



Presentation to the VGAM Meeting:  
**AgriInsurance Update**  
March 23, 2011

**Lending and Insurance – Building a Strong Rural Manitoba**

# AgrilInsurance Statistics

	<b>2009</b>	<b>2010</b>
	(Million)	(Million)
Coverage	\$1,726	\$1,730
Insured Acres	9.0	8.7
Total Premium	\$182	\$175
Indemnities	\$147	\$200

# New Initiatives - 2011

## **INSURANCE**

- Bee Mortality Insurance introduced
- Continue Development of Livestock Insurance
- Extend seeding dates for Alfalfa under Forage Establishment Insurance
- Pesticide data no longer being collected

## **LENDING**

- Updating of Loan Limits and Eligibility Criteria
- Multi-Purpose Mortgages
- Shorter Term Interest Rates

# New Initiatives - 2011

## HAIL

- Higher CHIO Discounts

## WILDLIFE

- Compensation to 90% in 2011, 100% in 2012

# Vegetable Crop Programs

## **ALL-RISK**

- Root Vegetables
  - Rutabagas, Carrots, Cooking onions, and Parsnips
- Table Potatoes
  - Red (and other colored) skinned varieties of potatoes
- Insures for losses in yield due to insurable perils
- Coverage for root crops based on in-field production costs

## **Vegetable Acreage Loss**

- Cole Crops, Sweet Corn & Root Crops
  - Cabbage, Broccoli, Cauliflower, Sweet Corn, Rutabagas, Carrots, Cooking onions, Other onions and parsnips
- Insures for acreage totally lost due to insurable perils.
- Coverage based on variable input costs for planting and growing

# All-Risk Producers

All	RUTABAGAS	COOKING ONIONS	TABLE CARROTS	PARSNIPS	ALL CROPS
Insured Producers:	55	56	57	58	
1986	1	3	1	1	4
1987	1	3	1	1	4
1988	1	3	1	1	4
1989	1	3	1	1	4
1990	1	2	1	1	4
1991	1	0	1	1	3
1992	1	1	1	1	4
1993	0	0	1	1	2
1994	0	0	1	1	2
1995	1	0	2	1	3
1996	1	1	2	1	4
1997	1	1	2	1	4
1998	0	1	2	1	4
1999	0	1	1	1	3
2000	0	1	1	1	3
2001	1	2	2	2	6
2002	1	2	2	1	6
2003	1	4	1	1	5
2004	1	3	1	1	4
2005	0	2	1	1	3
2006	1	2	1	1	4
2007	0	2	1	1	3
2008	1	2	1	1	4
2009	1	2	1	1	4



# All-Risk Acres

All		COOKING	TABLE		
	RUTABAGAS	ONIONS	CARROTS	PARSNIPS	ALL CROPS
Acres	55	56	57	58	
Insured:					
1986	80.0	104.0	40.0	36.0	260.0
1987	90.0	115.0	45.0	33.0	283.0
1988	95.0	120.0	54.0	34.0	303.0
1989	96.0	122.0	75.0	36.0	329.0
1990	82.0	102.0	82.0	40.0	306.0
1991	15.0	0.0	93.0	38.0	146.0
1992	86.0	45.0	94.0	42.0	267.0
1993	0.0	0.0	118.0	34.0	152.0
1994	0.0	0.0	130.0	37.0	167.0
1995	9.0	0.0	133.0	36.0	178.0
1996	9.0	64.7	143.7	35.0	252.4
1997	10.0	221.0	117.0	35.0	383.0
1998	0.0	272.0	150.0	40.0	462.0
1999	0.0	307.0	160.0	25.0	492.0
2000	0.0	306.0	97.0	35.0	438.0
2001	29.0	323.0	470.0	59.0	881.0
2002	6.0	351.0	372.0	38.0	767.0
2003	9.0	408.0	97.0	25.0	539.0
2004	8.0	141.0	139.0	30.0	318.0
2005	0.0	135.0	144.0	35.0	314.0
2006	19.0	106.0	163.0	34.0	322.0
2007	0.0	122.0	156.0	43.0	321.0
2008	16.0	126.0	149.0	48.0	339.0
2009	17.0	117.0	167.0	40.0	341.0



# All-Risk Coverage

All	RUTABAGAS	COOKING ONIONS	TABLE CARROTS	PARSNIPS	ALL CROPS
Dollar Coverage:	55	56	57	58	
1986	54,880	82,416	34,464	24,941	196,701
1987	45,900	83,100	33,840	20,064	182,904
1988	52,003	82,461	42,250	23,610	200,324
1989	48,878	91,766	60,780	25,344	226,768
1990	42,346	80,090	66,774	30,733	219,943
1991	7,472	0	79,087	30,461	117,020
1992	62,208	26,870	83,464	36,732	209,274
1993	0	0	105,719	30,350	136,068
1994	0	0	176,748	58,415	235,163
1995	10,507	0	188,677	61,281	260,465
1996	9,020	58,130	204,867	60,360	332,377
1997	12,212	242,941	198,585	73,000	526,737
1998	0	352,003	253,644	87,410	693,057
1999	0	393,460	315,558	57,791	766,809
2000	0	420,156	189,631	80,936	690,724
2001	49,141	451,865	855,416	123,604	1,480,026
2002	9,707	459,804	723,181	88,199	1,280,890
2003	18,361	590,729	232,799	59,992	901,881
2004	15,916	275,328	323,721	71,366	686,332
2005	0	345,396	555,944	128,837	1,030,177
2006	55,772	269,513	618,735	111,340	1,055,359
2007	0	254,947	609,189	145,621	1,009,758
2008	36,030	274,880	597,059	175,750	1,083,718
2009	42,032	258,822	744,371	156,441	1,201,666





# All-Risk Payouts

All	RUTABAGAS	COOKING ONIONS	TABLE CARROTS	PARSNIPS	ALL CROPS
Total	55	56	57	58	
Indemnity:					
1986	0	7,364	0	0	7,364
1987	0	0	0	0	0
1988	18,654	0	0	0	18,654
1989	0	0	0	0	0
1990	7,073	27,523	0	0	34,596
1991	3,117	0	0	0	3,117
1992	0	26,869	0	0	26,869
1993	0	0	0	6,046	6,046
1994	0	0	0	0	0
1995	8,799	0	10,012	5,036	23,847
1996	7,983	0	11,800	17,331	37,113
1997	11,435	0	16,055	0	27,491
1998	0	0	0	0	0
1999	0	0	0	0	0
2000	0	0	0	0	0
2001	0	0	0	0	0
2002	8,251	0	2,746	39,489	50,486
2003	15,607	22,857	0	0	38,464
2004	13,889	105,458	0	0	119,347
2005	0	144,152	0	0	144,152
2006	47,498	0	0	0	47,498
2007	0	9,792	0	0	9,792
2008	31,851	35,638	0	0	67,489
2009	41,394	0	0	0	41,394
Total	215,552	379,651	40,613	67,902	703,718



# All-Risk Loss/Cov Ratio

All		COOKING	TABLE		
	RUTABAGAS	ONIONS	CARROTS	PARSNIPS	ALL CROPS
LCR	55	56	57	58	
Loss/Coverage					
1986	0.00%	8.94%	0.00%	0.00%	3.74%
1987	0.00%	0.00%	0.00%	0.00%	0.00%
1988	35.87%	0.00%	0.00%	0.00%	9.31%
1989	0.00%	0.00%	0.00%	0.00%	0.00%
1990	16.70%	34.36%	0.00%	0.00%	15.73%
1991	41.72%	0.00%	0.00%	0.00%	2.66%
1992	0.00%	100.00%	0.00%	0.00%	12.84%
1993	0.00%	0.00%	0.00%	19.92%	4.44%
1994	0.00%	0.00%	0.00%	0.00%	0.00%
1995	83.74%	0.00%	5.31%	8.22%	9.16%
1996	88.50%	0.00%	5.76%	28.71%	11.17%
1997	93.64%	0.00%	8.08%	0.00%	5.22%
1998	0.00%	0.00%	0.00%	0.00%	0.00%
1999	0.00%	0.00%	0.00%	0.00%	0.00%
2000	0.00%	0.00%	0.00%	0.00%	0.00%
2001	0.00%	0.00%	0.00%	0.00%	0.00%
2002	85.00%	0.00%	0.38%	44.77%	3.94%
2003	85.00%	3.87%	0.00%	0.00%	4.26%
2004	87.26%	38.30%	0.00%	0.00%	17.39%
2005	0.00%	41.74%	0.00%	0.00%	13.99%
2006	85.16%	0.00%	0.00%	0.00%	4.50%
2007	0.00%	3.84%	0.00%	0.00%	0.97%
2008	88.40%	12.96%	0.00%	0.00%	6.23%
2009	98.48%	0.00%	0.00%	0.00%	3.44%
Smpl. Average	37.06%	10.17%	0.81%	4.23%	5.37%



# 2011 All-Risk Detail

Vegetable Program Changes 2010 to 2011						
	\$	Probable	Tonne/ac	\$	Total	Producer
Year	Tonne	Yield	Coverage	Coverage	Premium	Premium
		Tonne/ac		\$/acre	\$/acre	\$/acre
	<b>RUTABAGAS</b>			70%	Coverage	
2010	\$401	11.164	7.815	\$3,133.82	\$360.39	\$144.16
2011	\$401	11.338	7.937	\$3,182.74	\$381.93	\$152.78
% Change	0.0%	1.6%	1.6%	1.6%	6.0%	6.0%
	<b>COOKING ONIONS</b>			70%	Coverage	
2010	\$314	15.489	10.842	\$3,404.39	\$326.82	\$130.73
2011	\$314	15.504	10.853	\$3,407.84	\$340.78	\$136.31
% Change	0.0%	0.1%	0.1%	0.1%	4.3%	4.3%
	<b>CARROTS (TABLE)</b>			70%	Coverage	
2010	\$356	13.203	9.242	\$3,290.15	\$78.96	\$31.58
2011	\$356	13.700	9.590	\$3,414.04	\$85.35	\$34.14
% Change	0.0%	3.8%	3.8%	3.8%	8.1%	8.1%
	<b>PARSNIPS</b>			70%	Coverage	
2010	\$709	6.978	4.885	\$3,463.47	\$166.25	\$66.50
2011	\$709	6.933	4.853	\$3,440.78	\$168.60	\$67.44
% Change	0.0%	-0.6%	-0.7%	-0.7%	1.4%	1.4%
		-	-	-	-	-



# VAL Experience

Onions					Cabbage				Cauliflower			
Year	Producer	Coverage	Indemnity	LCR	Producer	Coverage	Indemnity	LCR	Producer	Coverage	Indemnity	LCR
2005	2	960,000	88,250	9.2%	2	473,625	62,250	13.1%	2	775,125	201,250	26.0%
2006	2	1,257,500	0		1	257,500	0		1	487,500	0	
2007	2	1,302,500	0		0				2	642,500	66,250	10.3%
2008	2	1,175,000	0		0				2	627,500	10,500	1.7%
2009	2	1,060,000	300,000	28.3%	0				2	715,000	121,750	17.0%
2010	3				0				2			
<b>Total</b>		5,755,000	388,250	6.7%		731,125	62,250	8.5%		3,247,625	399,750	12.3%

Broccoli					Sweet Corn				Total			
Year	Producer	Coverage	Indemnity	LCR	Producer	Coverage	Indemnity	LCR	Acres	Coverage	Indemnity	LCR
2005	1	152,000	15,250	10.0%	0					2,360,750	367,000	15.5%
2006	1	225,000	0		3	60,800	0			2,288,300	0	0.0%
2007	0				3	38,950	0			1,983,950	66,250	3.3%
2008	0				4	114,950	0			1,917,450	10,500	0.5%
2009	0				4	111,150	0			1,886,150	421,750	22.4%
2010	0				4				819			
<b>Total</b>		377,000	15,250	4.0%		325,850	0	0.0%		10,436,600	865,500	8.3%



# 2011 VAL Detail

<i>Crop</i>	<i>\$ Coverage</i>			<i>Producer Premiums</i>		
	<u>2011</u>	<u>2010</u>	<u>% Change</u>	<u>2011</u>	<u>2010</u>	<u>% Change</u>
<i>Carrots</i>	<b>\$2,500</b>	\$2,500	0.0%	<b>\$49.00</b>	\$48.00	2.1%
<i>Onions</i>	<b>\$2,500</b>	\$2,500	0.0%	<b>\$49.00</b>	\$48.00	2.1%
<i>Parsnips</i>	<b>\$2,500</b>	\$2,500	0.0%	<b>\$49.00</b>	\$48.00	2.1%
<i>Rutabagas</i>	<b>\$2,500</b>	\$2,500	0.0%	<b>\$49.00</b>	\$48.00	2.1%
<i>Broccoli</i>	<b>\$2,500</b>	\$2,500	0.0%	<b>\$49.00</b>	\$48.00	2.1%
<i>Cabbage</i>	<b>\$2,500</b>	\$2,500	0.0%	<b>\$49.00</b>	\$48.00	2.1%
<i>Cauliflower</i>	<b>\$2,500</b>	\$2,500	0.0%	<b>\$49.00</b>	\$48.00	2.1%
<i>Sweet Corn</i>	<b>\$950</b>	\$950	0.0%	<b>\$18.62</b>	\$18.24	2.1%

# Table Potato Experience

<i>Year</i>	<i>Acres Insured</i>	<i>Coverage</i>	<i>Total Premium</i>	<i>Indemnity</i>	<i>Loss Cost Ratio</i>	<i>Loss Ratio</i>
<i>2003</i>	8,739.0	\$10,652,842.85	\$713,962.87	\$650,953.13	6.11%	0.91
<i>2004</i>	4,797.0	\$6,264,503.79	\$520,071.43	\$948,526.89	15.14%	1.82
<i>2005</i>	4,525.0	\$6,704,063.31	\$638,840.09	\$1,786,683.30	26.65%	2.80
<i>2006</i>	5,114.0	\$7,793,861.55	\$942,042.33	\$329,432.23	4.23%	0.35
<i>2007</i>	5,082.0	\$7,321,389.05	\$917,485.02	\$404,236.33	5.52%	0.44
<i>2008</i>	3,874.0	\$6,004,083.04	\$610,411.16	\$2,409.62	0.04%	0.00
<i>2009</i>	4,196.0	\$6,485,652.16	\$579,237.24	\$40,862.83	0.63%	0.07
<i>2010</i>						
<i>All</i>	<b><u>36,327.0</u></b>	<b><u>\$51,226,395.75</u></b>	<b><u>\$4,922,050.14</u></b>	<b><u>\$4,163,104.33</u></b>	<b><u>8.13%</u></b>	<b><u>0.85</u></b>



# 2011 Table Potato Detail

**Table Potato Program Changes 2010 to 2011**

Year	\$ Tonne	Probable Yield Tonne/ac	Tonne/ac Coverage	\$ Coverage \$/acre	Total Premium \$/acre	Producer Premium \$/acre
				70%	Coverage	
2010	\$297	8.032	5.622	\$1,669.85	\$146.95	\$58.78
2011	\$310	8.007	5.605	\$1,737.52	\$152.90	\$61.16
%Change	4.4%	-0.3%	-0.3%	4.1%	4.0%	4.0%

# Question For VGAM

- Current unit values are based on estimates of field production costs - storage and marketing costs are not included.
- To make our estimates more accurate we need either:
  - More accurate COP info from VGAM
  - Proxy price &/or COP info from other sources
  - Peak of the Market to release price data



# Current Approach

## 1993 Vegetable Crop Production Costs

	Carrots (\$/acre)	Cooking Onions (\$/acre)	Rutabagas (\$/acre)	Parsnips (\$/acre)
<u>Field Production Costs</u>				
Seed	\$ 202	\$ 400	\$ 5	\$ 220
Fertilizer & custom application	60	65	25	60
Chemical & custom application	152	213	183	163
Fuel & Lube	85	85	85	85
Machinery Repairs & Maintenance	158	160	160	160
Irrigation Operating Costs	75	150	75	75
Crop/Hail Insurance	56	120	80	49
Land Rental	125	125	125	125
Hired Labour - Field Operations	522	425	627	527
Other Costs	58	58	58	58
Interest on Operating (Field)	95	114	90	96
Field Equipment Depreciation & Investment	315	300	400	400
<b>Total Field Production Costs</b>	<b>\$ 1,903</b>	<b>\$ 2,215</b>	<b>\$ 1,913</b>	<b>\$ 2,018</b>
Fixed Storage Costs (depreciation & investment on storage & related equipment)	1,000	778	787	1,000
<b>Total Field Production and Fixed Storage Costs)</b>	<b>\$ 2,903</b>	<b>\$ 2,993</b>	<b>\$ 2,700</b>	<b>\$ 3,018</b>
Variable Storage & Marketing Costs (curing, refrigeration, hydro, grading and bagging, trucking)	1,672	835	1,112	1,555
<b>Total Cost</b>	<b>\$ 4,575</b>	<b>\$ 3,828</b>	<b>\$ 3,812</b>	<b>\$ 4,573</b>
<b>Field &amp; Fixed Storage Costs/Total Cost</b>	<b>63.5%</b>	<b>78.2%</b>	<b>70.8%</b>	<b>66.0%</b>
<b>Rounded</b>	<b>65%</b>	<b>80%</b>	<b>70%</b>	<b>65%</b>

\*FIPI  
~1.50x



# MAFRI COP?

	Carrots		Parsnips		Rutabagas		Onions	
<b>COP</b>	<b>1993</b>	<b>2008</b>	<b>1993</b>	<b>2008</b>	<b>1993</b>	<b>2008</b>	<b>1993</b>	<b>2008</b>
Seed	203	315	220	302	5	30	400	505
Irrigation	75	45	75	120	75	120	150	250
Labour	522	1092	527	952	627	952	425	620
Fertilizer	60	200	60	180	26	220	65	225
Chemicals	152	245	163	260	183	305	213	340
Fuel	85	270	85	285	85	205	85	225
interest	95	97	97	88	90	80	115	94
insurance	58	32	49	67	81	144	120	131
rent	125	155	125	155	125	155	125	175
repairs	158	175	160	195	160	195	160	215
other storage cash costs	250	300	250	300	37	40	28	30
other	58	75	58	75	58	69	58	75
equipment deprec	315	400	400	480	400	435	300	335
storage deprec	750	800	750	800	750	800	750	750
<b>\$/acre</b>	<b>\$2,906</b>	<b>\$4,201</b>	<b>\$3,019</b>	<b>\$4,259</b>	<b>\$2,702</b>	<b>\$3752</b>	<b>\$2,994</b>	<b>\$3,970</b>
<b>Estimated Return \$/ac</b>		<b>\$6,097</b>		<b>\$8,195</b>		<b>\$5,660</b>		<b>\$5,876</b>

# MAFRI Yearbook?

## 2011 Unit Values

Price per the Manitoba Agriculture Yearbook

\$ per pounds

	<b>Carrots</b>	<b>Onions</b>	<b>Rutabagas</b>	<b>Parsnips</b>
2005	0.21	0.15	0.23	0.64
2006	0.23	0.08	0.17	0.81
2007	0.19	0.10	0.21	0.54
2008	0.19	0.33	0.33	0.27
2009	0.19	0.20	0.21	0.42
Average	0.20	0.17	0.23	0.54

\$ per tonne

	<b>Carrots</b>	<b>Onions</b>	<b>Rutabagas</b>	<b>Parsnips</b>
2005	463	331	507	1,411
2006	507	176	375	1,786
2007	419	220	463	1,190
2008	419	728	728	595
2009	419	441	463	926
Average	445	379	507	1,182

% representing field and  
fixed storage

65%                      80%                      70%                      65%

2011 Insured Value based  
on new method

289                      303                      355                      768

2011 Actual Insured Value

356                      314                      401                      709

Difference between old and  
new method

(67)                      (11)                      (46)                      59



# Coverage Price?

- Should it increase?
  - If it does are you willing to pay more premium?
- To change need better data than currently available?
  - Where get?
- Implications for VAL salvage % as well.
- Want to work with VGAM going forward.

# Thank You

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