Will You Be Needing Forage Insurance in 2016?

2015 was a challenging year for many forage producers as production was reduced in many areas of the province due to spring frosts and dry conditions early in the growing season. Most producers who participated in the Saskatchewan Crop Insurance Corporation’s (SCIC) forage insurance program last year received compensation for their lower production. Enhancements have been made for 2016 and producers may want to consider forage insurance before the March 31 sign up deadline.

This year producers have access to a higher level of forage coverage. Insured prices are up more than 30 per cent when compared to 2015 and forage establishment coverage has increased from $55 per acre to $70 per acre.

Over the years SCIC has worked diligently with producers and industry organizations to build an effective forage insurance program for hay, pastureland and greenfeed. This consultation was instrumental in changes to the pricing options that producers have for their forage insurance. Producers expressed concern over restrictions on how forage insurance prices can reach a maximum, even though the market may still be rising dramatically due to uncontrollable factors. For 2016 producers who choose the Variable Price Option or In-Season Price Option, when they select their forage insurance coverage, will no longer have a cap on the maximum value for the forage insurance price. If the market price for hay rises over the course of the year, as it did in 2015, producers selecting these two pricing options will see the full price increase reflected in their forage claim.

SCIC continues to provide additional choices and options for forage insurance. Producers who do not want to use the In-Season or Variable Price Options can continue with the traditional multi-peril forage insurance where producers can select 50, 60, 70 or 80 per cent coverage on the forecasted forage insurance price. The 2016 forage insurance prices can be found at: saskcropinsurance.com/ci/forage.

There are a number of other forage insurance options producers can consider for their farm. The Forage Rainfall Insurance Program (FRIP) offers insurance on native and tame grazing acres. This program protects pastureland in the event that seasonal precipitation is below the long term average. This program is based on historical weather data pulled from 131 weather stations located across the province. Producers do not have to register a claim. Claims are triggered when the April to July seasonal precipitation falls below the long term normal for the selected station based on monthly weightings selected by the producer. Indemnities worth $5.4 million were paid to 94 per cent of customers who participated in FRIP in 2015 due to the dry conditions throughout April and May.

The Forage Establishment Benefit Option is available to protect newly seeded forage acres intended for hay, grazing or seed production against the risk of an establishment failure. This stand-alone option is not linked to any yield-loss insurance. This option can also be selected for forage acres seeded between October 15 and June 20; however, acres grazed in the year of seeding are not eligible for coverage.

Alfalfa seed may be insured under a specific yield-loss option available through SCIC’s Multi-Peril Program; however, red clover, rye grass, millet and other forage seed crops are eligible for coverage through the Diversification Option. The Forage Diversification Option is available for any forage feed
crops that are not insurable under the basic forage insurance program. This is an area yield program. Coverage and claim calculations are based on insured barley acres in the producer’s risk zone.

Since 2000, the Forage Insurance Program has paid $2.32 for every dollar of customer premium collected. The program is designed to provide disaster relief when producers need it most. In 2015, tame hay forage claims averaged $40 per acre for $3 average premium.

SCIC continues to work with producer groups such as the Saskatchewan Forage Council to further improve programming so it remains on target with producer needs. If you would like more information about forage insurance, visit a Saskatchewan Crop Insurance office or saskcropinsurance.com.