsement program to allow farmers to be compensated fairly if input costs rise

sharply after crop insurance premium rates are already set. Under the current system, farmers must absorb the higher input costs, which leads to cash flow problems.

She said a similar cash flow difficulty arises when payments from crop insurance claims are delayed, adding that any improvements to the system to speed up delivery of payment would be welcomed by farmers.

The NFU delegation pointed out that with the loss of the Kernel Visual Distinguishability (KVD) system for identifying different classes of wheat, farmers are concerned they could be held liable if a shipment of grain is contaminated by a misrepresented variety. Farmers may also be at risk financially if they buy a seed variety that is misrepresented by a seller, and consequently suffer lower yield and/or quality.

Other potential changes to the Canadian Grain Commission (CGC), such as the loss of inward inspection and the loss of grain company bonding and licensing, could also shift the burden of liability onto farmers, and therefore onto provincial crop insurance programs, as well. The NFU advocates that the CGC's regulatory role be retained and strengthened, thereby easing the potential costs to farmers and crop insurance agencies.

- 30 -

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