

INTEGRATING CROP INSURANCE INTO YOUR GRAIN MARKETING PLAN CORN & SOYBEANS

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FARM CREDIT EAST

CROP GROWERS

Your first choice for crop insurance.

Presented by: Jessica Getty

Crop Growers, LLP

MEETING AGENDA

- ❖ Crop Insurance Performance
 - ❖ New York State: Indemnities, Participation
- ❖ Planning for a profit...
 - ❖ Building a Plan
 - ❖ Understanding Your Guarantees
- ❖ Loss Examples

CROP GROWERS 

Your first choice for crop insurance.

- ❖ **3** Northeast Farm Credit ACA stakeholders
- ❖ Serve 2,279 producers in **a 9** state area
- ❖ 22 non-commission agents
- ❖ Processing center in Homer, NY

PRESENTATION DISCLAIMER

This presentation is for general guidance only and does not replace reading the specific crop provisions, special provisions or basic provisions.

While we have made every attempt to ensure the information is accurate, please refer to the policy for details.

We also encourage you to consult with our agents for guidance concerning your specific situation.

WHAT IS YOUR 2016 CROP PLAN?

- ❖ Have you started pricing your inputs?
 - ❖ Do you know your cost of production?
 - ❖ Per Acre (i.e. \$550)
 - ❖ Per Bushel (i.e. \$3.90)
- ❖ Do you monitor the markets?
- ❖ Do you understand market influencers?
- ❖ Have **a** relationship w/a commodity merchandiser and talk often?
- ❖ Do you have **a** marketing plan w/ storage in mind?

NYS CROP INSURANCE PERFORMANCE

PROVIDING VALUE TO PRODUCERS

Crop Year	Losses Paid	Producer Premiums
❖ 2014	\$40,870,377	\$14,451,604
❖ 2013	\$29,780,530	\$13,276,940
❖ 2012	\$67,340,815	\$11,525,699
❖ 2011	\$46,254,021	\$10,682,078
❖ 2010	\$25,575,386	\$8,647,997
❖ 2009	\$29,633,880	\$8,497,514
❖ 2008	\$15,195,858	\$8,635,068
❖ 2007	\$15,004,072	\$7,193,919
❖ 2006	\$20,193,384	\$6,196,106
❖ 2005	\$12,673,667	\$5,435,156
❖ 2004	\$19,912,188	\$5,136,868
❖ Totals:	\$322,434,178	\$99,678,949

IMPORTANT CROP INSURANCE DATES

- ❖ Last Date to Purchase/Change Coverage: March 15
- ❖ Production Report Due Date: April 29
- ❖ Final Planting Date: June 10
- ❖ Acreage Report Due Date: July 15
- ❖ End of Insurance |Silage: October 20
- ❖ End of Insurance |Corn Grain & Soy: December 10
- ❖ Premium Billing Date: August 15

PERILS INSURED AGAINST

- ❖ Adverse Weather Conditions
- ❖ Insects
- ❖ Plant Disease
- ❖ Wildlife
- ❖ **A Harvest Price that is less than the Base Price if Revenue Protection is selected**

2016 ESTABLISHED PRICES (EST.)

Corn Projected Price

Base Price \$3.90 est. | Used for RP and YP policies

December CBOT futures average daily price during February.

Price Released March 1st

Harvest Price _____ | Used for RP policies ONLY

December CBOT futures average daily price during October.

Price released November 1st

Soy Projected Price

Base Price \$8.90 est. | Used for RP and YP policies

November CBOT futures average daily price during February.

Price Released March 1st

Harvest Price _____ | Used for RP policies ONLY

November CBOT futures average daily price during October.

Price released November 1st

RP policy is based on CBOT Prices only, not what you are paid for your grain

COVERAGE LEVELS AND SUBSIDY

Coverage Level	50/55 (CAT) YP ONLY	50/100	55/100	60/100	65/100	70/100	75/100	80/100	85/100
Federal Subsidy	100%	67%	64%	64%	59%	59%	55%	48%	38%
Your Portion of Premium	-	33%	36%	36%	41%	41%	45%	52%	62%
Enterprise Unit Structure*	NA	50/100	55/100	60/100	65/100	70/100	75/100	80/100	85/100
Federal Subsidy	NA	80%	80%	80%	80%	80%	77%	68%	53%
Your Portion of Premium	NA	20%	20%	20%	20%	20%	23%	32%	47%

* \$300 administrative fee is charged for CAT coverage (per crop, per county)

** \$30 administrative fee is charged buy up coverage (per crop, per county)

ENTERPRISE UNITS

Farm Number: 123
Yield: 120 BU/Acre

Farm Number: 456
Yield: 100 BU/Acre

127.5 BU/Acre

Farm Number: 1011
Yield: 115 BU/Acre

Farm Number: 789
Yield: 175 BU/Acre

ENTERPRISE UNITS continued...

- ❖ Maintain production records representing the entire harvested crop for the year.
- ❖ Plant on at least two FSA farm serial numbers, each with at least 20 acres or 20% of the planted acreage.
 - ❖ Prevented Planting acres DO NOT count toward the 20
- ❖ All units combined in the event of **a** claim.

OPTIONAL UNITS

Farm Number: 123
Yield: 120 BU/Acre

Farm Number: 456
Yield: 100 BU/Acre

Farm Number: 1011
Yield: 115 BU/Acre

Farm Number: 789
Yield: 175 BU/Acre

OPTIONAL UNITS continued...

- ❖ Maintain production records by farm serial number.
- ❖ Each farm serial number stands on its own in the event of **a** claim.
- ❖ Additional 10% premium surcharge.

LOSS EXAMPLE

Per Acre Actual Production History (Supported by Your Records) 175	×	Coverage Level (Chosen by you 50-85%) 70	=	Per Acre Yield Guarantee 122.5
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Per Acre Yield Guarantee 122.5	×	ESTIMATED Base Price December CBOT futures average daily price during February. Price released March 1st \$3.90/BU <i>Estimated</i>	=	Minimum Guarantee Per Acre \$477.75
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Actual Production At 2016 Harvest 130	×	ESTIMATED Harvest Price December CBOT futures average daily price during October. Price released November 1 st \$3.25/BU <i>Estimated</i>	=	Revenue to Count Per Acre \$422.50
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JUNE 10 +10 PP \$334.43
86 BU

\$55.25 × Acres = Indemnity

RECENT PROGRAM ADDITIONS

❖ Trend Adjusted Yield Option

- ❖ Provides for adjusted (higher) yields
- ❖ Corn eligible in NYS

❖ Yield Exclusion Option

- ❖ Years eligible for exclusion when average per planted acreage yield for the county was at least 50% below the simple average for the previous 10 consecutive crop years

❖ Supplemental Coverage Option

- ❖ Provides additional coverage for a portion of your underlying policy deductible.
- ❖ Not available on ground covered by ARC

CALL TO ACTION!

- ❖ What is your risk tolerance for 2016?
 - ❖ Revenue, weather, supporting your contract
- ❖ Maintain production and acreage records by farm serial number
- ❖ Create or modify your risk management plan by March 15th for the 2016 crop year

Questions & Answers

THANK YOU!

Crop Growers' Purpose:

To contribute to the success of Northeast Agriculture through the education, marketing and servicing of the Federal Crop Insurance Program