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Crop Insurance for Grape and Berry Producers

agriskmanagement.cornell.edu



“It’s farming, so it’s not easy that’s for sure. The weather and the changing variability in the weather in recent years has been a real challenge, with wet to dry extremes”

-NY organic grain farmer in 2016 testimonial for NYSDAM



What is crop insurance?

Crop insurance helps producers **manage risk**.

You pay an annual **premium** (the cost is shared with the Federal government) to buy an insurance policy.

Crop insurance is purchased from private agents

If your yields or revenues fall below a certain level due to a “covered cause”, you receive an **indemnity** payment.



Single Crop “Multi-Peril” Insurance

Most commonly, farmers buy crop insurance policies for one **single** crop at a time

Single crop policies are available as **yield, revenue** or **dollar plan** insurance

In New York, single crop policies are available for:

Field crops: Barley, Corn (silage and grain), Forage, Grain Sorghum, Oats, Soybeans, Wheat;

Vegetables: Cabbage, Dry Beans, Green Beans (fresh and processing), Green Peas, Onions, Potatoes, Sweet Corn, Tomatoes;

Fruit: Apples, Grapes, Peaches, Tart Cherries.

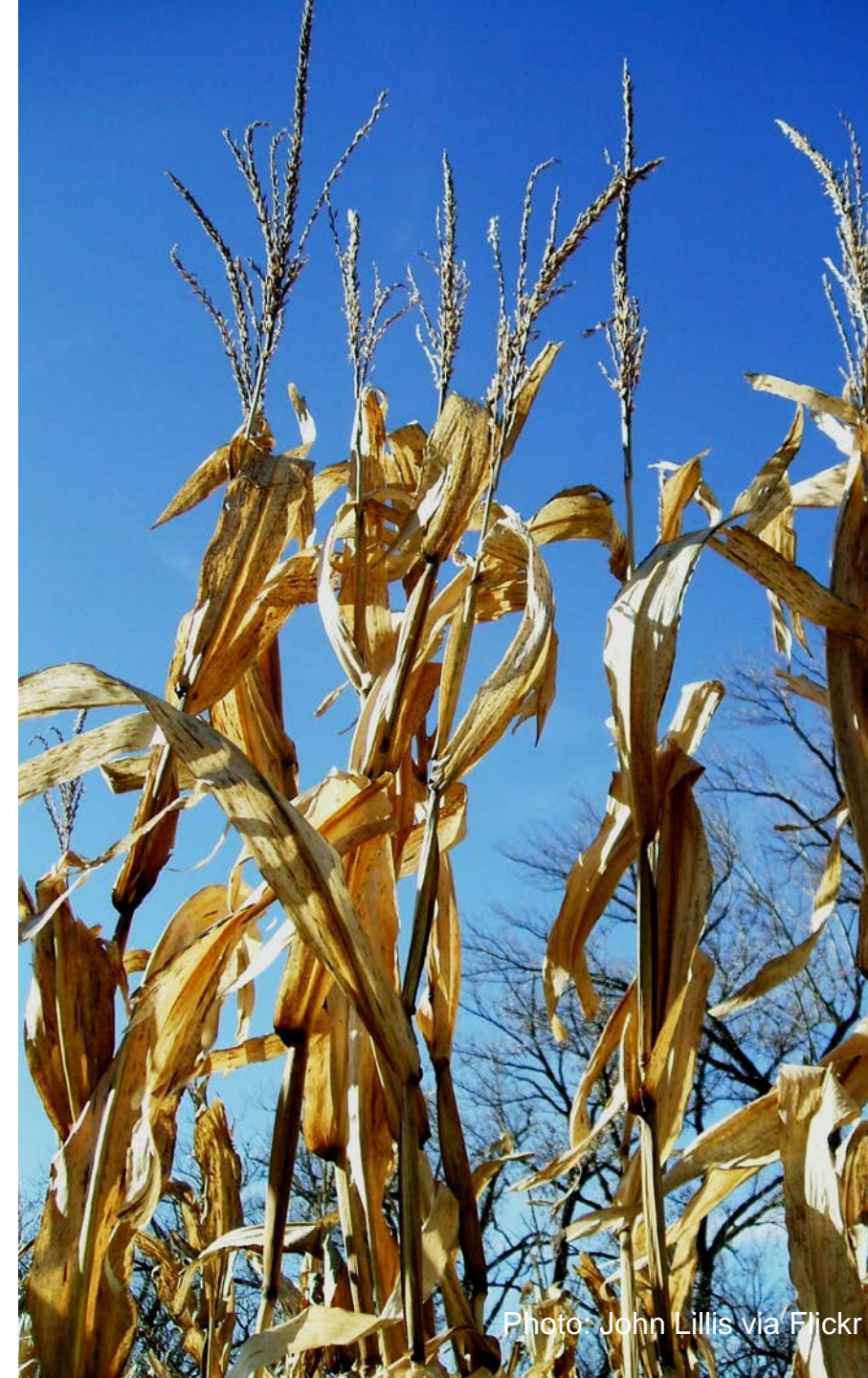


Photo: John Lillis via Flickr

Actual Production History (APH) Insurance

What is covered?

- In New York state the following fruits are covered by APH policies: **Apples, Grapes, Peaches.**
- Covers yield losses that cause production to fall below your historical production levels.
- Irrigated and non-irrigated practices are often available, as well as organic and transitional
- Protected losses may be caused by:
 - adverse weather
 - fire
 - wildlife
 - Insects or plant disease (when not due to insufficient control measures)

What is NOT covered?

- Protection is only for yield risk and NOT price risk
- Failure to market your crop is NOT covered
- Losses due to poor management practices are NOT covered

Crop Insurance for Grapes

Things to be aware of...

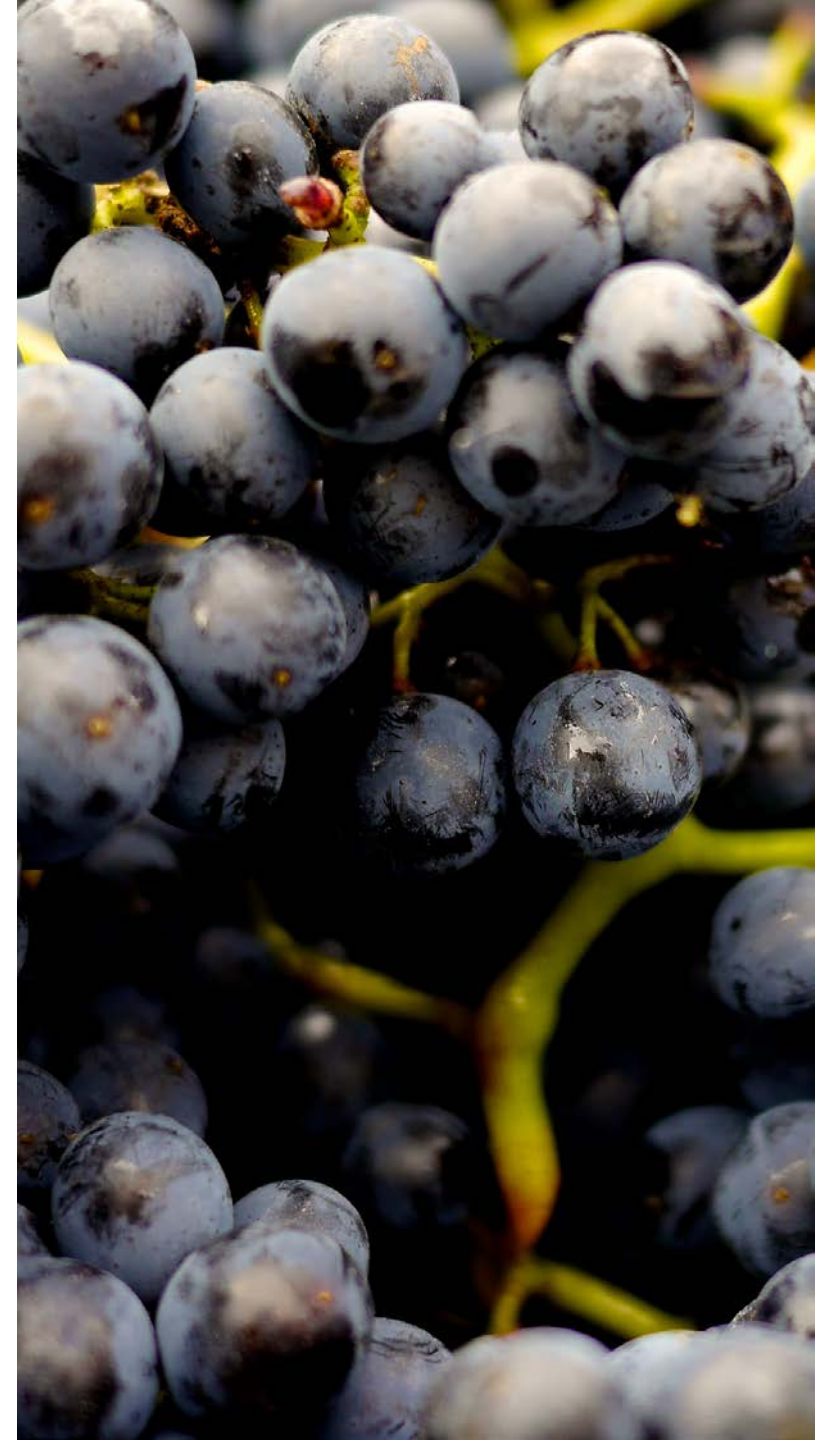
- Available in 12 New York counties and may be insurable in other counties if specific criteria are met.
- Important Dates:
 - Sales Closing Date: November 20th
 - Acreage Reporting: January 15th
 - Billing: August 15th
- Grapes are insurable if vines have:
 - Reached the fourth growing season after being set out for all native and hybrid varieties, and reached the fifth growing season after being set out for all Vinifera varieties
 - Produced an average of two tons per acre in at least 1 of the 3 most recent crop years



Crop Insurance for Grapes

Things to be aware of...

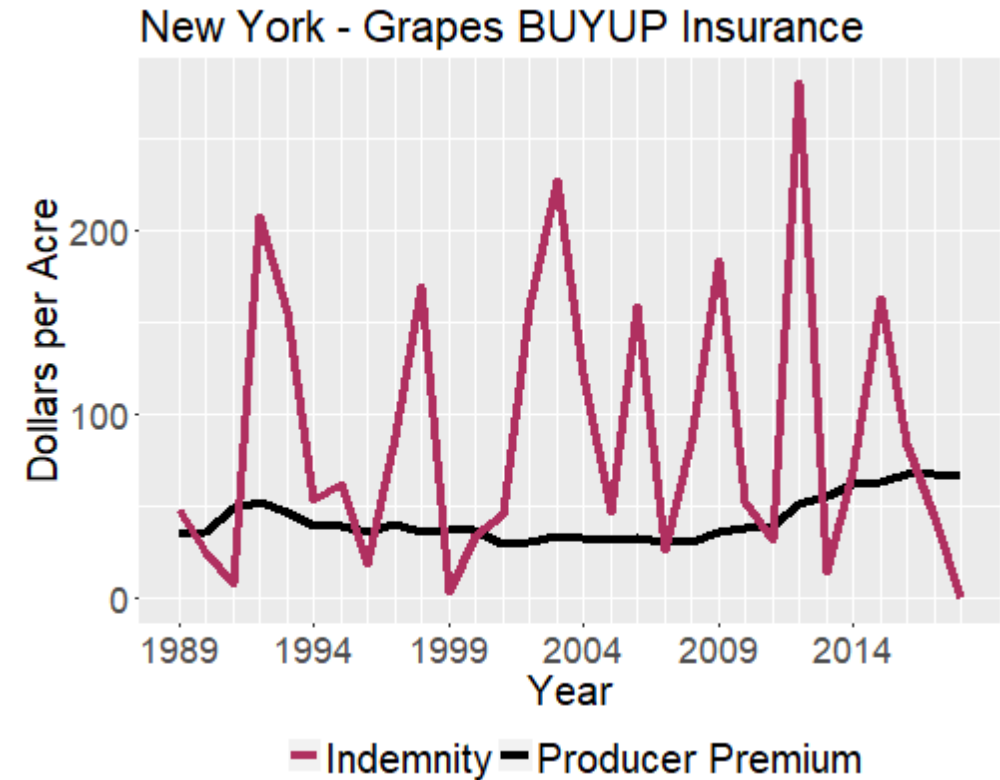
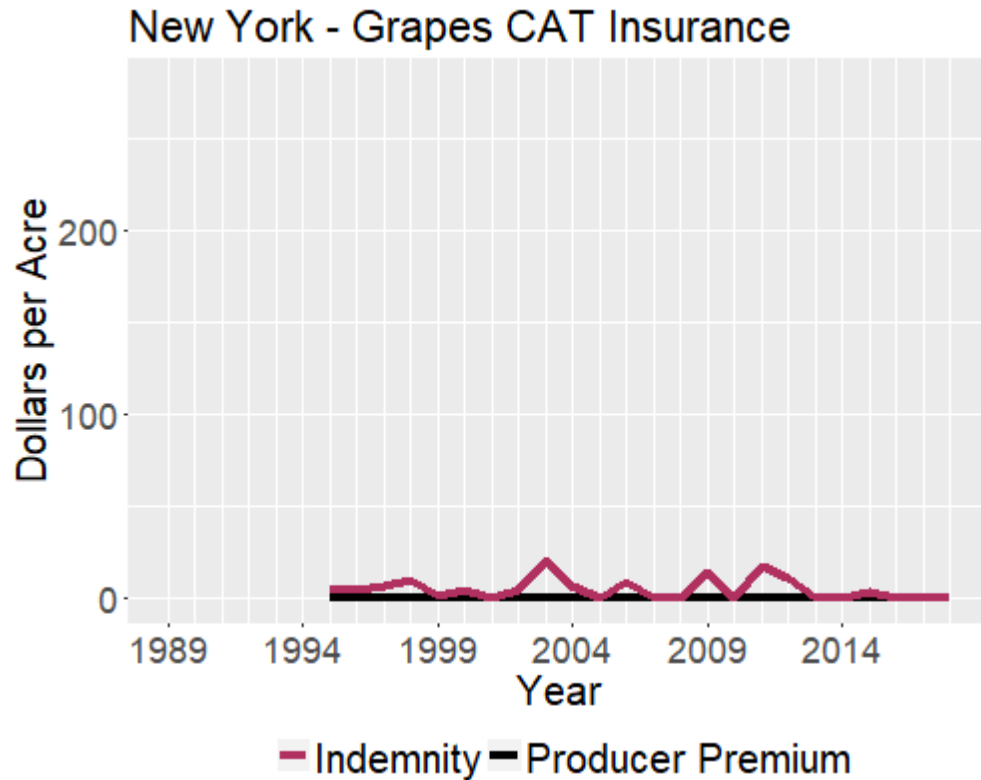
- Coverage levels and price election percentages may vary by grape type.
- The price used to determine your indemnity on unharvested acreage is the price election minus the harvest cost (\$35/ton).
- Additional coverage options:
 - Supplemental Coverage Option (SCO) – offers additional coverage based on county yields.
 - Yield Exclusion – available in some counties and allows producer to exclude some poor yields from the APH.



Grapes APH Historic Experience

New York Grapes Crop Insurance Trends (CAT and BUYUP) per Acre Enrolled

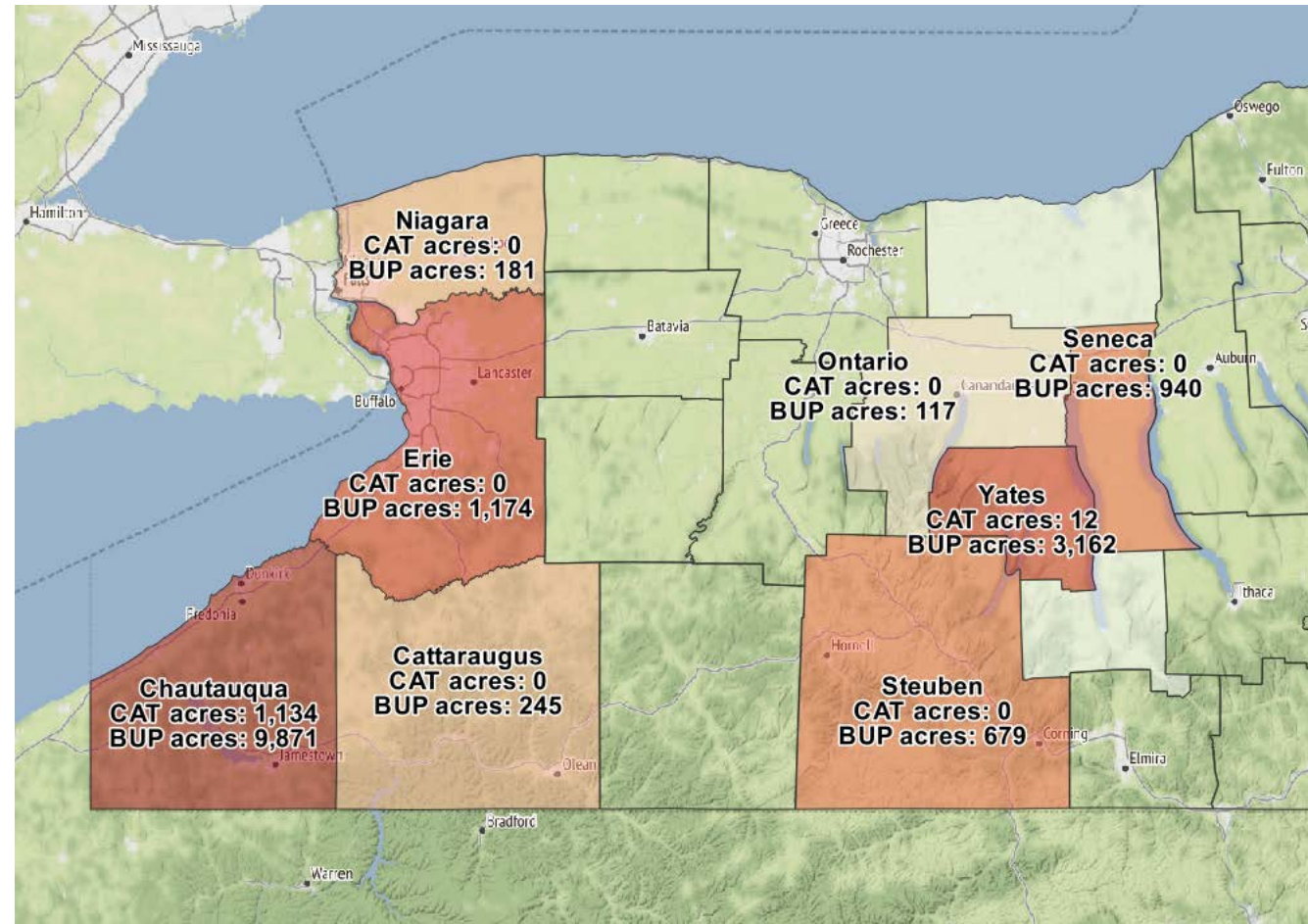
Please Note: Plots begin at first year with enrollments, CAT coverage has no premium other than administrative fee, 2017 indemnities are as of November 2017.



Source: USDA, Risk Management Agency

Grapes APH Participation

New York Grapes APH 2017 Reported Acres (all counties with enrolled acres shown)



Source: USDA, Risk Management Agency

Whole Farm Revenue Protection (WFRP)

WFRP allows **diversified farmers** to insure their whole operation with just one policy

More diversified farms benefit from **higher premium subsidies** and **lower premium rates**

Schedule F tax records for farm activities over past 5 years are required

WFRP policies cover *all* crops or livestock produced by a farm

Record keeping requirements may be a challenge for “highly diversified” farms

Crops or livestock not on specified in RMA’s WFRP commodity list can typically be covered as “other”

So far, NY usage is low: 15 total policies sold in 2017



Whole Farm Revenue Protection (WFRP)

Things to be aware of...

- \$8.5 million insured revenue is maximum that can be covered.
- WFRP is available in all New York counties
- Important Dates:
 - Sales Closing Date: March 15 (calendar and early fiscal filer), November 20 (late fiscal filer)
 - Acreage Reporting: July 15th
 - Billing Date: August 15th
- The insurable period coincides with the duration of the producer's tax year.
- CAT coverage is NOT available.
- This policy provides replant coverage under some conditions



Whole Farm Revenue Protection (WFRP) – Berry Producer

- Suppose you are a Albany Co. berry and pumpkin producer with the following expected revenue:

Crop	Acres	Yield	Price	Revenue
Blueberries	2	1,950 lb/acre	\$5/lb	\$19,500
Strawberries	2	3,500 lb/acre	\$4/lb	\$28,000
Raspberries	2	2,500 lb/acre	\$7/lb	\$35,000
Pumpkins	4	12,000 lb/acre	\$0.35/lb	\$16,800
			Total:	\$99,300

- You decide to protect your operation's total revenue with a Whole Farm Revenue Protection policy. This will offer some protection from losses due to low yields, low prices or a combination of the two.

(Prices and yields are rough estimates based on values found in the literature)

Whole Farm Revenue Protection (WFRP) Policy Calculation

- You purchase a WFRP policy for your operation

Crop	Acres	Yield	Price	Revenue
Blueberries	2	1,950 lb/acre	\$5/lb	\$19,500
Strawberries	2	3,500 lb/acre	\$4/lb	\$28,000
Raspberries	2	2,500 lb/acre	\$7/lb	\$35,000
Pumpkins	4	12,000 lb/acre	\$0.35/lb	\$16,800
			Total:	\$99,300

- You have four commodities, which makes you eligible for “diversified” benefits. You decide to guarantee 85% of your operations revenue. The premium you pay is **\$4,308** for a WFRP policy that guarantees revenue of **\$84,405** (\$99,300 X 85% coverage level)

Estimated premium used for educational purposes only. Only insurance agents can quote actual rates.

Whole Farm Revenue Protection (WFRP): Yield Loss – No Payout

- Pests cause a yield loss of 75% for your pumpkin crop:

Crop	Acres	Yield	Price	Revenue
Blueberries	2	1,950 lb/acre	\$5/lb	\$19,500
Strawberries	2	3,500 lb/acre	\$4/lb	\$28,000
Raspberries	2	2,500 lb/acre	\$7/lb	\$35,000
Pumpkins	4	3,000 lb/acre [12,000 X (1 – 75%)]	\$0.35/lb	\$4,200
			Total:	\$86,700

- Your revenue of **\$86,700** is still above your guaranteed revenue of **\$84,405**. Though your pumpkins had a large yield loss, the whole farm revenue loss was not large enough to trigger an indemnity.

Whole Farm Revenue Protection (WFRP): Yield Loss – Payout

- Poor weather causes a yield loss of 25% for all crops:

Crop	Acres	Yield	Price	Revenue
Blueberries	2	1,462 lb/acre	\$5/lb	\$14,625
Strawberries	2	2,625 lb/acre	\$4/lb	\$21,000
Raspberries	2	1,875 lb/acre	\$7/lb	\$26,250
Pumpkins	4	9,000 lb/acre	\$0.35/lb	\$12,600
			Total:	\$74,475

- Your revenue of **\$74,475** is below your guaranteed revenue of **\$84,405**. You receive an indemnity of **\$9,930** (\$84,405 guaranteed revenue - \$74,475 actual revenue.) Your payout is equal to **\$5,622** (\$9,930 indemnity - \$4,308 producer premium)

Crop insurance record keeping

Keeping records of inputs, yields, revenue (including sales receipts and weight tickets) and losses is a good general management practice that many crop insurance products require

For Whole Farm Revenue Protection, having historical tax records (Schedule F) for farming activities is essential



Benefits for Beginning Farmers

In some cases can **use records from other operations** you managed

Extra 10% **premium subsidy**

May use **3 years of tax records (plus “gap year”)** instead of 5 for WFRP

“Beginning farmer” = ≤ 5 years of “insurable interest” in a farming operation



Photo: USDA

In conclusion: other things to know

Farms without a “production history” generally have to rely on county yields (RMA t-yields, not FSA county yields) to set crop insurance guarantee

“Quality loss” indemnities are possible for many commodities grown in NY: for example damage to apples insured under the fresh fruit option prevents selling in for fresh markets

NY had record drought-related indemnities (over \$28 million) in 2016. Other than 2016 and 2012, cold weather and excess moisture were the major causes of loss.

Lenders like crop insurance!

Not all single crop insurance products are available in every county for every crop. A “written agreement” is an option in this case: (<https://www.rma.usda.gov/pubs/rme/requestinginsurance.pdf>)

Interested farms can contact a crop insurance agent (<https://www.rma.usda.gov/tools/agent.html>)

Having a good relationship with your agent is critical. There are many deadlines and specific procedures to be followed when making a claim!

Cornell Crop Insurance & Risk Management Education Project Resources Website: agriskmanagement.cornell.edu

Currently available

- Newly updated website including
 - Articles
 - Fact sheets
 - Presentations
 - Videos
 - Farmer testimonials

Coming soon

- Risk management podcast series
- More NY case studies
- More fact sheets
- Whole Farm Revenue Protection examples

Cornell University delivers crop insurance education in New York State in partnership with the USDA Risk Management Agency.

Diversity and Inclusion are a part of Cornell University's heritage. We are an employer and educator recognized for valuing AA/EEO, Protected Veterans, and Individuals with Disabilities.



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