

Crop Insurance for 2014 Small Grains Wheat, Barley, Oats



Risk Management Agency

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NYS Department of Agriculture and Markets
Crop Insurance and Risk Management Education
<http://www.agriculture.ny.gov/AP/CropInsurance.html>
1-800-554-4501



The following presentation has been made possible with funding from the USDA Risk Management Agency, in partnership with the New York State Department of Agriculture and Markets. My name is Charlie Koines and I have been working as an educator on crop insurance for more than a decade. I'll be making the presentation today.

Small Grains Wheat, Barley, Oats

Oats, winter wheat, & spring and fall planted barley are the small grains that are insurable:

- if grown in a county on insurable acreage
- where premium rates are provided
- If you have a share of the crop
- If planted for harvest as grain

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Wheat, barley and oats are insured in selected New York counties. Insurance can be provided in counties where rates are not available with a written agreement. A written agreement provides similar protection to crop insurance, but also requires individual approval by USDA RMA. Contact a crop insurance sales agent for additional information.

Counties where Small Grain Crop Insurance is Available

Winter Barley 15 counties

Winter Wheat 27 counties

Spring Barley 15 counties

Oats 46 counties

www.agriculture.ny.gov/AP/CropInsurance.html

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The counties where crop insurance for small grains is available can be found: on the USDA RMA cost estimator website, by contacting a crop insurance agent or by looking at the NYSDAM county listing of available crop insurance at www.agriculture.ny.gov/AP/CropInsurance.html

Insurance Plans

Yield Protection: Insurance coverage only providing protection against a production loss and poor quality grain.

Revenue Protection: Providing protection against revenue loss due to a production loss, price decline or increase, or a combination of both.

Revenue Protection with Harvest Price Exclusion: Providing protection only against revenue loss due to a production loss, price decline, or a combination of both.

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Producers can choose their coverage based upon a yield protection plan, revenue protection plan or revenue protection with the harvest price exclusion.

Causes Of Loss

- Adverse weather conditions, including natural perils such as frost, freeze, wind, drought, and excess precipitation;
- Failure of the irrigation water supply if caused by an insured peril;
- Fire, if caused by an insured peril;
- Insect damage and plant disease, except for insufficient or improper application of control measures; or
- Wildlife.

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All unavoidable causes of loss are covered under the fresh market bean crop insurance policy.

Important Dates

Fall Planted Sales Closing Wheat and Barley: 9/30/14

Spring Planted Sales Closing Barley and Oats: 3/15/14

End of Insurance Winter Wheat and Barley: 8/31/14

End of Insurance Spring Oats and Barley: 10/31/14

Acreage Reporting Winter Wheat and Barley: 11/15/14

Acreage Reporting Spring Barley and Oats: 7/15/14

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Producers who do not adhere to the important date could compromise or lose their coverage.

Late and Prevented Planting

These provisions provide a reduced amount of protection on acreage that is planted late or that cannot be planted, due to insurable causes, by the final planting date or within the late planting period, provided certain requirements are met.

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Late and prevented planting is not included on all crop insurance policies. Crop insurance policies will note if late and prevented planting coverage is included.

Replant Provisions

A replant payment is allowed for a crop damaged by an insurable cause of loss to the extent that the remaining stand will not produce at least 90 percent of the production guarantee and it is practical to replant.

The maximum replanting payment per acre will be noted on the crop insurance policy.

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Replant coverage is not available on all crop insurance policies. The crop insurance policy will note if replant coverage is included.

2014 Price Elections

Winter Barley	\$4.42
Winter Wheat	\$6.72
Spring Barley	\$4.03
Oats	\$2.80

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The price election is used to determine the revenue coverage and the amount that is paid in the event of a yield or revenue loss.

Crop Insurance Subsidy

Coverage Level	50	55	60	65	70	75	80	85
Gov't Subsidy%	67	64	64	59	59	55	48	38
You pay%	33	36	36	41	41	45	52	62

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Lets look at the 75% column. For every \$1 worth of insurance you purchase, the government pays \$.55.

Lets think a little about insurance. If you buy \$1,000 of car insurance, do you think the company expects to pay out more than \$1,000 on average to you for claims?? No, probably not or they would be raising your rates. The way crop insurance is structured, the government is paying part of your premium – 55% at the 75% insurance level. If you were an average US producer-- and of course there isn't such a thing-- crop insurance is a paying proposition. More is paid out in claims than what producers spend for the insurance.

Bottom line, crop insurance is a good deal.

Crop Insurance Comparison

Same Price	Yield (YP)	Revenue (RP)
APH Wheat	60 Bu./A	60 Bu./A
Coverage	75%	75%
Projected Price	\$8.57	\$8.57
Guarantee	45 Bu./A	\$385.65
Harvest Yield	25 Bu./A	25 Bu./A
Harvest Price		\$8.57
New Guarantee		-----
Harvest Value		\$214.25
Indemnity/Acre	\$171.40	\$171.40

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There is no difference in coverage or indemnity payments when the harvest price is the same as the projected price.

Crop Insurance Comparison

Price Decrease	Yield (YP)	Revenue (RP)
APH Wheat	60 Bu./A	60 Bu./A
Coverage	75%	75%
Projected Price	\$8.57	\$8.57
Guarantee	45 Bu./A	\$385.65
Harvest Yield	25 Bu./A	25 Bu./A
Harvest Price		\$7.00
New Guarantee		-----
Harvest Value		\$175.00
Indemnity/Acre	\$171.40	\$210.65

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Lets take a look at a price decrease at harvest. The indemnity payment is greater because the value of the harvest is calculated using the lower harvest price. The guarantee does not decrease with the lower harvest price.

Crop Insurance Comparison

Price Increase	Yield (YP)	Revenue (RP)
APH Wheat	60 Bu./A	60 Bu./A
Coverage Level	75%	75%
Projected Price	\$8.57	\$8.57
Guarantee	45 Bu./A	\$385.65
Harvest Yield	25 Bu./A	25 Bu./A
Harvest Price		\$10.00
New Guarantee		\$450.00
Harvest Value		\$250.00
Indemnity/Acre	\$171.40	\$200.00

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Now lets look at an increase in price. The indemnity payment is greater because the guarantee is increase due to the higher harvest price. The premium does not increase with the higher guarantee.



Cover crops on a field in Black Hawk County, Iowa.

Photo: Lynn Betts, NRCS

NRCS Cover Crop Termination Guidelines

December 2013

Background:

To ensure that USDA policies are coordinated and up to date with evolving cover crop practices, the administrators of the Natural Resources Conservation Service (NRCS), Risk Management Agency (RMA) and Farm Service Agency (FSA) organized an interagency workgroup to develop consistent, simple and flexible policy across the three agencies. National and local experts, along with multiple stakeholders, were involved in the process. Research literature, plant growth and soil hydrology models, and input from national/local experts in cover crop management provided the basis for developing cover crop termination guidelines to achieve their conservation benefits while minimizing risk of reducing yield to the following crop due to soil water use.

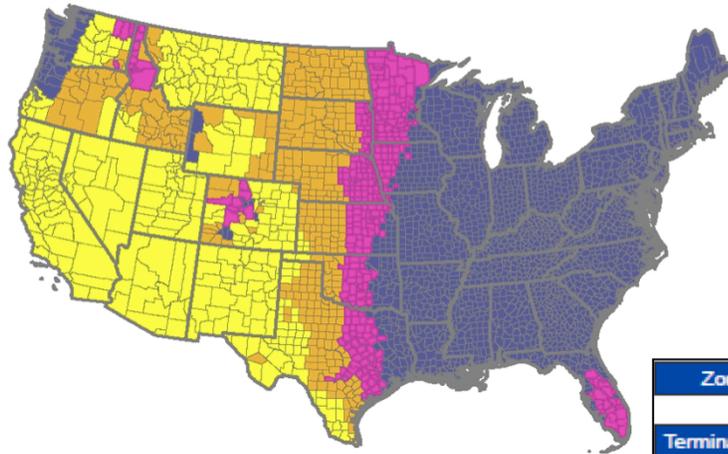
The guidelines apply to non-irrigated cropland, including systems that contain a fallow period. Termination of cover crops utilized in an irrigated cropping system is not restricted to a given cover crop termination zone. Cover Crops in irrigated cropping systems should be terminated based on the crop system and conservation purpose, but before the planted crop emerges.

*See map on page 2.

http://www.nrcs.usda.gov/wps/PA_NRCSConsumption/download?cid=stelprdb1241229&ext=pdf

The Administrators of the Natural Resources Conservation Service (NRCS), Risk Management Agency (RMA) and Farm Service Agency (FSA) have developed a consistent set of definitions to ensure that USDA policies are coordinated and up to date with evolving cover crop practices. There is a 6-page handout, issued by NRCS, that is to be used for managing cover crops, including for crop insurance purposes. Make sure that your crop insurance company is aware of how you are managing your cover crops. Also make sure your crop insurance agent reviews the cover crop Special Provisions section of your policy.

Cover Crop Termination Zones



Map produced by NRCS
December 2013

Zone 4 - See Map

Terminate cover crop
at or within 5 days after
planting, but before crop
emergence.

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New York is located in zone 4, the purple zone on the map, comprising most of the Eastern US. In zone 4, your cover crop must be terminated at or within 5 days after planting your insured crop, but before crop emergence. Prevented Planting acres can be planted with a cover crop and the payment is unaffected if you do not graze or harvest before Nov. 1.

Risk Management Check Up

Is last year's
Risk Management Plan
adequate to manage
this year's risks?

(Increasing Input Costs, Prices & Weather Volatility)

Individual farm details available from crop ins. agents,
list available at: www3.rma.usda.gov/apps/agents/



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Everyone has a risk management plan. For some, it's hoping for the best. If you have coverage, you should review your coverage level and price election every year to determine if your amount of coverage is adequate to manage your risk for the coming year.

How Good is Your Risk Management Plan?

Protection is Available for **Almost All Crops** and **Some Livestock** Production!

- Crop Insurance Protection-is available:
 - ⇒ Individual Crop Policies- available for many crops
 - ⇒ Producers with 3 years of production history may import policies not generally available in the area
 - ⇒ Whole farm gross revenue protection
- Non-insured Crop Assistance Protection is available for almost all non-insurable crops
- Other benefit programs may also be available from FSA

Producers can be assured of a pay day
(Production sales &/or USDA protection benefits)

If you don't have crop insurance or have not registered your crops with the USDA Farm Service Agency's NAP program, then you may be leaving money on the table, in the event of a difficult production year or a weather-related disaster. If you are looking for profitability in farming, crop insurance and disaster-related crop coverage programs (NAP) can add income when something out of your control causes some level of crop losses.

Additional Information can be found at:

USDA Risk Management Agency (RMA)

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www.rma.usda.gov



To find a crop insurance agent, go to:

www.rma.usda.gov/tools/agent.html

to use the agent/company locator tool.



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Additional information can be found at the web sites listed on the slide.



The alternative to having crop insurance.

Crop insurance may be able to safeguard some of the income from your annual production when weather and other insured causes of loss occur. It's the alternative to just hoping for a good year.