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Crop Insurance for Vegetable Growers and Diversified Farms

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 either **yield** or **revenue** 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

Prevented Planting

What happens if I can't get my crop in? Or need to replant it?

Most policies include special provisions related to **prevented planting** and **replant**

(Exceptions: group risk policies like (GRP, GRIP, and ARPI) and catastrophic-level ("CAT") policies)

The **prevented planting guarantee payment** for most crops is typically 60% of the production guarantee purchased for "timely planted acreage"

In some cases higher prevented planting protection levels can be purchased

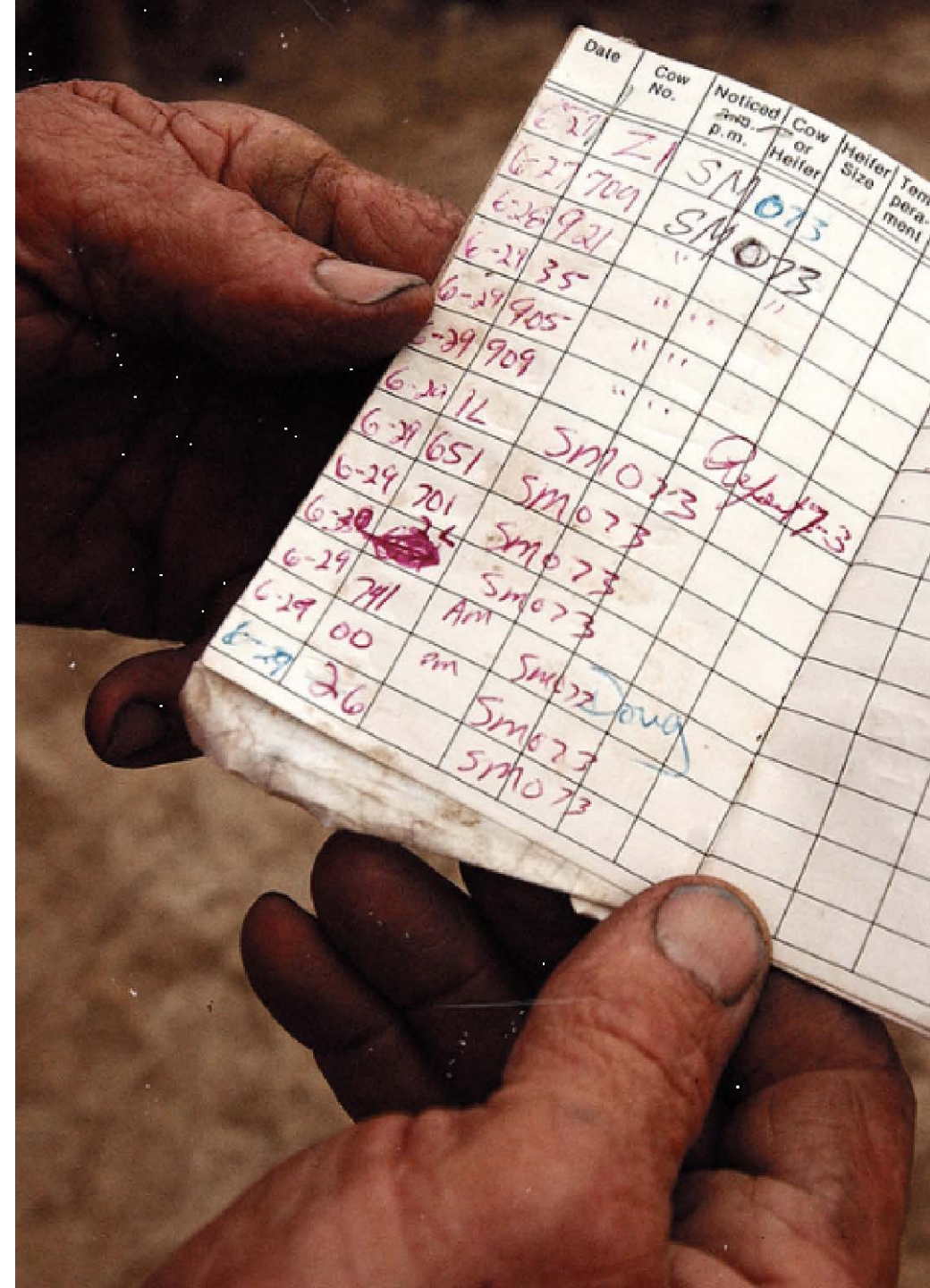
The **replant payment** is typically equal to the lesser of either (1) your actual costs of replanting or (2) a formula provided in your crop insurance policy

For example: for corn, the per-acre replant payment equals the projected price/bushel x 8 bushels

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



Actual Production History (APH) Insurance

What is covered?

- Offers protection for many vegetables produced in New York
- 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 Cabbage

Things to be aware of...

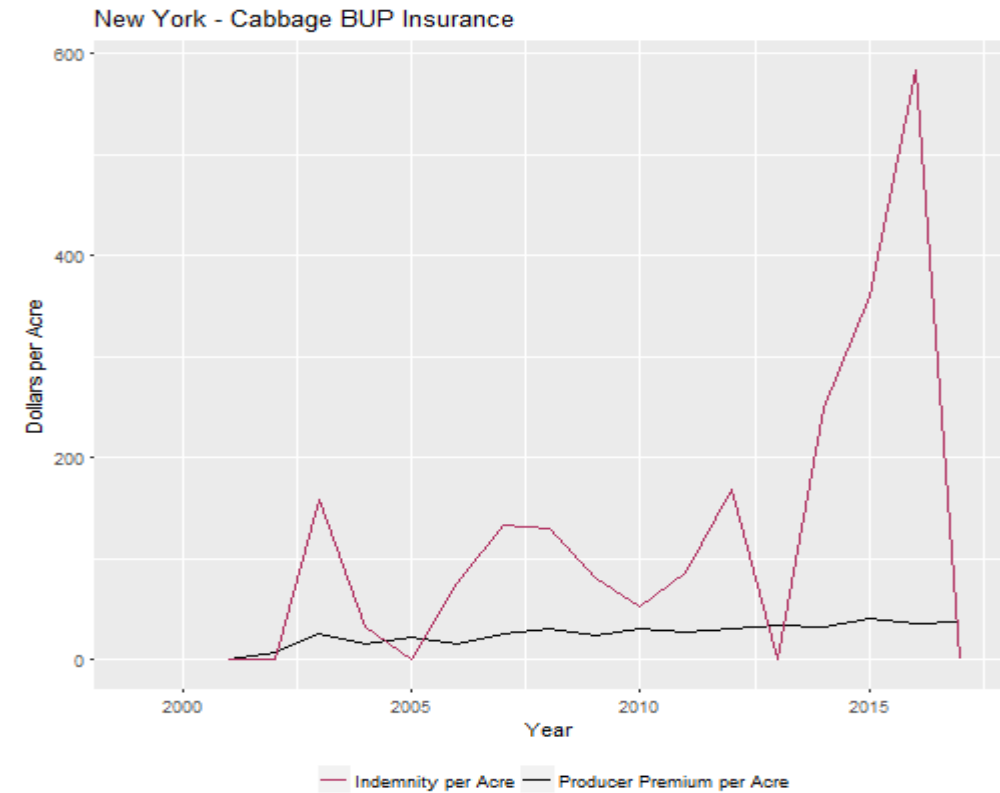
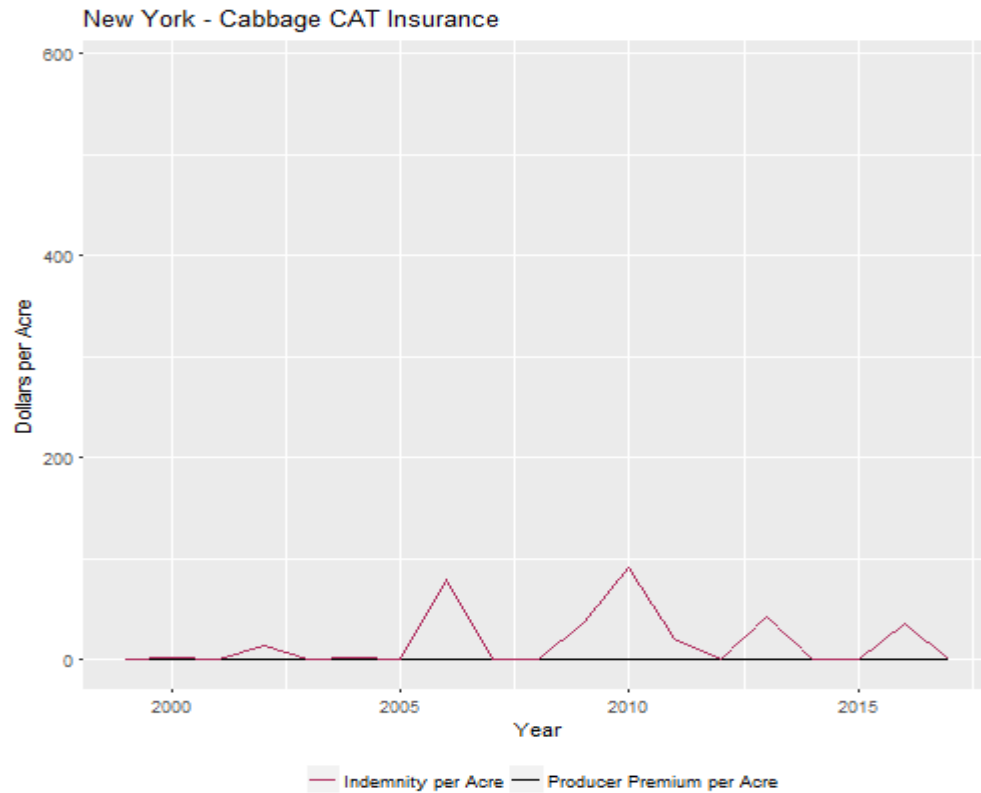
- APH Insurance for cabbage is offered in the following counties:
 - Genesee
 - Monroe
 - Niagara
 - Ontario
 - Orleans
- Important Dates:
 - Sales Closing Date: March 15th
 - Earliest Planting: April 1st
 - Final Planting: July 20th
 - Acreage Reporting: August 15th
 - Billing: September 15th
 - End of insurance period: November 25th
- Green or red cabbage, marketed as fresh or for processing, may be covered.
- Savoy, Chinese cabbage and oriental greens are not covered.
- Cabbage must be planted in rows wide enough to permit mechanical cultivation.
- Cabbage planted on land where Clubroot was detected within the previous 10 years, or Blackleg or Black Rot was present in any of the previous 4 years is not eligible.



Cabbage APH Historic Experience

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

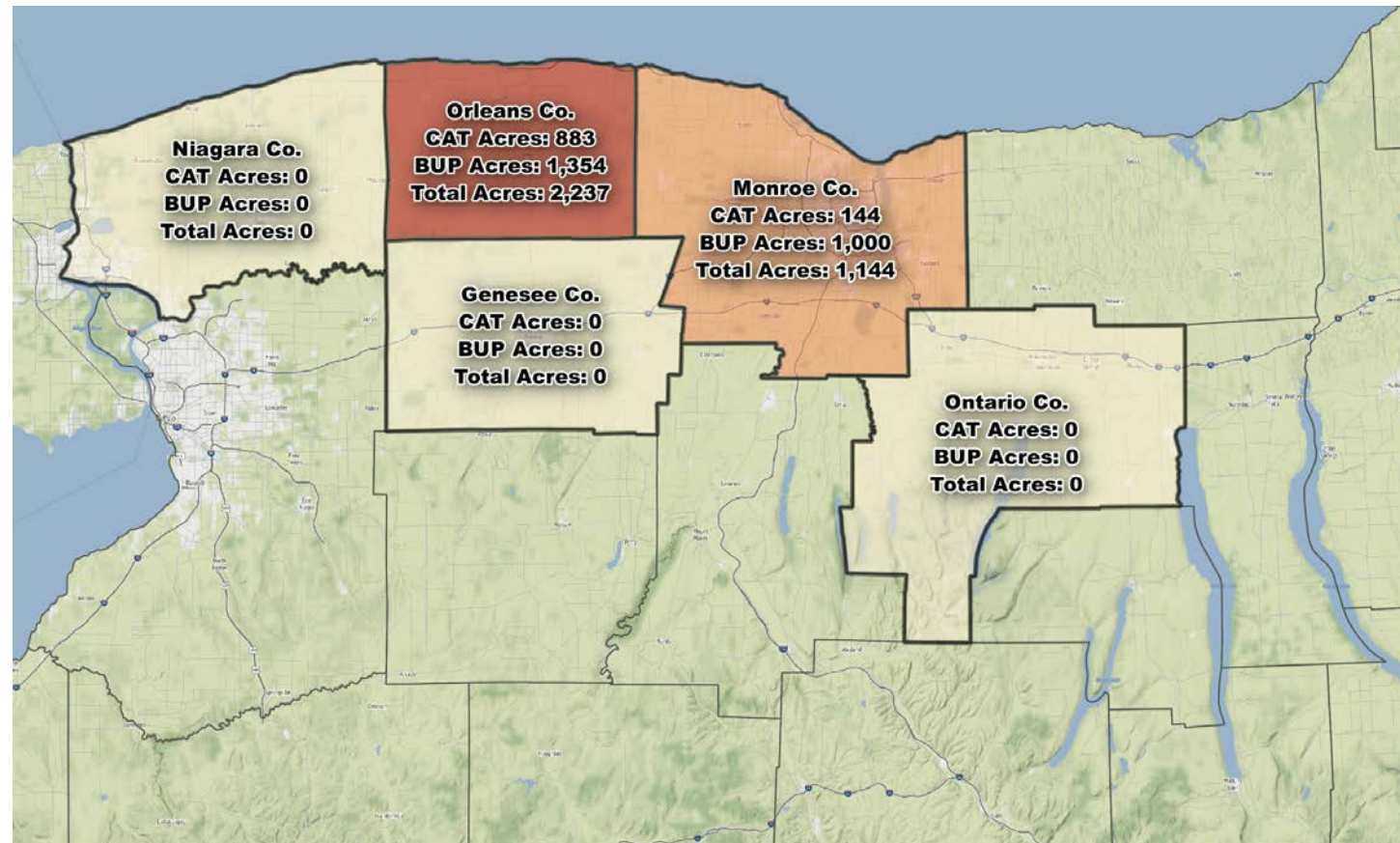
Please Note: Plots begin at first year with enrollments, CAT coverage has no premium other than administrative fee, 2017 indemnities are as of November 2017.



Source: USDA, Risk Management Agency

Cabbage APH Participation

New York Cabbage APH 2017 Reported Acres (all counties where available shown)



Source: USDA, Risk Management Agency

APH Cabbage Insurance - Example

A Niagara Co. producer with a fresh green cabbage APH yield of 400 cwt/acre is insuring at the 65% coverage level.

The premium for this producer would be approximately \$79/acre*

The yield guarantee would be 260 cwt/acre (65% X 400 cwt/acre)

What would happen if this producer experienced an exceptionally poor season with a yield of only 240 cwt/acre?

260 cwt/acre yield guarantee – 240 cwt/acre actual yield = 20 cwt/acre loss per acre

20 cwt/acre loss per acre X \$15.80/cwt price election = \$316/acre indemnity

Total Payout: \$316/acre indemnity - \$79/acre premium = \$237/acre payout

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

Crop Insurance for Dry Beans

Things to be aware of...

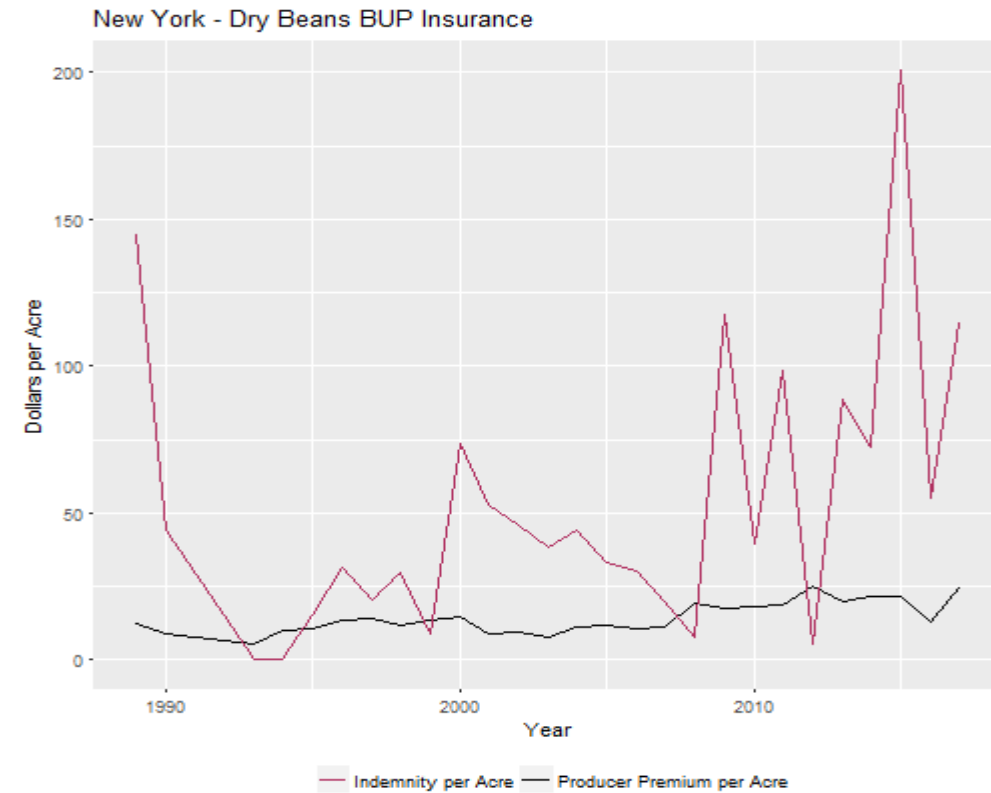
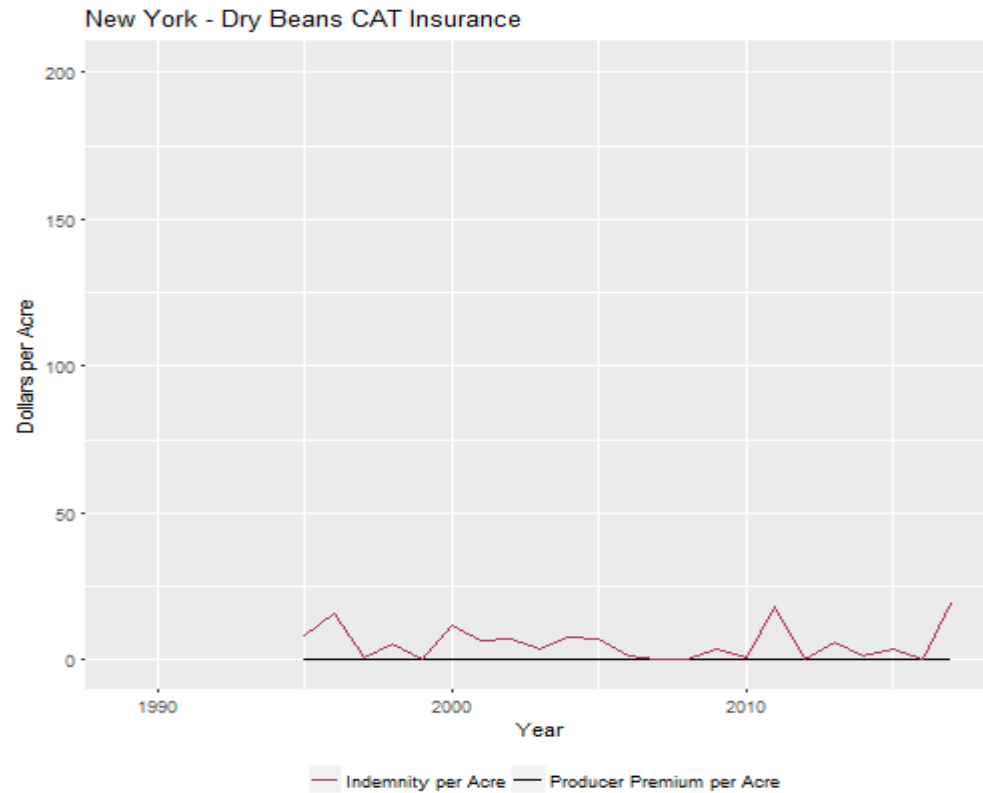
- APH Insurance for dry beans is offered in the following counties:
 - Cayuga
 - Genesee
 - Jefferson
 - Livingston
 - Monroe
 - Ontario
 - Orleans
 - Schuyler
 - Seneca
 - Tompkins
 - Wayne
 - Wyoming
 - Yates
- Important Dates:
 - Sales Closing Date: March 15th
 - Earliest Planting: May 1st
 - Final Planting: June 30th
 - Acreage Reporting: July 15th
 - Billing: August 15th
 - End of insurance period: October 31st
- Planted for harvest as dry beans, or contract seed beans if the seed bean processor contract is executed by July 15 of the crop year.
- Beans cannot be interplanted with another crop or into an established grass or legume.



Dry Beans APH Historic Experience

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

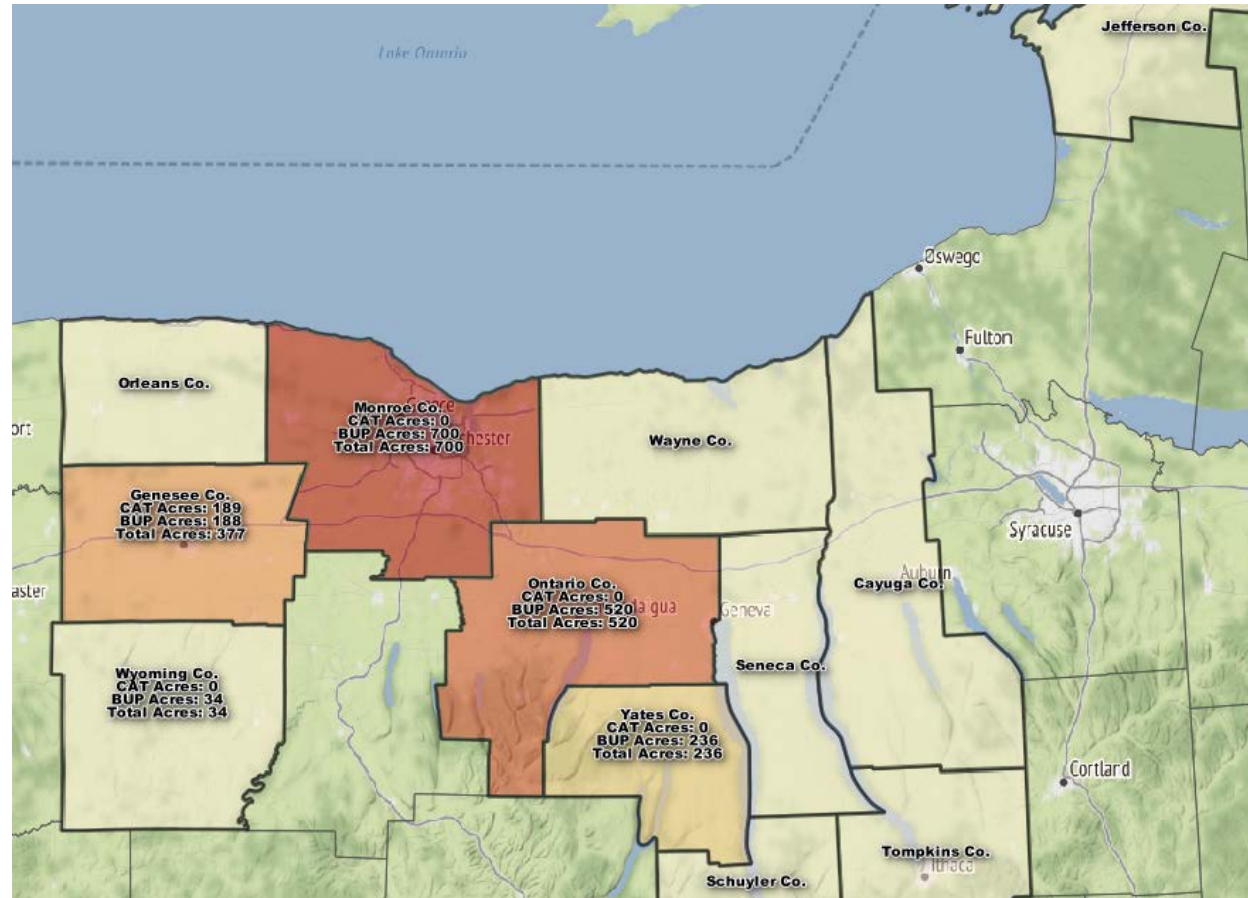
Please Note: Plots begin at first year with enrollments, CAT coverage has no premium other than administrative fee, 2017 indemnities are as of November 2017.



Source: USDA, Risk Management Agency

Dry Beans Crop Insurance Participation

New York Dry Beans 2017 Reported Acres (all counties where available shown)



Source: USDA, Risk Management Agency

Crop Insurance for Processing Snap Beans

Things to be aware of...

- APH Insurance for processing beans is offered in the following counties*:
 - Allegany
 - Cattaraugus
 - Cayuga
 - Erie
 - Genesee
 - Livingston
 - Madison
 - Monroe
 - Niagara
 - Oneida
 - Onondaga
 - Ontario
 - Orleans
 - Oswego
 - Schuyler
 - Seneca
 - Steuben
 - Tompkins
 - Wayne
 - Wyoming
 - Yates
- Important Dates:
 - Sales Closing Date: March 15th
 - Earliest Planting: May 1st
 - Final Planting: July 25th
 - Acreage Reporting: August 15th
 - Billing: September 15th
 - End of insurance period: September 30th
- Must be grown under, and in accordance with, a processor contract.
- They are not excluded from the contract at any time during the year.

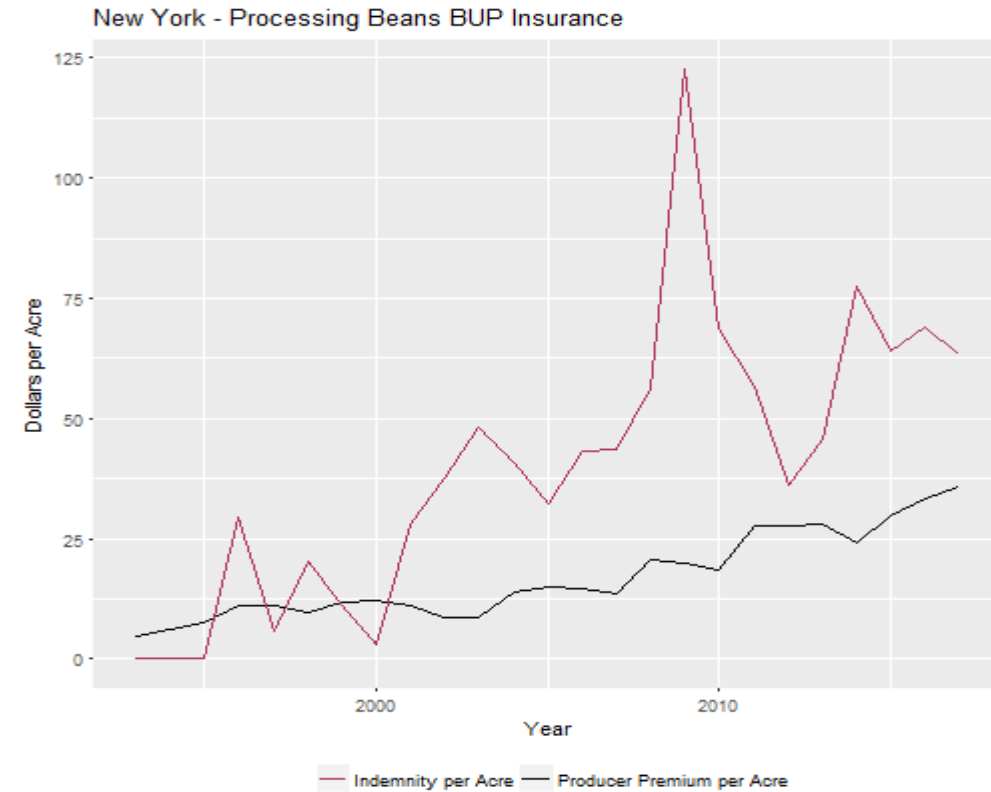
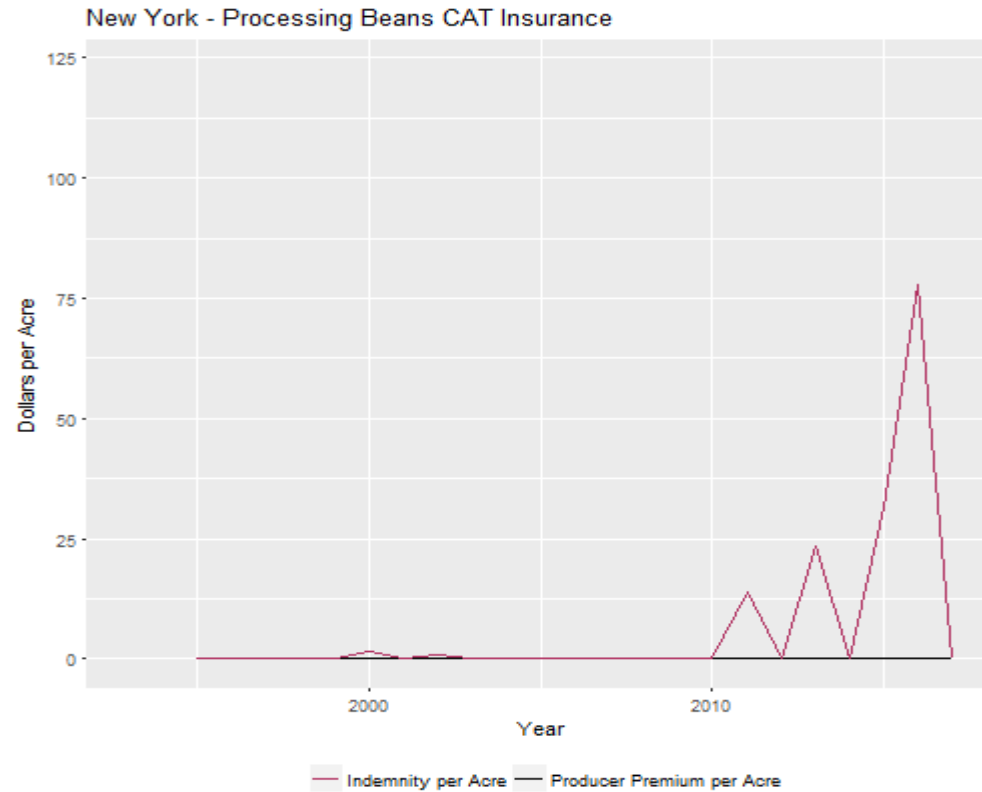
*Some counties have actuarial maps with separate areas identified



Processing Snap Beans APH Historic Experience

New York Processing Snap Beans Crop Insurance Trends (CAT and BUYUP) per Acre Enrolled

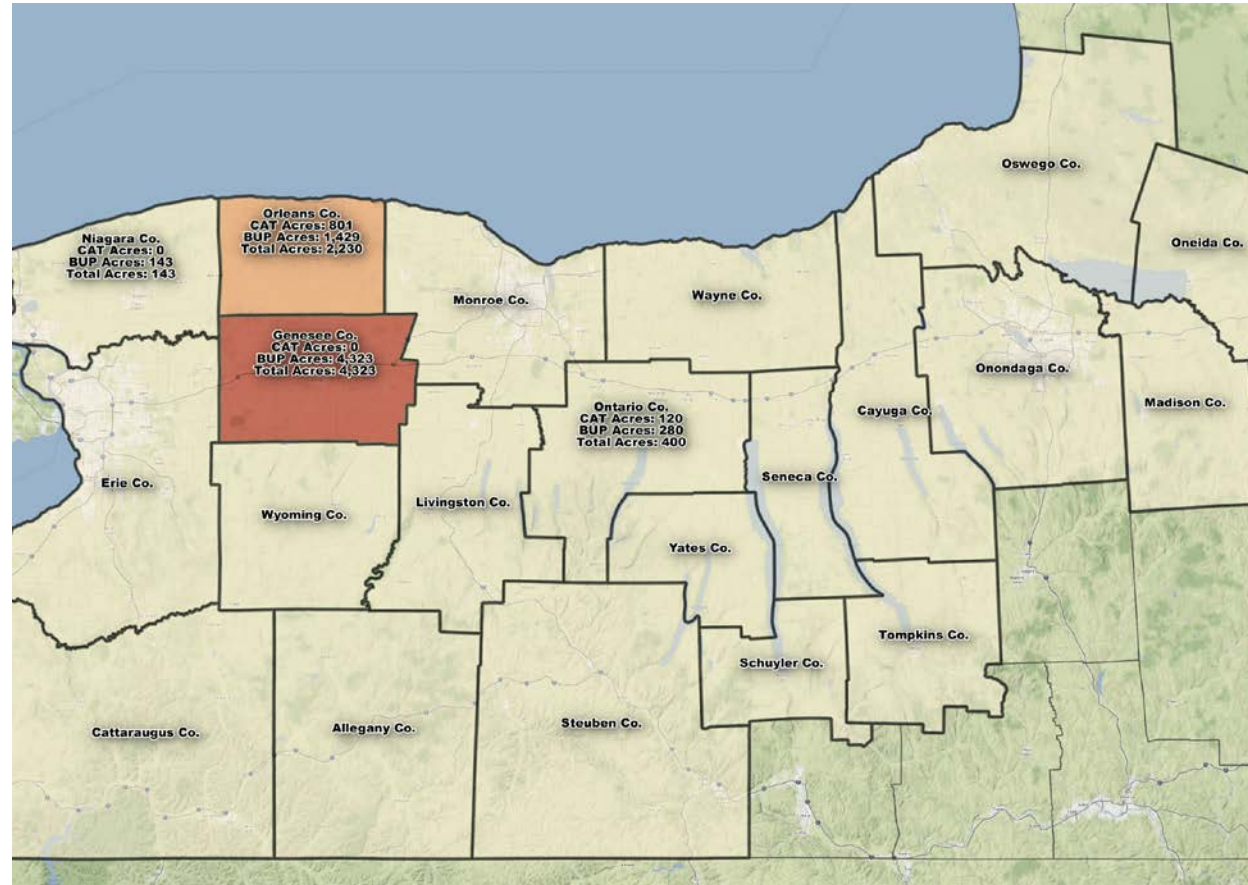
Please Note: Plots begin at first year with enrollments, CAT coverage has no premium other than administrative fee and 2017 indemnities are as of November 2017.



Source: USDA, Risk Management Agency

Processing Snap Beans Crop Insurance Participation

New York Processing Snap Beans 2017 Reported Acres (all counties where available shown)



Source: USDA, Risk Management Agency

Crop Insurance for Green Peas

Things to be aware of...

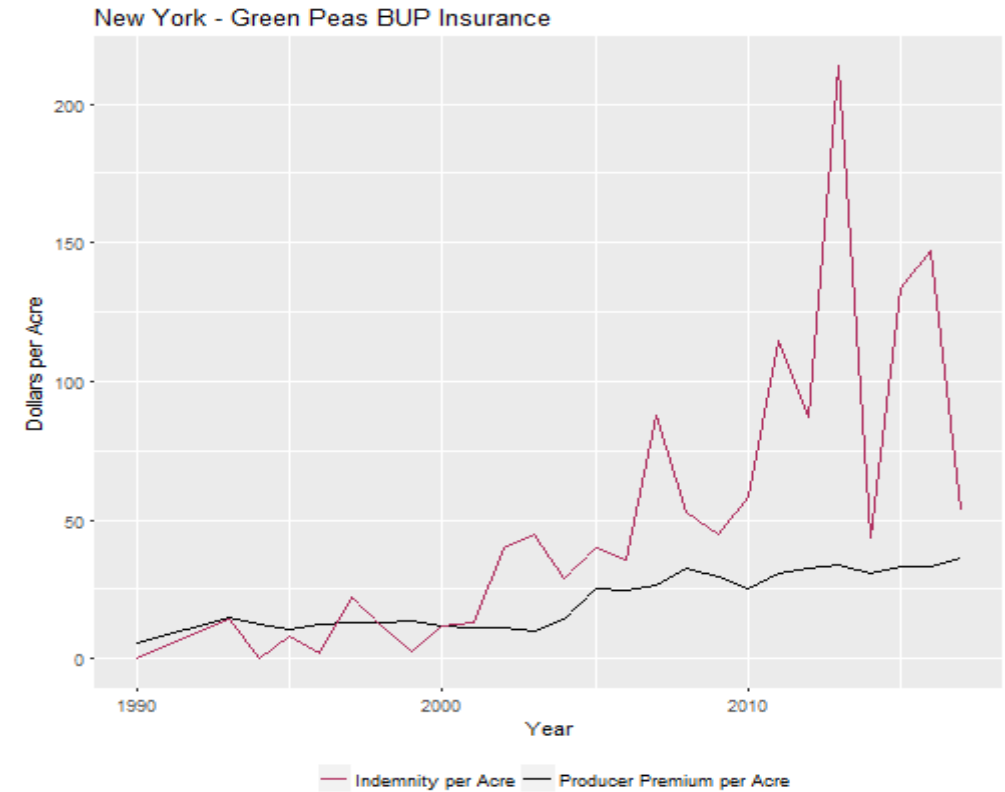
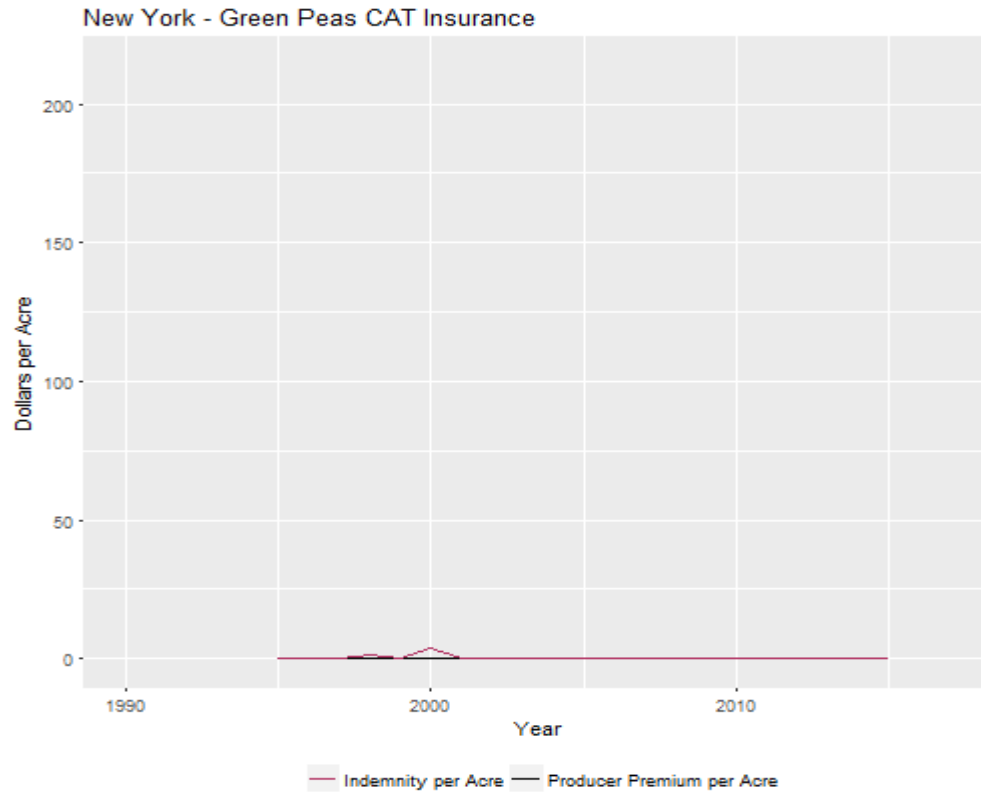
- APH Insurance for green peas is offered in the following counties:
 - Allegany
 - Cayuga
 - Erie
 - Genesee
 - Livingston
 - Monroe
 - Niagara
 - Onondaga
 - Ontario
 - Orleans
 - Schuyler
 - Seneca
 - Steuben
 - Tompkins
 - Wayne
 - Wyoming
 - Yates
- Important Dates:
 - Sales Closing Date: March 15th
 - Final Planting: May 20th
 - Acreage Reporting: July 15th
 - Billing: August 15th
 - End of insurance period: September 15th
- Must be grown under, and in accordance with, a processor contract.
- Cannot be interplanted with another crop or into an established grass or legume.
- Cannot be planted as a nurse crop.



Processing Green Peas APH Historic Experience

New York Processing Green Peas Crop Insurance Trends (CAT and BUYUP) per Acre Enrolled

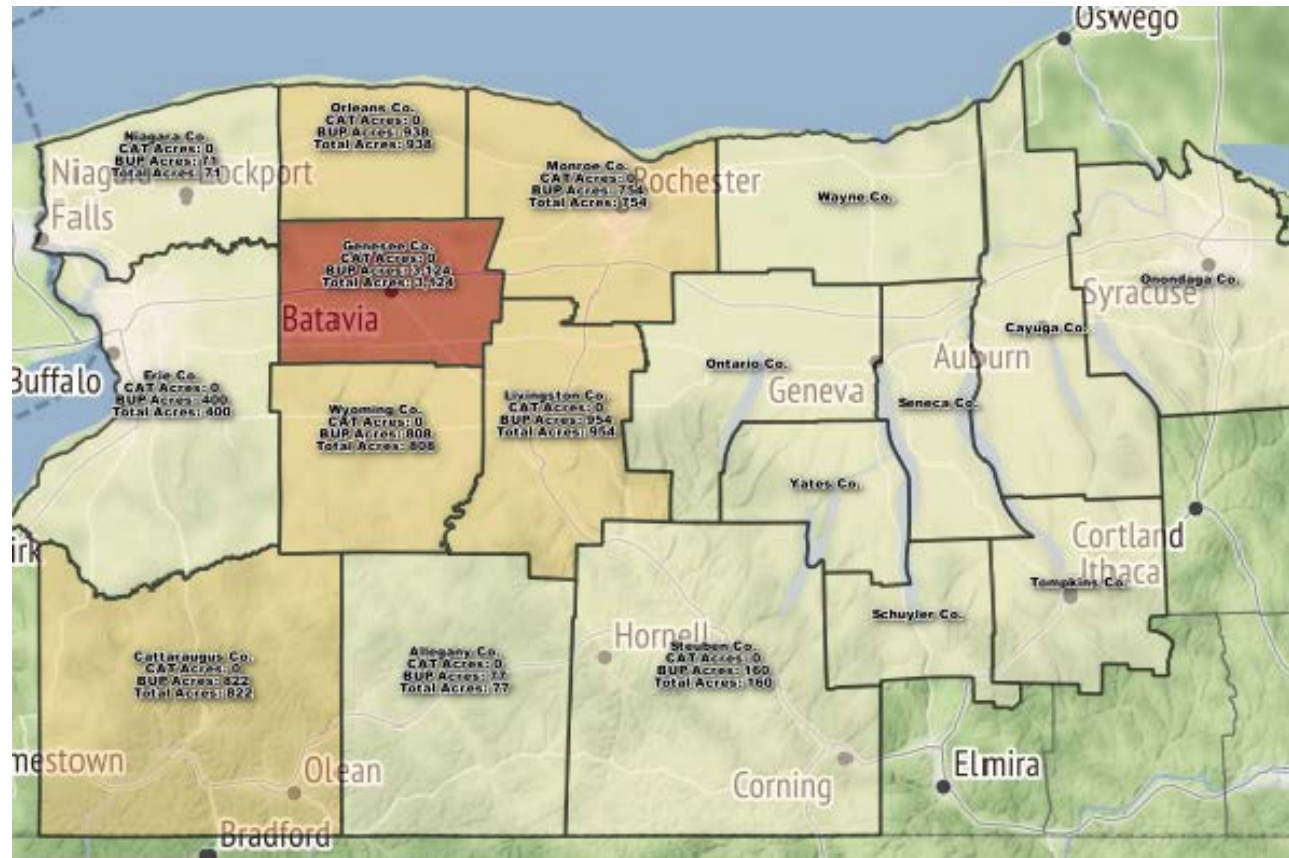
Please Note: Plots begin at first year with enrollments, CAT coverage has no premium other than administrative fee and 2017 indemnities are as of November 2017.



Source: USDA, Risk Management Agency

Green Peas Crop Insurance Participation

New York Green Peas 2017 Reported Acres (all counties where available shown)



Source: USDA, Risk Management Agency

Crop Insurance for Potatoes

Things to be aware of...

- APH Insurance for potatoes is offered in the following counties:
 - Cayuga
 - Erie
 - Franklin
 - Genesee
 - Livingston
 - Madison
 - Monroe
 - Oneida
 - Ontario
 - Orleans
 - Steuben
 - Suffolk
 - Wayne
 - Wyoming
 - Yates
- Cannot be interplanted with another crop or into and established grass or legume.
- *Dickeya dianthicola* infections are **not** covered!
 - Follow closely the best management practices recommended by Dr. McGrath at Cornell
- Additional endorsements available for an added premium:
 - Storage Coverage Endorsement
 - Quality Endorsement
 - Processing Quality Endorsement
 - Certified Seed Endorsement

Important Dates:

Sales Closing Date: March 15th

Final Planting: July 10th

Acreage Reporting: July 15th

Billing: August 15th

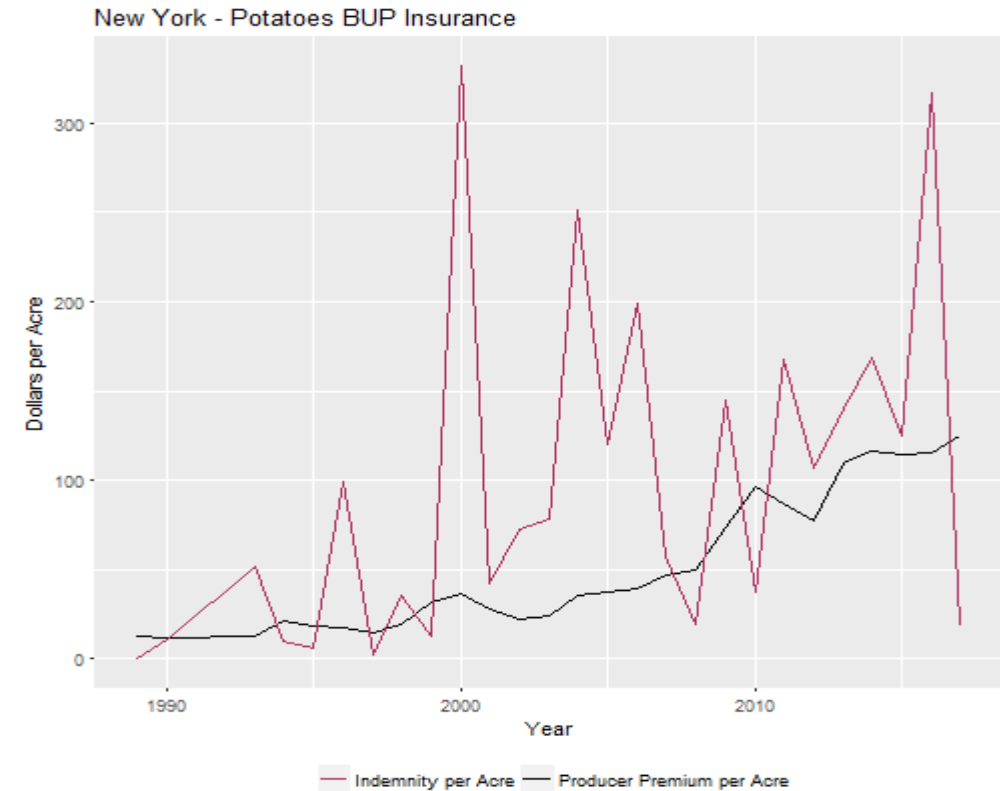
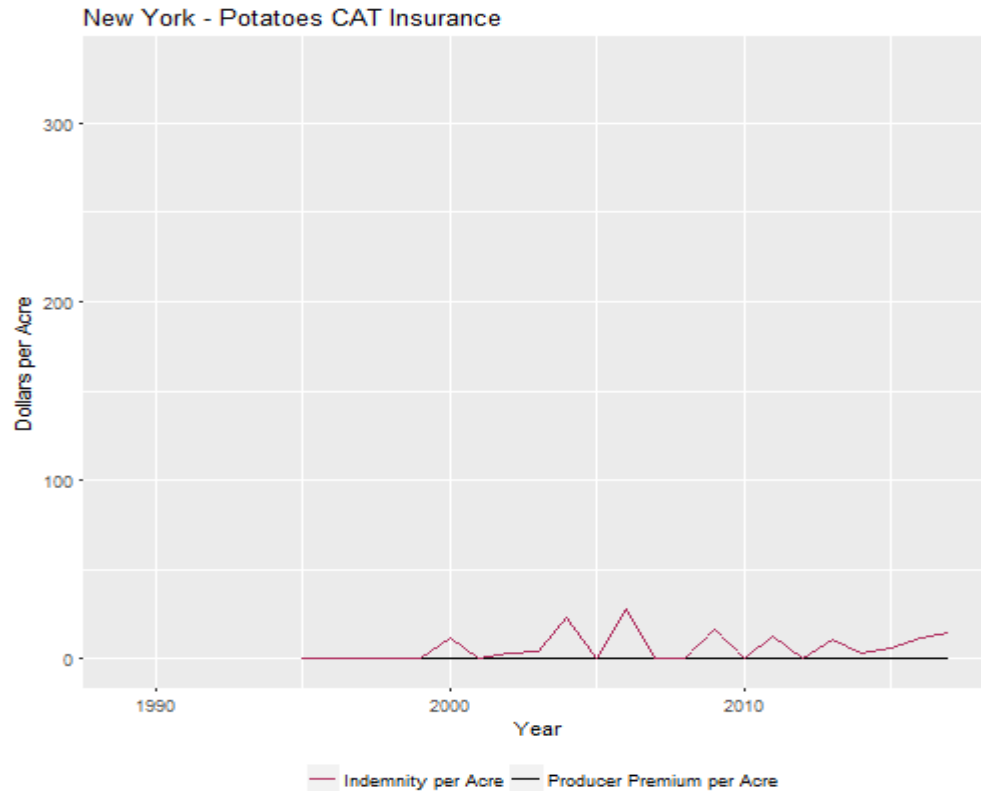
End of insurance period: October 31st



Potatoes APH Historic Experience

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

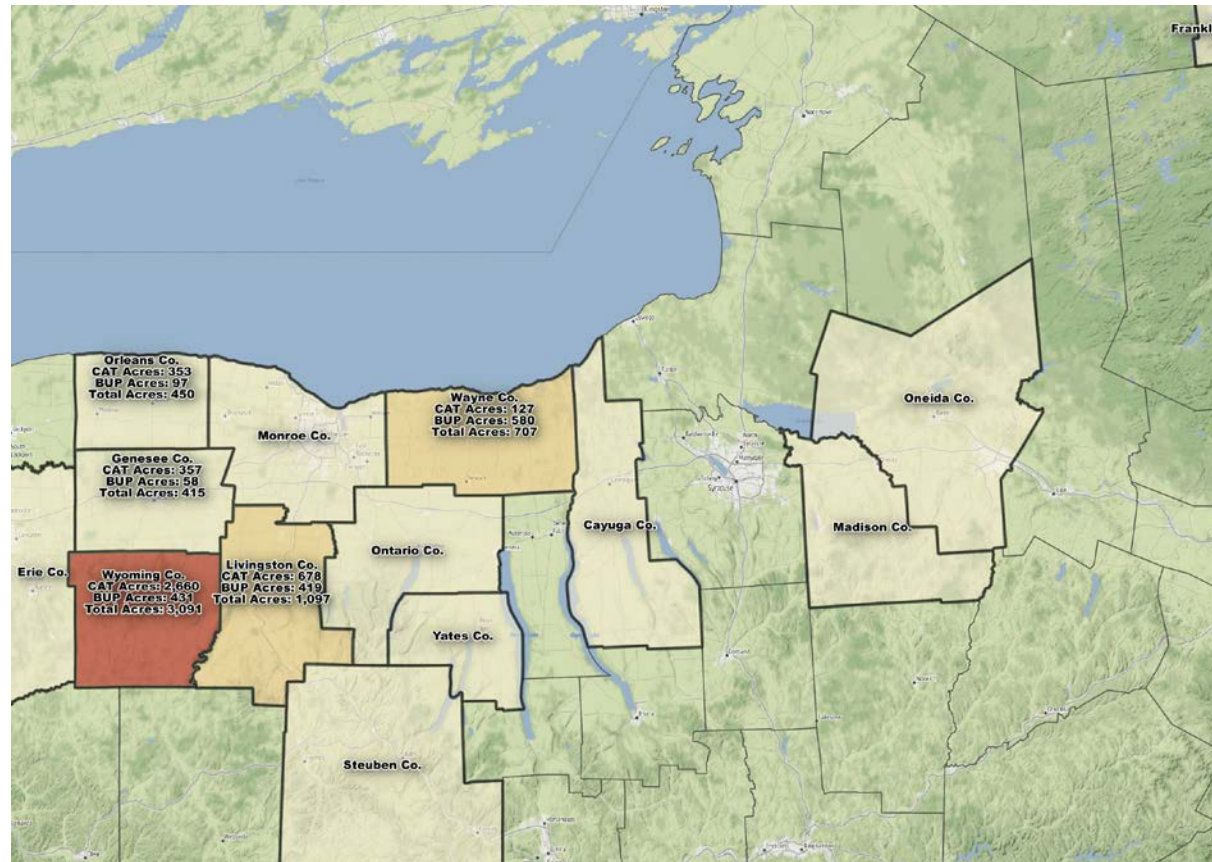
Please Note: CAT coverage has no premium other than administrative fee and 2017 figures are as of November 2017.



Source: USDA, Risk Management Agency

Potatoes Crop Insurance Participation

New York Potatoes 2017 Reported Acres (all counties where available shown, excluding Suffolk)



Source: USDA, Risk Management Agency

Crop Insurance for Onions

Things to be aware of...

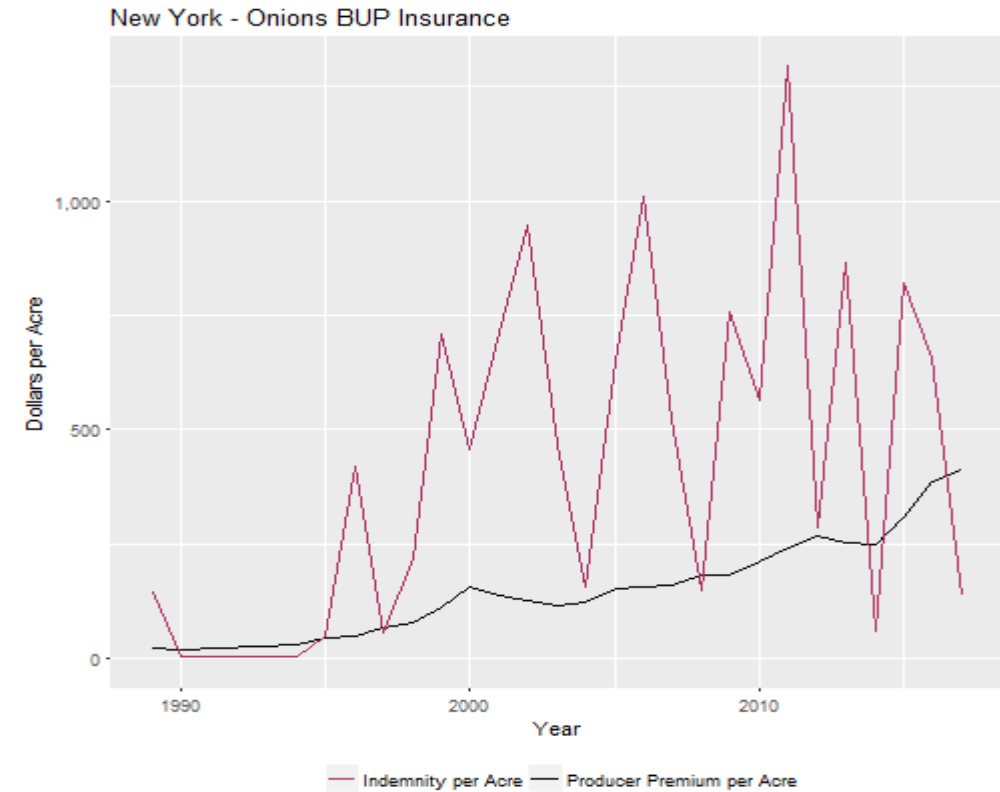
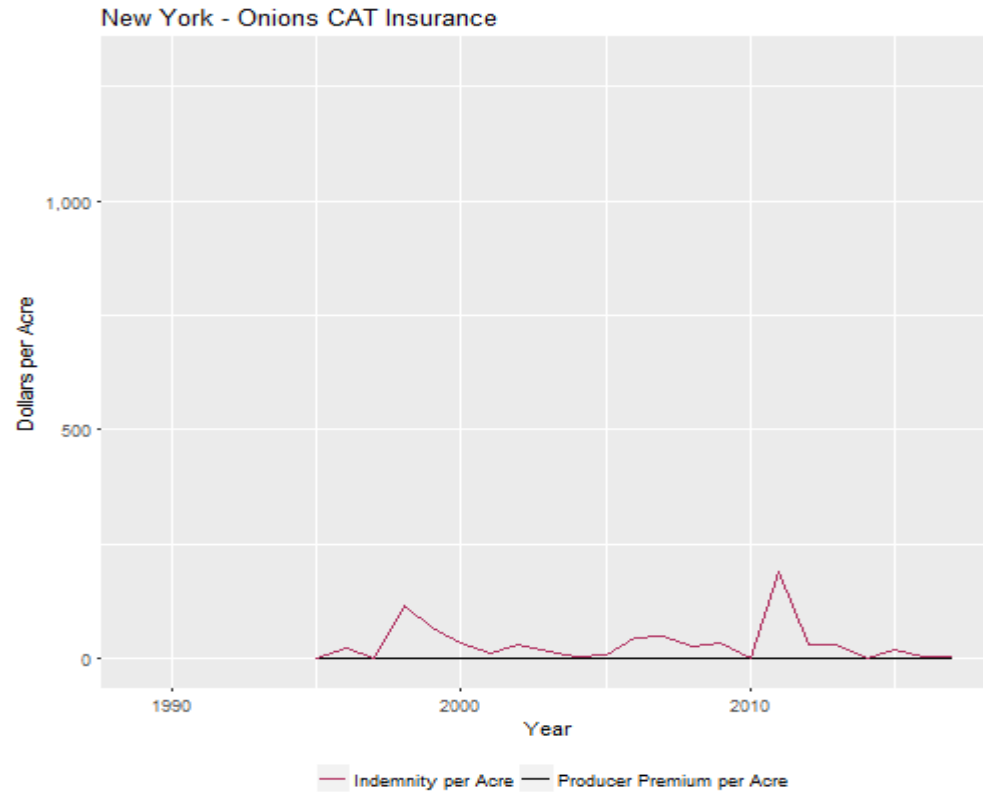
- APH Insurance for Onions is offered in the following counties:
 - Cayuga
 - Genesee
 - Madison
 - Oneida
 - Ontario
 - Orange
 - Orleans
 - Oswego
 - Seneca
 - Steuben
 - Wayne
 - Yates
- Important Dates:
 - Sales Closing Date: February 1st
 - Final Planting: May 10th
 - Acreage Reporting: May 15th
 - Billing: August 15th
 - End of insurance period: October 15th
- Onions must be intended for fresh market sale, not processing.
- Onions cannot be planted into an established grass or legume.
- Onions are NOT insurable if they are:
 - Green (bunch) onions, seed onions, chives, garlic, leeks, shallots, scallions, cipollini, pearl or any variety of small-diameter specialty onions
 - Interplanted with a windbreak and the windbreak is destroyed within 70 days of seeding or transplanting.



Onions APH Historic Experience

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

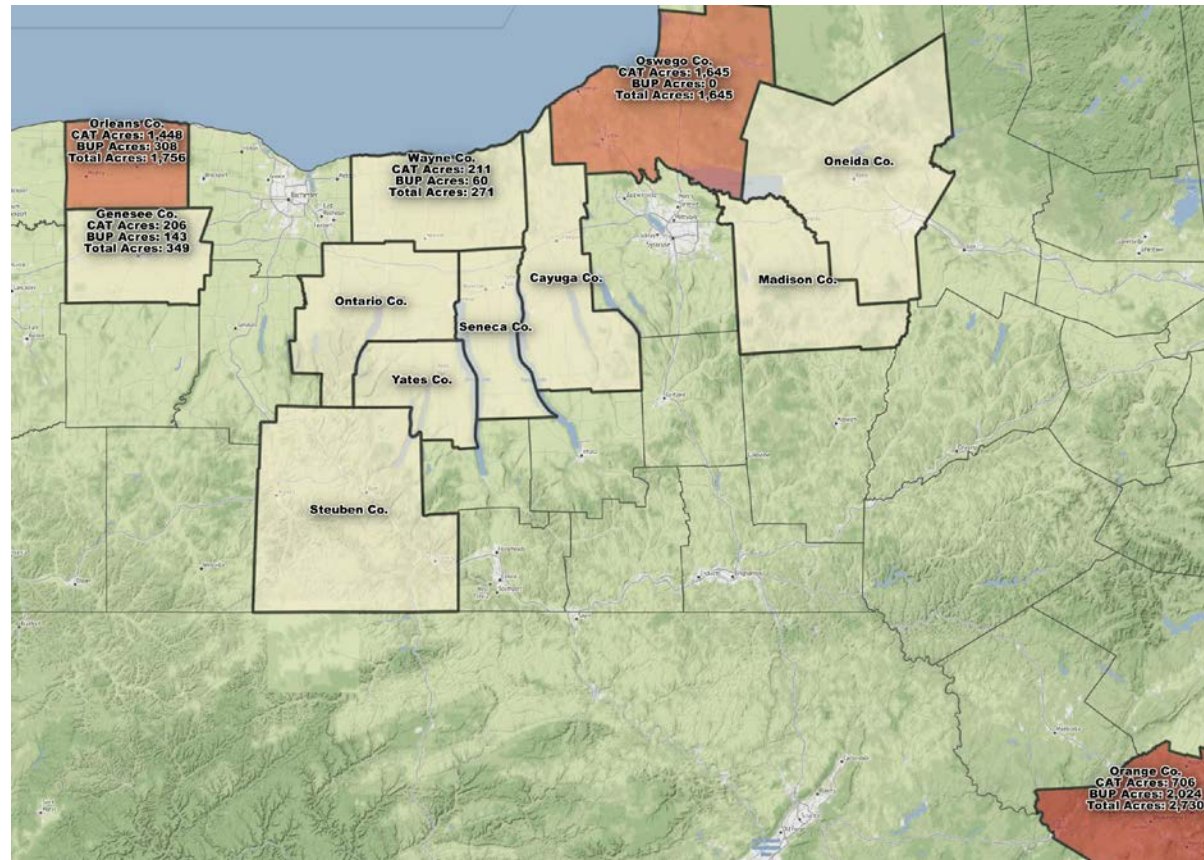
Please Note: CAT coverage has no premium other than administrative fee and 2017 figures are as of November 2017.



Source: USDA, Risk Management Agency

Onions Crop Insurance Participation

New York Onions 2017 Reported Acres (all counties where available 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...

- WFRP is available in all New York counties
- Important Dates:
 - Sales Closing Date: March 15th
 - 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): Diversified Producer Case

- Suppose you have the following expected revenue:

Crop	Acres	Yield	Price	Revenue
Snap Beans	20	3.6 tons/acre	\$300/ton	\$21,600
Sweet Corn	30	95 cwt/acre	\$20.75/cwt	\$59,137.50
Dry Beans	20	15 cwt/acre	\$37.00/cwt	\$11,100
Barley	30	45 bu/acre	\$4.25/bu	\$5,737.50
Cabbage	20	380 cwt/acre	\$17.50/cwt	\$133,000
			Total:	\$230,575

- You qualify as a diversified operation and are able to purchase a WFRP policy with a revenue guarantee* of \$230,575 at the 85% level.
 - In some cases the guarantee may not be equivalent to your expected revenue
- With this policy you have an insured revenue of \$195,989
 - (85% of \$230,575)

Whole Farm Revenue Protection (WFRP)

Example – One crop experiences a losses and no payout triggered

- An aphids infestation leads to a sweet corn yield loss of 50%, all other crops experience average yields and prices.

Crop	Acres	Yield	Price	Revenue
Snap Beans	20	3.6 tons/acre	\$300/ton	\$21,600
Sweet Corn	30	47.5 cwt/acre [95 X (1-50%)]	\$20.75/cwt	\$29,568.75
Dry Beans	20	15 cwt/acre	\$37.00/cwt	\$11,100
Barley	30	45 bu/acre	\$4.25/bu	\$5,737.50
Cabbage	20	380 cwt/acre	\$17.50/cwt	\$133,000
			Total:	\$201,006.25

- Although you incurred significant losses in your sweet corn crop, your revenue is more than \$5,000 above your revenue guarantee (\$195,989). You do not receive an indemnity payment.

Whole Farm Revenue Protection (WFRP)

Loss Example – One crop losses that trigger payout.

- Your operation experiences a case of worms that reduce cabbage yields by 30%, all other crops experience average yields and prices.

Crop	Acres	Yield	Price	Revenue
Snap Beans	20	3.6 tons/acre	\$300/ton	\$21,600
Sweet Corn	30	95 cwt/acre	\$20.75/cwt	\$59,137.50
Dry Beans	20	15 cwt/acre	\$37.00/cwt	\$11,100
Barley	30	45 bu/acre	\$4.25/bu	\$5,737.50
Cabbage	20	260 cwt/acre [380 X (1-30%)]	\$17.50/cwt	\$133,000
			Total:	\$190,675

- You incurred significant losses in your cabbage crop, which caused your operation's revenue to be \$5,314 below your insured revenue value of \$195,989. You will receive an indemnity of \$5,314 for that year.

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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