



Crop Insurance

FARMER SUCCESS STORY

If You Buy Life Insurance, You Don't Want to Collect on That, Do You?

FULTONVILLE, NY— Russ Kelly is in the multi-year process of having his son take over the 500-cow dairy farm operation in Montgomery Co. They raise their own replacements and grow about 80% of their corn silage, since losing some rental acres a few years ago. They put up haylage as well as dry hay, but only insure their silage.

Russ says that buying crop insurance is a given for doing business today, although he hasn't collected that often. He received prevented planting payments on about 180 acres in 2006 and another payment on 60 acres in 2013. He has consolidated the yields on all his fields for crop insurance purposes. His clay ground averages 17–18 tons per acre, while he can get as much as 22 tons per acre in a good year. “But, from 2010 to 2014, we've had one good year, 2 average years and 2 poor years,” he said.

He thinks one of the larger hurdles for smaller farmers buying crop insurance is recordkeeping. “You've got to keep records, good years and bad,” said Kelly. He recently put a truck scale on the farm to continue to improve his recordkeeping.

Why buy crop insurance? “Because of the variables in the weather,” is Russ's answer, even though he doesn't get a payment very often. “If you buy life insurance, you don't want to collect on that, do you?” he asked. “Irene and Lee were in 2011 and Sandy was 2012.”

In 2013, when the price of corn dropped between March and September, they also chopped a few hundred acres of a neighbor's grain corn for silage. “It wasn't worth it to the farmer to harvest and dry it, he said. “They probably didn't have crop insurance,



Russ Kelly Montgomery Co., NY Dairy farmer

or certainly not revenue insurance,” he speculated. [Crop insurance with revenue protection insures that the farmer receives the higher of either the projected price, published on March 1, or the harvest price for grain corn, published on November 1. Both are based on the CME futures market. In 2013, the Projected Price for crop insurance purposes was \$5.65 and the Harvest Price dropped to \$4.39. In 2012, the Projected Price in March was \$5.68, while the Harvest Price was \$7.50. Farmers with revenue coverage received a payment in both years.]

Crop insurance must be purchased from a crop insurance salesperson. To find a crop insurance agent, ask a neighbor for a recommendation, contact your local Farm Service Agency (FSA) office or use the USDA RMA crop insurance agent locator tool on the web at www.rma.usda.gov/tools/agent.html.



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The New York State Department of Agriculture and Markets has partnered with USDA Risk Management Agency (RMA) to provide crop insurance education to New York State farmers. For more information, please visit the NYS Crop Insurance Education website at www.agriculture.ny.gov/AP/CropInsurance.html or call 800-554-4501. The RMA website is: www.rma.usda.gov. To find a crop insurance agent, ask a neighbor for a recommendation, contact your local Farm Service Agency (FSA) office or use the USDA RMA crop insurance agent locator tool on the web at www.rma.usda.gov/tools/agent.html