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

“ 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)
New York producers received $4 billion of protection and $295 million of indemnities since 2004
Comparison of Spring vs Harvest Corn Prices by Year

- **2004**: $2.83 (Corn Spring), $2.05 (Corn Harvest)
- **2005**: $2.32 (Corn Spring), $2.02 (Corn Harvest)
- **2006**: $2.59 (Corn Spring), $3.03 (Corn Harvest)
- **2007**: $4.06 (Corn Spring), $3.58 (Corn Harvest)
- **2008**: $4.13 (Corn Spring), $4.04 (Corn Harvest)
- **2009**: $3.72 (Corn Spring), $3.99 (Corn Harvest)
- **2010**: $5.46 (Corn Spring), $5.46 (Corn Harvest)
- **2011**: $6.01 (Corn Spring), $6.01 (Corn Harvest)
- **2012**: $6.32 (Corn Spring), $6.32 (Corn Harvest)
- **2013**: $5.68 (Corn Spring), $5.68 (Corn Harvest)
- **2014**: $4.39 (Corn Spring), $4.62 (Corn Harvest)
- **2015**: $3.49 (Corn Spring), $4.39 (Corn Harvest)
## Crop Insurance Subsidy

<table>
<thead>
<tr>
<th>Coverage Level</th>
<th>50</th>
<th>55</th>
<th>60</th>
<th>65</th>
<th>70</th>
<th>75</th>
<th>80</th>
<th>85</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gov’t Subsidy%</td>
<td>67</td>
<td>64</td>
<td>64</td>
<td>59</td>
<td>59</td>
<td>55</td>
<td>48</td>
<td>38</td>
</tr>
<tr>
<td>You pay%</td>
<td>33</td>
<td>36</td>
<td>36</td>
<td>41</td>
<td>41</td>
<td>45</td>
<td>52</td>
<td>62</td>
</tr>
</tbody>
</table>
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
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/


USDA is an equal opportunity provider and employer. To file a complaint of discrimination, complete, sign and mail a program discrimination complaint form, (available at any USDA office location or online at www.ascr.usda.gov), to: United States Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Ave., SW, Washington, DC 20250-9410, or call toll free at (866) 632-9992 to obtain additional information, the appropriate office or to request documents. If you are deaf, hard of hearing or have speech disabilities, contact USDA through the Federal Relay service at (800) 877-8339 or (800) 845-6136.
The alternative to having crop insurance or NAP