

Risk Management & New Farm Bill Programs

Crop Insurance for Small Grains in New York State

New York State Department of Agriculture and Markets
Risk Management Education Program



Risk Management Agency



"This institution is an equal opportunity provider."

List of Money Programs in the New Farm Bill

- Crop Insurance
- Disaster Programs
- Price Supports

For the Most Risk Protection/ Biggest Bang for Your Buck

➤ **Crop Insurance** (same)

- Offered by USDA RMA, and sold by crop insurance agents
- Available on a crop-by-crop and county by county basis for 27 crops

Corn and corn silage - 52 counties

Soybeans - 38 counties

Feed grade barley – 15 counties

Whole Farm Program – **new**, all counties; replaces AGR & AGR-Lite, diverse farm production, daily sales records, review by ins co after ins is established to reduce coverage value)

➤ **NAP – 65** (new)

- Offered by FAS for all crops for which there is no crop insurance
- Losses paid on 100 % of “established” value of crop and % you choose to cover, from 50%, with additional coverage up to 65% available.
- Yield protection, not quality
- Prevented planting

Grains with Crop Insurance

Barley (feed-grade)



Corn

Oats

Sorghum

Wheat - winter

Grains without Crop Insurance

Buckwheat



Millet

Triticale

Malting Barley

Thinking about risk and risk management

Crop insurance payments can be used for anything:

- Loan payments
- Any cost of production

Have you spent money due to crop losses?

Crop insurance payments can be used for anything:

- Replacement feed

NYS Farmers now insuring at higher levels, including using more revenue crop insurance, less CAT

➤ **2009 CORN/Corn Silage**

➤ **515,238 acres**

➤ **Total 2,075 policies**

➤ **125,719,357 Liabilities**

➤ **2014 CORN/Corn Silage**

➤ **631,668 acres**

➤ **Total 2,259 policies**

➤ **237,313,000 liabilities**

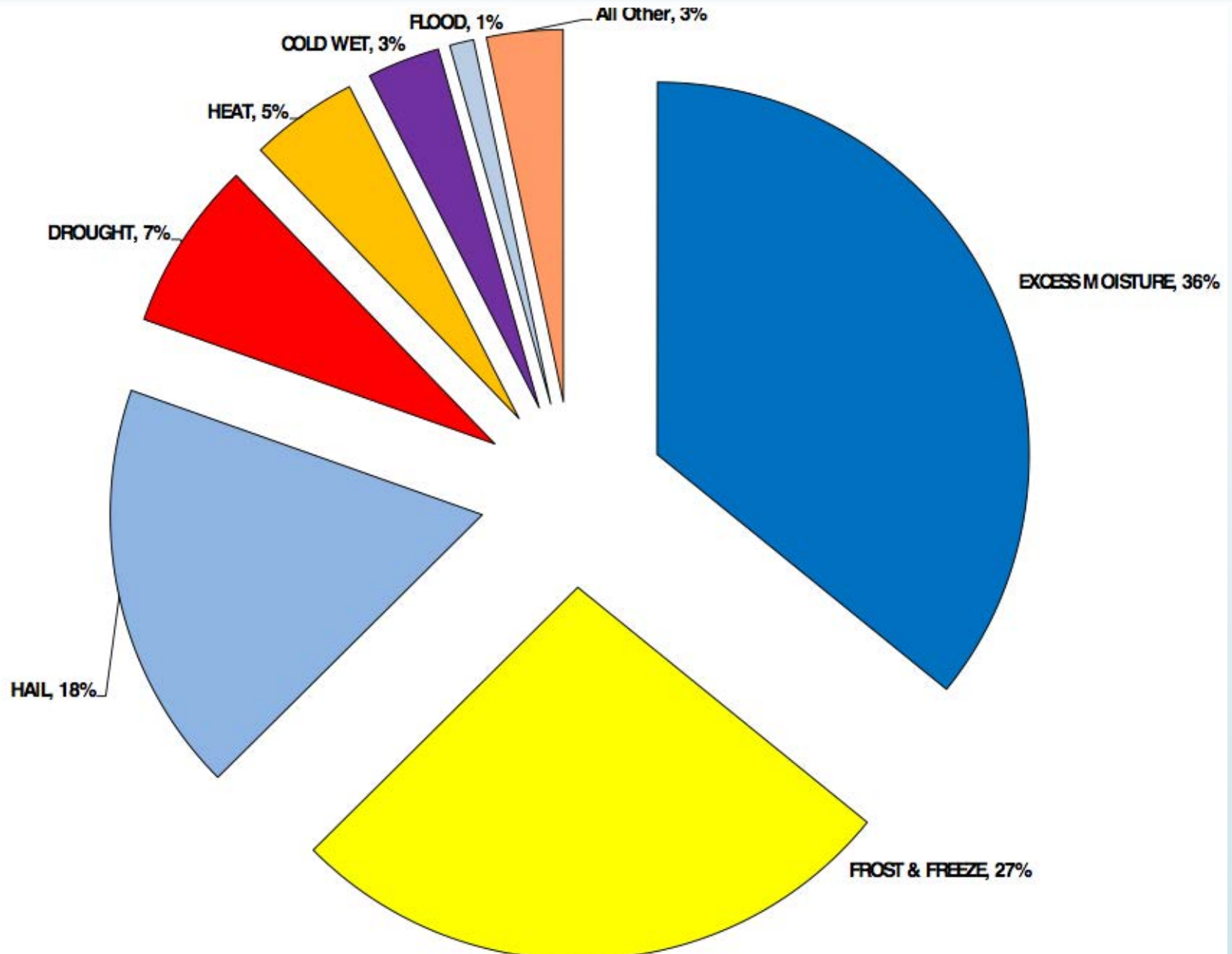
Counting All Types of Insurance

20% more acres

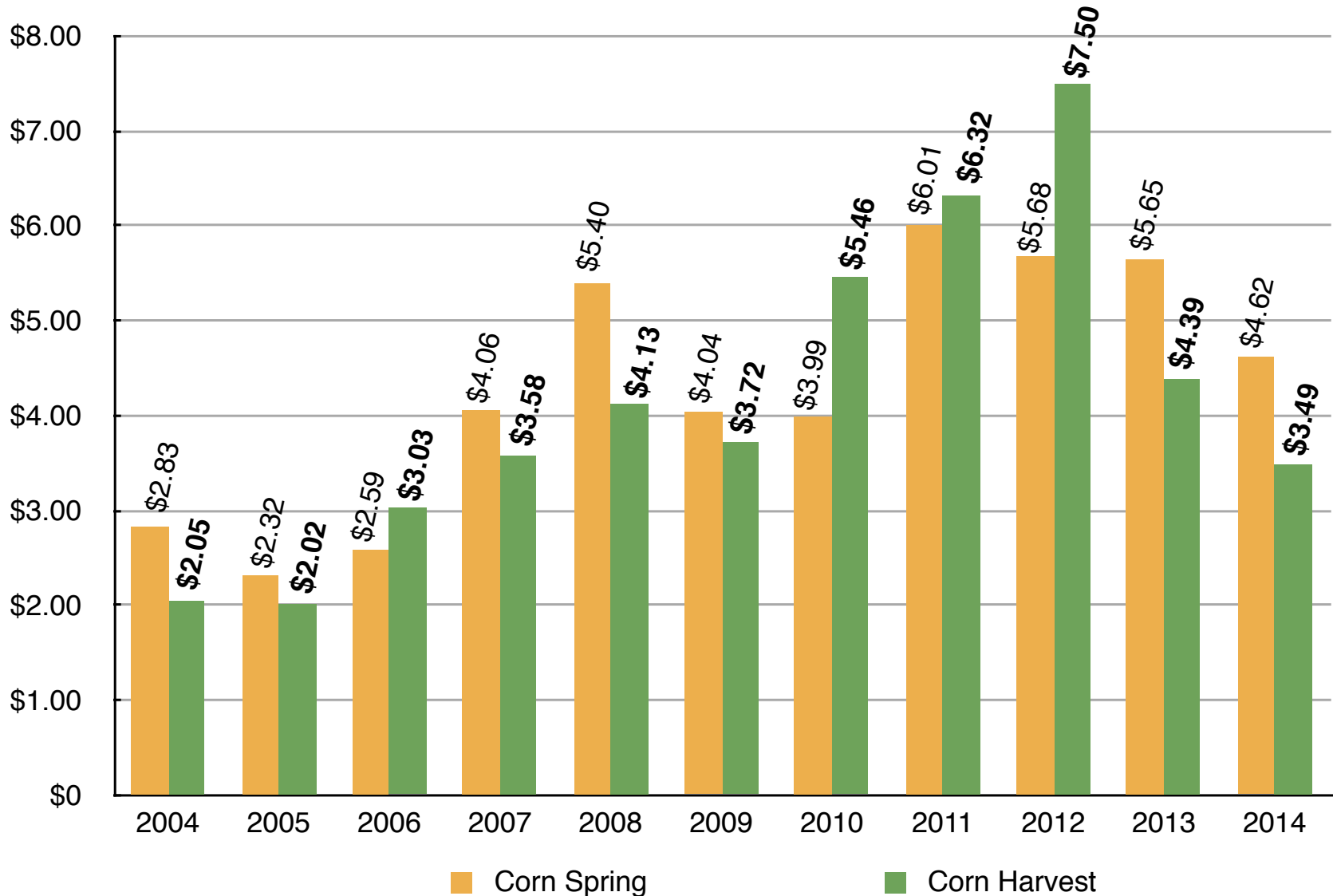
Almost twice the coverage (measured in dollars)

Why New York Crops Fail (2004-2013)

New York producers received \$4 billion of protection and \$295 million of indemnities since 2004



Comparison of Spring vs Harvest Corn Prices by Year



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 |

REASONS (we hear) for not evaluating crop insurance.

- Only the back 50 acres of corn ground along the river routinely flood and crop insurance requires that you have to insure all your corn acres in the same county.
- Not having kept or wanting to keep records of yields.
- It's a big bill.
- It only pays off every 5 or 6 years, when there is a big disaster.
- I had a big loss in '92 & didn't get a payment
- I don't keep separate field records, so I can't improve my coverage.

Additional Option - area or group
plan for small % of crop value

Supplemental Coverage Option

Corn or Corn Silage or Winter

Wheat (3 counties)

Genesee, Livingston, Monroe

CAT Coverage - Corn

In 2012, 1,784 policies were sold for corn (including silage). 615 of these policies were for CAT coverage. \$8,048,091 was paid out to the 681 policies that filed for a loss.

11 policies with CAT coverage shared \$102,664
(Less than 2% of CAT policies paid out.)

670 policies with higher coverage shared \$7,945,427
(57% of all corn policies paid out.)

3 Steps to Price Crop Insurance

1. Which unit structure applies to your crop?
2. Is yield or revenue coverage better for you?
3. What level of coverage seems right for you?

Website Information

RMA Website: www.rma.usda.gov

Farm Bill Info: www.rma.usda.gov/news/currentissues/farmbill/

SCO Tool: <http://prodwebnlb.rma.usda.gov/apps/CIDT/>



New York State Dept. of Agriculture and Markets
Crop Insurance/Risk Management website:
www.agriculture.ny.gov/AP/CropInsurance.html



Risk Management Agency

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The alternative to having crop insurance
or NAP