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# INSURANCE FOR FARMERS

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## WHEN YOU BUY INSURANCE . . .

The amount of coverage you need depends on your age and family responsibilities, the hazards of your type of farming and what you can afford. A young farmer may need several kinds of insurance to protect his investment and to avoid severe losses at a time in his life when capital is scarce. The established farmer does not need the same protection and might bear a loss without a severe financial setback. He can probably get higher returns by investing in some farm enterprise.

When you buy insurance, consider carefully all the risks, the chances of those risks becoming misfortunes, the cost of insurance and what other uses you might make of the same money.

Compare the rates offered by different companies, what their policies cover and what they don't. Take full advantage of any rate reductions that you are entitled to. Avoid the duplication and overlapping of policies. Review your insurance regularly and change it to meet your changing needs.

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# INSURANCE FOR FARMERS

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A farmer has to face more risks than most people do. The weather is his most persistent tormentor with its droughts, winds, hail, floods and frosts. And then there is the toll taken by diseases, insects and predators. On top of all this he shares those risks that are common to everyone, such as fire, accident, sickness and death.

The following pages show how the risks may be covered. But first, here are some general remarks on insurance:

- It keeps to a minimum the economic effects of unforeseen and unpreventable losses caused by death, sickness, accident or disability; and by fire or other mishaps that can wipe out major investments, such as buildings, breeding stock and equipment.

- It lightens the financial burden of crop failure or legal liability.

- It shifts the major risks from the individual to a large group. Any of them may suffer loss but few do in the same year.

For insurance to work, many people must participate; they must be spread over a large area and be subject to a common risk. The insurer has to be able to calculate, within given limits, the frequency with which losses may occur, because insurance must be made to pay for itself.

Farm insurance is sold in Canada by private or stock companies, by mutuals or co-operatives, and by government agencies. The private and the mutual companies handle all the life, fire, lightning, livestock and machinery insurance. They also, with some government agencies, transact hail, medical and hospital insurance. But only government agencies offer all-risk crop insurance.

## FIRE INSURANCE

Farm fires are usually more destructive than town fires because of a lack of fire-fighting equipment. And, as the buildings on most farms require a large capital outlay, their loss can be a severe setback unless they are covered by insurance.

Most policies are of a standard type to which extensions can be added to suit individual needs. For example, the standard policy for a building may be extended to include the contents or to insure against damage by wind, hail, water, explosion, riot, aircraft or vehicles.

Fire insurance policies usually include a deductible clause requiring the insured to withstand a loss up to a stated amount and the insurance company to bear the cost over that amount. The premium is lower than for a policy without a deductible clause because the coverage is less and the company is saved the expense of dealing with small losses.

Premium rates vary according to the construction and use of buildings. Different rates apply to frame, masonry

and stucco, the type of roofing, and buildings with lightning rods. Certain kinds of motors and equipment used in or near buildings increase the premium.

Premiums may be paid by installments or in advance. The rate is lower if they are paid three years ahead, but before you decide to do this consider other possible uses for the money in the farm business.

Although they seldom hesitate to insure farmhouses, companies sometimes are reluctant to write new policies on farm outbuildings, especially if the buildings are old and poor, and if the farm has a mortgage. Keep the fire insurance on buildings in force by paying premiums and renewing policies promptly.

Some companies will not pay all or part of the insurance money unless the farmer rebuilds. The new building must go up on the same site, or inside a given distance, and within a stated period after the fire. It must be worth at least as much as the insurance settlement.

Check the policy for conditions that can void the insurance coverage for a fire. This often happens when inflammable materials are stored, or certain equipment is used in or near the buildings, or they are left vacant for a long time, or titles to property are changed without telling the insurance company. It can also happen if additional coverage is bought from a second company without notifying the first.

## CAR AND TRUCK INSURANCE

Provincial laws on motor insurance differ, but all have laws on vehicle safety and financial responsibility to control irresponsible drivers and reduce traffic accidents.

In some provinces a driver may lose his permit and registration plates, and in others the vehicle may be impounded, if he cannot prove after an accident that he can meet the claims. Some provinces require proof of this before they license a vehicle. The motorists in certain provinces contribute to a fund when they purchase driving permits, and the innocent victims of automobile accidents may receive their judgments from the fund if they are unable to collect from drivers who are at fault.

The standard automobile policy covers not only the vehicle described in it but also one that is used temporarily if the insured vehicle is out of normal use owing to a breakdown, repairs, servicing, loss or destruction. If the policyholder sells his old vehicle and buys another, or trades the old one for another, his insurance policy covers the new vehicle for a specified number of days. Meanwhile, he is expected to transfer his insurance to the new vehicle and to pay any additional premium.

The standard policy usually covers not only the owner but also members of his household and others who have

a legal right to drive and use the vehicle with his permission.

The common types of automobile and truck coverage are:

*Bodily injury* liability insurance to protect against claims resulting from injury or death in an accident for which the insured is liable. It does not cover injury to himself or his passengers.

*Property damage* liability insurance to protect against claims for accidental damage to the property of others.

*Medical payments* insurance to meet the medical bills for injury or death in an accident to those traveling in the insured's vehicle.

*Collision* insurance to protect the insured against loss through accidental damage to his own car. Collision policies usually require him to meet the loss up to a stated amount and the company pays anything in excess of this amount.

*Comprehensive* insurance to cover financial loss through such things as fire, theft, falling trees, broken glass and vandalism. This policy usually requires the insured to stand the smaller losses.

*Specified perils* insurance to protect against losses through fire or theft. These are usually included in a comprehensive policy but may be purchased separately when comprehensive insurance is not needed.

It is advisable to carry more insurance for bodily injury and property damage than the minimum required by law. Although the chances of loss may appear small, an unfavorable judgment can cost much more than the legal minimum. Extra insurance is at a lower rate than the basic minimum is.

Collision and comprehensive insurance are less important than injury or property damage insurance. The loss or damage of the farmer's own vehicle, especially an old one, is not likely to cost as much as injury to another person or damage to another's property.

## LIABILITY INSURANCE

The farmer can lose his farm or his savings to satisfy a judgment from a liability claim. The risk might seem small but the cost can be great. Liability insurance is a protection against it.

In farming there's always the risk of injury to the public or to farm workers. As the owner and occupier of property, the farmer may be held responsible when a salesman, buyer, canvasser or trespasser is injured or killed as a result of his failing to maintain the property with due regard to the safety of others. Farm animals, especially dogs and livestock that stray, often cause injury or property damage. Farm equipment may injure others if it is used negligently. A fire set to burn grass or scrub may spread and damage neighbouring property.

As an employer the farmer can be liable for the sickness, injury or death of an employee resulting from his work. Those who employ transient workers are especially vulnerable to such claims. The farmer who sublets construction work on his farm may be held liable for injuries to a workman on the job if the contractor has no insurance.

## Comprehensive

The most common liability insurance policy is one that covers many risks for which the farmer may be held responsible, including the liability he assumes on behalf of his family and employees, but not car accident insurance.

Comprehensive liability policies may differ in minor ways but companies offer similar coverage. Usually the company accepts the responsibility for investigating claims. If the insured is liable, the company pays the costs and any judgment up to the limit of the policy.

The personal liability part provides for sums the insured would have to pay for injury or property damage except to himself, his family or his employees. The employer's liability part provides for an income and other benefits for an employee in case of sickness, injury or death resulting from his employment.

Product liability insurance may be included in the policy. It covers claims for injury or death arising from the possession, handling or use of products sold by the farmer.

Animal collision insurance is usually offered as part of the policy. It reimburses the farmer if an animal is killed, or injured and destroyed, as a result of collision on the highway with a vehicle that does not belong to the insured or his employees.

Some companies offer comprehensive liability insurance for claims arising from occasional use of the tractor off the farm. The coverage can also include theft, fire, collision or upset of a tractor and of self-propelled or tractor-drawn farm implements.

Though the comprehensive liability policy gives a wide range of protection, the farmer needs to know the exact coverage. It is unlikely to apply to other than farm work, and custom work may be limited to a certain number of days a year, a specified number of farms, or a given amount of income for such work.

## Workmen's Compensation

Each province has an act that provides for compensation to workers in specified industries if injured by accident at work, or disabled by certain industrial diseases. These acts exclude the worker disabled for less than a stated number of days, and injury that is due solely to his serious and willful misconduct, if it does not result in death or serious disablement.

Farm workers have limited coverage under these acts and may apply for it in any province except Quebec. Farmers and farm workers can get more information if they apply to the workmen's compensation board in their province.

Employers under workmen's compensation acts pay into a fund for compensation and medical aid to injured workers. The employees do not contribute. The benefits include periodic payments during temporary disablement, life pensions for permanent disability and lump sums if disablement is slight. There is also provision for medical aid, hospitalization and rehabilitation. In the case of death by accident, the dependents receive fixed monthly payments. A widow receives a monthly pension, a lump sum and a funeral allowance.

## LIVESTOCK INSURANCE

These policies are used mostly to insure against the loss of valuable animals, such as purebreds and show stock. Premiums are on a flat rate basis and are calculated according to the value of each animal.

*Mortality* insurance may cover horses, cattle, sheep, hogs or poultry against death by disease, fire, lightning, electricity, accident or intentional destruction following an accident. It covers the hazards of birth but not losses from operations that are not needed to preserve life, such as castration or dehorning.

The insurance company requires evidence from a veterinarian that the animals to be insured are in good health. The insurance covers livestock any-

where in the United States and Canada, and while they are being transported.

*Floater* insurance for cattle, horses, sheep and hogs applies in the farmer's home province, on or off the farm, and during transit by road or rail in Canada. It compensates for theft and disability or death from fire, lightning, electricity, wind, and collision with vehicles not owned or operated by the insured. It does not cover death from disease, and therefore the premium is less than for mortality insurance.

Other livestock insurance covers short-term risks, as at exhibitions and traveling to and from them. Single-trip coverage may be had for horses and cattle in transit from the time they are loaded until they are unloaded at the destination. Some companies insure livestock against stated risks, such as fire, lightning, electricity and accidental shooting, under an extension of the fire policy on farm buildings.

Though livestock are subject to death or disability from many causes, the chances of losing an entire herd at one time are slight. The farmer considering insurance should weigh the risks and his ability to meet some losses. The high premiums for mortality insurance usually rule it out for grade livestock, but

the breeder of purebred stock who shows at fairs, where there are more risks than at home, may find it worthwhile.

A floater policy is better for many farmers because it gives the same protection as mortality insurance at a lower cost, except for losses by disease. Those who move livestock occasionally should consider insuring them in transit if they are not covered by another policy. Insurance to cover death by stated causes usually can be obtained most cheaply by extending the fire insurance policy for the farm buildings.

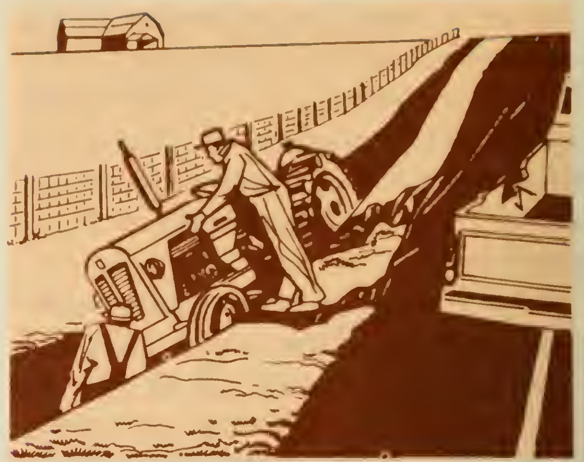
## FARM EQUIPMENT INSURANCE

Equipment may be insured against damage or destruction with a policy for machines only, or one combining machinery and livestock, or by extending the fire insurance policy for the farm buildings.

*All-risk* insurance covers tractors and all machinery belonging to the insured. Equipment bought during the policy's term is automatically covered for a set period, during which the insured must notify the company and pay an extra premium if necessary.

*Floater* insurance is for movable equipment and implements. The periods when the insurance applies are specified, whereas the all-risk policy gives broader coverage. That is why premiums for floater policies are lower.

Policies on farm machinery usually require the insured to bear the loss up to a limit, and the company pays for losses over this. Most policies restrict the amount of custom work that may be done without voiding the insurance or incurring an extra premium.



The farmer who keeps the machines on his premises may have little need to insure them except against fire. Expensive machines, such as new tractors and combines, should be covered against fire if the farmer cannot easily withstand their loss. The cheapest way to do it is with an extension to the fire policy on farm buildings. Collision insurance for machinery on the highway can usually be obtained most cheaply by extending the comprehensive liability insurance policy.

## CROP INSURANCE

The farmer can insure against some of the risks of crop failure. The oldest form of this insurance in Canada is hail insurance, which began with a farmers' mutual company in Manitoba in 1899. Private concerns entered the field in 1906. In 1939, after a decade of disastrously low crop yields, the federal government set up a plan that was partly insurance and partly assistance. In 1959, new legislation enabled the federal government to help any province that establishes a crop insurance plan.

## Hail Insurance

Most hail insurance covers cereals and the rest is for crops such as tobacco, canning crops and tree fruits. Policies are sold by private firms, co-operatives, municipal hail associations and provincial government agencies.

Hail insurance for cereal crops is sold as specific coverage at so-much an acre, regardless of the crop's value. The company agrees to pay this amount per acre multiplied by the percentage of damage. The coverage applies before cutting and while the crop is in the swath or in sheaves before threshing, if the crop is harvestable before the hail damages it. To hold a policy one must have an insurable interest in the crop as the owner, landlord, tenant or mortgagee.

Depending on the policy, the insured bears 10 or 25 percent of the loss, or is covered fully. Premiums on the 10 and 25 percent deductible policies are lower, and they suit farmers who are prepared for small crop losses but want to insure against the big ones. The full-cover policy pays the total loss above a minimum set by provincial laws to discourage trivial claims that can increase administrative costs and thus the premiums. The rates for hail insurance depend on the frequency of damage in the district and vary with the kind of crop.

The history of hail insurance in the district and the farmer's capacity for taking a crop loss will affect his decision to buy hail insurance. He does not save by buying it late in the season for the premium does not change. But farmers sometimes wait until they have an idea of the probable yield. If the prospects

are good they buy hail insurance, but not if drought, insects or disease have made it a poor crop.

## Prairie Farm Assistance Act

Also known as P.F.A.A., this Act aids farmers in the spring wheat areas who have a bad harvest because of drought or other conditions beyond their control. It provides a minimum income to help meet expenses, in the years when crops fail, by direct payments to eligible farmers. The payments are exempt from the laws relating to bankruptcy, insolvency, garnishment or attachment, and cannot be assigned. The legislation applies only to the Prairie Provinces and the Peace River area of British Columbia.

Participating farmers have a levy of one percent deducted from their sales of wheat, oats, barley, rye, flaxseed and rapeseed through licensed elevator operators and grain buyers.

Indemnity payment is based on the average yield of wheat in a specified block of land. In determining average yields, P.F.A.A. excludes experimental farms, market gardens, land ruled as submarginal, irrigated land on which the yield per acre is more than 12 bushels

of wheat or the equivalent in value of other crops, and land operated by a group of persons where the individual farmer cannot be identified.

The lower the yield is, the higher the payment per acre. If the average wheat yield in the block qualifies it for payment, all farms in the block are eligible, whether their yields are above the average or not. If wheat is not grown, the most common grain crop is the indicator. The Act sets a maximum payment that a farmer may receive in a year.

Farmers who take out crop insurance under a provincial plan are not covered by P.F.A.A.

### Federal Crop Insurance Act

The federal government makes contributions and loans to provinces that set up crop insurance programs. The administration of the program is the responsibility of the province. Each province, therefore, draws up an insurance program suitable to its particular needs. The plan is intended to help farmers protect themselves from severe loss of income when crops are damaged by hail, drought, wind or tornado, flood, frost, plant disease and pests.

The insurable crops are wheat, oats, barley, rye, flaxseed, grain corn, buckwheat, soybeans, potatoes, sugar beets, tobacco, sunflower seed, rapeseed, apples, pears, plums, cherries, and apricots. Insurance coverage can be provided for crops in all parts of Canada.

Crop insurance will protect the farmer to the extent that he will have the same gross income that a crop equal to 60 per cent of the long-time average yield in his area will provide. Premiums are based on long-time average yields and variations in yields, and they are reviewed annually. Payments are made to any participating farmer whose yield falls below the insured coverage. Participation in an insurance scheme is voluntary on the part of the farmer. It is usually required that a specified proportion of the farmers in a designated area express willingness to participate in an insurance plan before it is introduced.

In those provinces where the P.F.A.A. applies, farmers who take out crop insurance are exempt from payment of the P.F.A.A. levy and are not eligible for its benefits.

### Damage by Wildlife

Game birds and big game animals often damage field crops severely, particularly in parts of the Prairie Provinces. Saskatchewan and Alberta cover the crop owners with special insurance to a stated amount per acre. The insuring agency agrees to pay that amount per acre multiplied by the percentage of crop damage. Financing of the plans has been by a surcharge on hunting licenses and a percentage premium from farmers who participate.

## HEALTH AND ACCIDENT INSURANCE

The expense of long illness or serious injury and inability to work can be financially crippling. The three main types of insurance that protect the farmer and his family are hospital, surgical-medical and accident policies.

*Hospital* insurance covers such hospital expenses as room and board,

nursing, drugs and biologicals, surgical supplies, operating and case rooms, X-ray and laboratory services, medical interpretation, radiotherapy and physiotherapy.

Hospital insurance is provided by provincial government plans. The federal government gives financial aid under the Hospital Insurance and Diagnostic Services Act.

Coverage and premiums differ among the provinces but the services are similar. All plans provide inpatient, general hospital services in standard wards, but some provinces extend the coverage to special hospital and outpatient care. Semiprivate or private rooms may usually be had by paying the extra cost in cash or through supplementary insurance at a higher premium. The extra coverage may be provided by a hospital service plan or an insurance company.

*Surgical-medical* insurance covers such charges as the surgeon's and anesthetist's fees, the physician's calls to the home or hospital, visits by the patient to the doctor's office, laboratory and X-ray examinations, special nursing, prescribed drugs, physiotherapy, ambulance service and artificial appliances.

*Accident* insurance pays the costs resulting from accidental loss of life, limbs or sight, or other impairments of the body. The costs include surgery and physicians' services, anesthesia and ambulances. Some policies provide a cash payment for disability or partial disability, and others partly cover the loss of earnings due to inability to work. Any of these can be included in a comprehensive policy. There is also insurance that partly compensates for loss of earnings during a long illness.

Some policies have deductible clauses:

the insured bears the cost of sickness or accident up to a stated amount and the insurance company pays for losses above that. Of course, the premiums are less than for a policy that covers the whole cost.

Most sickness and accident policies do not include cases that come under workmen's compensation statutes.

Health and accident insurance may be obtained to cover an individual, a family or a group whose only common interest may be the insurance. Some co-operatives provide group insurance for their farmer-patrons. All are insured under one policy and the premiums are lower than for individual policies.

## LIFE INSURANCE

The main purpose of life insurance is to maintain all or part of the family income after the principal wage earner dies. It is a way of providing a regular income for a number of years.

Life insurance deserves a place in the plans of a young man starting with a mortgage on his farm and a family to support and educate. At this stage he needs protection rather than savings insurance, and he should get the most

protection for every dollar he pays. As he grows older and his family responsibilities and his mortgage become smaller, he needs less protection. However, even if he owns the farm and it offers security to his survivors, there are still the medical and funeral expenses, the outstanding debts and estate taxes, which can be a heavy burden.

A farmer buying a farm under an amortized plan can give some protection to his wife and family by insuring his life. If he dies before he has paid off the mortgage, the life insurance money can keep the farm in his family's possession.

Life insurance is especially useful for transferring the family farm from one generation to the next. The proceeds of a policy on the father's life can pay off the heirs who do not want to stay on the home farm, and also settle other estate debts, leaving the farm free of encumbrances for the son who inherits it.

When a son agrees to buy the farm from his father or from the estate, he may insure his father's life for the agreed sum, pay the premiums and make himself the beneficiary. If he and his father are partners, life insurance enables him to buy his father's interest. But the insurance must be obtained while the father is of insurable age and in good health, or the cost will be prohibitive.

How much life insurance should you buy? It depends on your present needs, how much you can afford for premiums, the size of your family debt, your cash reserve, the amount and nature of your other investments, your age and the number of dependents.

If there is a mortgage on the farm, try to have enough insurance to pay it off,

and also to meet outstanding debts, sickness and funeral costs, and estate taxes, and to maintain and educate the family.

If there are no large debts or mortgages, it may be better to invest more money in the farm business than in life insurance.

Usually, it is advisable to insure the life of the principal wage earner, and perhaps to have a small policy on each member of the family for emergencies that might use up scarce capital. The wife's death, in particular, can seriously affect the working of the farm. Insurance on her life pays the cost of illness and the funeral, and may also accumulate savings during her life.

## Premium Rates

The rates of most types of life insurance depend on the age of the insured when he buys the policy. The older he is, the sooner he is likely to die and the higher the premium. Insurance companies can calculate the probability of death among a large number of people at any age and how much to charge annually to be able to pay the face value of a policy when it is called for. Instead of raising the premium as the

insured grows older, companies charge one rate throughout the term of the policy. The earlier premiums on most types of life policies are more than they need to meet claims, but the excess accumulates with interest as a reserve that they must have by law.

If one policy costs more than another offered by the same company on the same life, it usually builds up a bigger reserve than the cheaper policy. The longer the insured lives and keeps his policy in force, the bigger the reserve unless he has term insurance, which does not include a reserve.

## Cash Surrender Value

A life insurance policy that accumulates a reserve has a value in cash or in paid-up insurance, if the policy is dropped. Cash surrender value is the amount of the reserve minus a small charge for expenses. Policies do not usually have a cash surrender value during the first three years.

The surrender value can be used as collateral for a loan from most banks and finance companies. The insured may also borrow from the insurance company up to the cash surrender value. If he dies before he repays it, the company pays the face value of the policy less the balance of the loan.

## Types of Policy

Most life insurance policies are of a standard type and can be extended to suit almost any need. For example, a total disability benefit can be added so that the company takes over payment of the premiums if the insured is disabled for more than a given period. Another extension provides tax-free income while he is disabled. Most standard policies can be extended to double the face value in the event of accidental death.

If a policy pays dividends, these can be used to buy more paid-up insurance and the insured increases the amount payable on his death.

*Term* life insurance covers a fixed period. If the insured dies during the term, his beneficiary is paid the face value of the policy. If he lives beyond the term, the policy ends and he has nothing from it. Term insurance is usually the least expensive until the insured passes middle age, when the cost becomes high. There are no savings because reserves are not collected in the premium.

Term insurance gives a lot of protection at low cost for a short period. For example, a young farmer can take out term insurance on his life to the extent of his mortgage, and the amount of the insurance decreases as the mortgage decreases. If he dies, the insurance money pays off the mortgage and gives his survivors clear title to the farm. The effect is similar when a young farmer insures his father's life and inherits the farm without encumbrances when his father dies.

Make sure the term insurance policy can be renewed at the end of the term without another medical examination. Otherwise, age or ill health may prevent its renewal. The premium rate on a term policy goes up at each renewal because the insured is growing older.

A term insurance policy should allow for conversion to another type of policy later without another medical. The insured may find that he can afford to change to a policy that has savings.

Without a convertibility clause the change might be difficult, especially if his health is poor.

*Ordinary* life insurance has a fixed premium during the life of the insured, and next to term insurance it offers short-term or lifelong protection at the lowest cost. It includes some reserve funds, so that the premium is higher than for term insurance of the same face value.

The ordinary policy has much to commend it to the farmer. If he can afford the difference in premium between this and term insurance, it is more useful during his lifetime as it provides both insurance and savings. It gives protection in later years when insurance might be difficult to obtain, and it continues as long as the premiums are paid, regardless of age or health.

An important feature of the ordinary life policy is that it can be extended later by term insurance if short-term coverage is needed. The term insurance might pay off the mortgage when the insured dies, and the ordinary life part of the policy would remain intact for other uses. Or the term insurance might provide an income for the family until their education is completed. The addition of term insurance is usually offered at a low rate, if the insured is in good health, because many of the costs are already covered in the ordinary life policy.

*Limited-pay* life insurance requires premiums over a fixed number of years rather than throughout the life of the insured. A common type is the "20-pay-life", for which premiums are paid over 20 years. Another kind matures at an agreed age, such as 65.

The annual premium for the limited-pay policy is higher than for an ordinary policy of the same face value. This is because it accumulates enough savings by the end of the period that the interest on this reserve carries the policy as paid-up life insurance. The face value is payable when the insured dies. The cash surrender value of the limited-pay policy builds up faster because of the larger savings in the premium.

On account of the extra premium, limited-pay insurance is not attractive to the farmer who simply wants protection. But it does let the insured provide for his protection and accumulate savings while he is young. It has the same death benefits and flexibility as the ordinary life policy. Some companies recommend 20-pay-life for the young man's first policy. In later years it can be extended to give extra, short-term protection at a relatively low cost.

*Endowment* life insurance pays the insured the face value of the policy when it matures or pays the beneficiary if the insured dies before the maturity date. The premium is constant for a fixed period or to a definite age.

Because most of the premium goes into savings, the endowment policy is not as useful to most farmers as the ordinary and term policies are. Farmers usually find it more profitable to put the money into building up the farm estate or farm enterprises, or into other investments that pay higher interest than insurance companies do. However, the savings aspect of endowment insurance might interest a farmer who has a good income but finds it hard to save for a particular purpose, such as sending a child to university. His endowment policy could provide an immediate payment to his beneficiary if he died, or could draw interest until it was needed.

*Family income* insurance is a combination of ordinary or limited-pay insurance with term insurance. The term may be set at a number of years from the date the policy is obtained or for a specific number of years following the death of the insured. When the insured dies, his beneficiary receives a monthly income for the number of years specified and, at the end of that time, may be paid the face value of the policy. This type of insurance may suit the young farmer who wants to protect his family at a minimum cost and also to accumulate savings.

*Group* life insurance covers each individual in a group of persons under one policy, usually on the term plan. Frequently the group consists of employees of one firm. The employer may pay the premiums or a substantial part of them. Because the expenses are less than if a policy were issued on each life, the premiums are lower. Fraternal and professional organizations sometimes provide this insurance for members, but coverage is usually low, and therefore does not fully replace regular insurance.

Some farm organizations, notably the grain marketing co-operatives, offer group life insurance, usually enabling farmer-members to get coverage at a low rate. It is mainly for young farmers who need maximum protection while they build up their farms, starting with high coverage at a low premium, but having less protection later when they are not likely to need so much insurance.

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