Central New York Farmer Testimonial

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Rick has farming in his blood. He is a proud owner of the farm he began working on as a young man (teenager) He has two jobs, one as a mechanic and the other as a crop farmer growing oats, corn and soybean as well as a mix of vegetable crops including sweet corn, cabbage and other cole crops, and pumpkins. He farms on the edge of a valley enjoying a few level, well drained acres but the majority of the acreage is rolling hills with some steep slopes underlain with silt loam soils that are vulnerable to erosion.

Rick has been using crop insurance for nearly 10 years. After speaking with a trusted fellow grain farmer who recommended crop insurance, he decided to give it a try. A larger farmer might be able to dilute their losses but in Rick's case he values the insurance for the risk protection it offers since he is farming only a couple hundred acres. He believes as a small farm there is a great benefit from using insurance to protect the cost of crop establishment when the season's weather and pests' impact on the crop cannot be predicted in any year and they can have a huge impact on the final crop yield and quality.

In 2009, after planting his soybeans a hard thunderstorm caused the soil to form a hard crust. Rick was worried that his beans would not successfully germinate. Fortunately, he was able to locate a cultivation tool to break up the crust to allow his beans to emerge. With that experience in mind he bought his first policy the following year when he purchased revenue protection for his soybean and corn grain acres using individual farm numbers.

Rick had bought catastrophic insurance from the Farm Service Agency (FSA) before 2009. Although the price was right at $250 per crop the coverage was minimal and required nearly a complete crop loss before a loss would qualify for an indemnity.

Rick advises that it's tough to learn the policy details from the school of hard knocks. He advises anyone with insurance to stay in contact with their insurance agent and keep them up-to-date with any problems. He reports his yields to both FSA and his insurance company. He laments that when he sold his corn grain harvest one year, he ran the truck loads over a neighboring farm's platform truck scales. Initially crop insurance would not accept his weights because the scales were not certified. He wished that he knew that detail ahead of time to avoid unnecessary aggravation. Eventually the weights were accepted as verification of his yield. He now has the loads run over certified scales. Rick recommends asking questions until you understand all the moving parts of your insurance policy. For example, one of the first decisions is how the land will be sectioned and it's important to understand the costs and benefits of using individual farm numbers vs enterprise units.

Rick explains that he doesn't buy crop insurance expecting a pay back. He would prefer an uneventful crop season with reasonable yields, but he knows as a small farmer he cannot afford the risk of crop loss or underperformance. Rick explains that crop insurance is another tool in his management tool box. He explains that, "a small farmer cannot afford not to have insurance. It's a management tool. It's a tool when things are not good, usually weather related." For grain farmers who forward contract it offers protection if the harvested yield isn't sufficient to meet the amount contracted. The insurance payment would offset the cost of the grain to be purchased to fulfill the contract.

He appreciated the federal subsidy for premiums which makes crop insurance affordable. The value of the subsidy is about 3 times the cost of the premium charged to the grower. He paid a $400 premium for his 2018 policy for insuring 68 acres of corn grain. The portion of the premium covered by the government subsidy was $1200 or 3 times his out of pocket cost.

Rick likes to cover 70% of his yield. At that level premiums are affordable and the crop is protected from wildlife damage in addition to the vagaries of weather. There have been several years when conditions resulted in Rick receiving an indemnity or payment from crop insurance to cover a loss. The payments were critical for keeping finances out of the red. He received a much-needed payment in a drought year when yields were poor. Another year he planted 6 rows of corn around a field before a heavy rain storm rolled in preventing him from finishing the planting in that field.

Rick reports that he sleeps better at night knowing he has crop insurance. This year in 2018 there was a tremendous advantage to buying revenue protection for soybeans. No one could have predicted last winter that a trade war would cause soybean prices to plummet. The base price set for soybean in March of 2018 was $10.19. The harvest price as set at $8.60. Protection this year will be greatly appreciated by anyone who had the foresight to insure. The difference in corn prices was not as dramatic with a base price of $3.96 and a harvest price of $3.68 but at least there is potential for some additional help in a soft market.

For more information:

To find a crop insurance agent, visit the RMA online locator at: http://cli.re/gzPVWy. For more information on crop insurance options in New York, visit: https://agriskmanagement.cornell.edu.

Cornell University delivers crop insurance education in New York State in partnership with the USDA, Risk Management Agency. This material is funded in partnership by USDA, Risk Management Agency, under award number RM18RMETS524C018.