

Conclusions

Income-stabilization accounts and whole-farm revenue insurance may overcome some disadvantages of current farm-safety-net programs. They could be applied to a wide variety of farming situations. Risk protection from income-stabilization accounts would depend upon the reserves in individual accounts, which could vary with the level of participation and the distribution or concentration of program benefits. Such accounts may not provide sufficient coverage to compensate for income losses in the early years of a program or when successive disasters deplete account balances. At the same time, depending upon the structure of the program, some farmers may build subsidized balances beyond the levels necessary to satisfy risk-management goals. Farm savings accounts in Canada and Australia have shown that both the lack of adequate account balances and the buildup of balances beyond the level required for risk-management purposes can reduce overall program effectiveness.

With whole-farm income or revenue insurance, coverage is not dependent upon the farmer's ability to build a balance but can be secured by paying a government-subsidized fee or premium. Additionally, there is no accumulation of balances since there is no access to the risk management pool unless the producer experiences the required loss or drop in income. The Canadian Agricultural Income Stabilization (CAIS) program is an insurance-like program, but it is not structured in a way that it could be delivered as a commercial product and, depending on the breadth and depth of coverage, it could be costly. While whole-farm revenue insurance is currently available under the Federal AGR and AGR-Lite programs, the feasibility of making these programs the main farm safety net is uncertain.