Continued from page 1

Crop Insurance

"You can't be without crop insurance," he says, adding, "I put crop insurance on strawberries through a NAP policy with FSA. On my corn, beans, and wheat I carry crop insurance through my insurance carrier." Barnhart also insures his tomatoes. "On years like we had in 2011, if I didn't have insurance I'd be out of business. Without insurance we wouldn't be here."

Direct Marketing

Country Creek has three roadside stands in the Chambersburg area and sells vegetables to Giant Food stores, other stores and local restaurants.

This fall Barnhart is making his debut into agri-tourism."We have an eight and a half acre corn maze and a pick your own pumpkin patch."

In the long run Barnhart thinks his timing is good. "There is a growing interest in knowing more about where your food comes from. I think the public will become more knowledgeable about farming and want to buy locally grown food." ▲

Photo by Edwin Remsberg

Barnhart's corn crop in the rotation with wheat and tomatoes.

Is Your Risk Management Plan Good Enough?

150 choices to fine-tune your protection for corn, soybeans, and wheat.

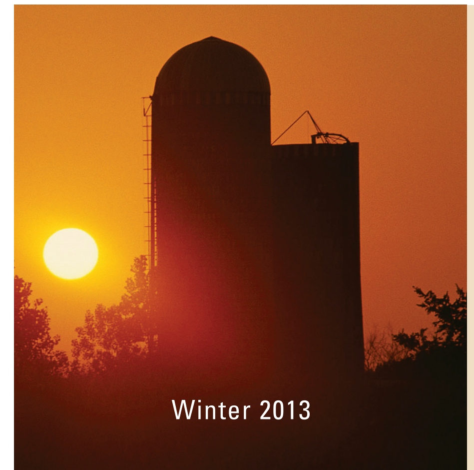
If you had a high yield in 2012 that can have a big impact on your Actual Production History (APH). A higher APH means more revenue protected and it usually means lower premium rates as a percentage of what you protect.

2013 promises to be a very volatile year in agriculture (think about the price swings and weather volatility in 2012). Ask yourself these questions; How much money do I have at risk? Are all my expenses insured? Is that enough or should I be insuring my expected revenue? How much more protection is needed to cover increased 2013 risks?

Input costs are projected to be even higher in 2013. Crop values will be very high. High price volatility is once again expected. Credit requirements are projected to be tighter.

If you grow corn, soybeans, or wheat, there are 150 choices you can make regarding your crop insurance options. You have a choice of what percentage of your APH you want to insure. Multiply that by your choices of plans, plus your choices in units, plus your choices in prevented planting coverage and you are very close to 150 choices.

When was the last time you reviewed your options with your crop insurance agent? ▲



CROP INSURANCE IN PENNSYLVANIA

PENNSYLVANIA DEPARTMENT OF AGRICULTURE

USDA

Risk Management Agency

Made possible in partnership with the USDA Risk Management Agency.

This institution is an equal opportunity provider.

Inside:

Page 2:

Breaking news: Yield Trend Adjustment Comes to Pennsylvania

Breaking News on APH Yield Trend Adjustment – Page 2

He Sees Farmers as "Rock Stars"

Photo by Edwin Remsberg

Brent Barnhart

Brent Barnhart thinks farmers will be the rock stars of the future, and he isn't kidding.

"I'm very optimistic. There is going to be a huge demand for agriculture because there isn't more ground and there will be lots more people eating," said Barnhart, who, at 29, is likely to live well into that future.

Barnhart runs Country Creek Produce Farm near Chambersburg. From a small beginning in 2007, he has grown the business on the strength of a three pronged risk management strategy; diversification, crop insurance, and direct marketing.

Diversification

He grows corn and soybeans and rotates 300 acres of vegetables, both mixed fresh market vegetables and processing vegetables.

"I diversify with sweet corn, regular row crop corn, soybeans, cucumbers, peppers, squash, pumpkins, and watermelons."

He rotates wheat in after harvesting his 40 acres of processing tomatoes.

"It seems like my wheat does better after a tomato crop. Then the following year we go back in with beans and then back to tomatoes."

Continued on page 4

New APH Yield Trend Adjustment Approved

May increase coverage at current rates – resulting in savings compared to purchasing higher levels to get similar amounts of protection.

USDA's Risk Management Agency has approved the expansion of the APH yield Trend Adjusted yield program (TA) for the 2013 crop year for Pennsylvania, and in neighboring Maryland, Delaware, and New York.

So far the program only applies to corn and soybeans. Last year it was available in much of the mid-west.

TA gives you credit for technological and genetically driven increases in yields, which are not reflected in your historical actual production history (APH) records. The average yields have usually increased a small amount each year, sometimes by as much as one bushel (corn) per acre.

It allows you to insure more bushels per acre while still benefiting from the higher federal subsidy at the level at which you currently insure.

Producers who have four or more years of actual yield records for the insurable unit may benefit the most.

TA is not available on CAT policies. It is not available on organic or transitional yields. It is only available for grain corn and conventional soybeans.

TA has many variations, depending on your records and your county TA factor. It will not benefit every producer.

2013 May Be Best Year to Buy Crop Insurance

2013 is setting up to be an extraordinary year to buy crop insurance.

TA may well raise your APH so you may get a higher level of coverage than you had expected at the higher level of subsidy for the level of coverage you want. Plus, if you had high yields in 2012 your APH is going to get another boost from averaging in that year.

It is very important that you review this program with your crop insurance agent. If you don't, you may be leaving money on the table. ▲

How to Find Your County TA Factor

Go to USDA's Risk Management Agency web site: http://www.rma.usda.gov/.

Then click on the "Information Browser" in the upper left hand box. Click on "Actuarial Information Browser 2011". Click on "Reinsurance Year 2013". Select a crop (corn or soybeans)… select a state… select a county… click on "View Report". You will find your county's TA is posted on the "Rates" page.

Crop Insurance Covers Snow Damage in Nurseries

Some meterologists are predicting a "wet" winter in 2013. The last time we had a wet winter was two years ago when heavy snows caused millions of dollars in losses for nursery producers, particularily on evergreens. Those losses could have been minimized, or even completely recovered, if those nursery producers had invested in crop insurance coverage.

In fact, your evergreens can be covered as separate units. So if you are concerned with snow damage, your insurance can focus on the plantings most likely to suffer under heavy snow.

Multiple Options

There are a variety of buy-up coverage options which allow producers to choose different coverage levels for different types of plants. Producers can also increase the amounts of protection during high value times of the year.

Crop insurance can even cover the costs of rehabilitating field grown plants after storm damage. Nursery producers know that they have different risk exposures with different types of plants. With buy-up levels of coverage, producers can get different coverage levels on 14 different types of plants.

The price election is limited to 100 percent of the price election for all plant types in the practice and is used to determine the amount of insurance and any indemnity. A $30 administrative fee is required. For increased coverage during certain periods when your inventory value may be significantly higher than the annual plant inventory value, you may want to consider a Peak Inventory Endorsement. An example might be Poinsettias in November and December.

Another feature is the Rehabilitation Endorsement. It applies to field grown plants and provides labor and material costs for pruning and setup (righting, propping, and staking after storms). Again, this is only available at buy-up levels of coverage. For more information, contact a private crop insurance agent.

An insurance unit is the value of the insurable inventory and is used during a loss calculation. There are two types of

units for nurseries: 1) Basic (by practice and share) and, 2) Additional Basic (by plant type). One of the great advantages of buy-up coverage is that it allows you to insure different practices (container, field grown) separately. Also, with buy-up, additional basic units can be established for each insurable plant type. Therefore, you do not have to meet the deductible for the entire practice before a loss payment is triggered – only the deductible for that specific plant type.

Contact a private crop insurance agent to get a explore your coverage options and to get a free quote. ▲

Whole Farm Insurance

AGR-Lite Covers Both Insurable and Non-insurable Crops and Animals

Adjusted Gross Revenue Lite (AGR-Lite) is a federally subsidized, whole farm insurance policy with very low premiums. This streamlined revenue protection policy provides protection against low revenue due to unavoidable causes, including market fluctuations. AGR-Lite insures farmers whose average gross farm revenue is less than $2 million.

AGR-Lite rewards those who have multiple commodities with higher levels of coverage. The AGR-Lite premiums are prorated down if crop specific policies are in place or purchased in addition to AGR-Lite.

The SURE program is not yet funded for the 2013 crop year. AGR-Lite can be used as an umbrella policy to close the gap.

About 50 percent of the premium is paid by USDA. Premiums are also low because losses are paid when overall loss is experienced on the whole farm. The maximum pay out is $1 million.

AGR-Lite Gross Income Whole Farm Protection Example

5 year average adjusted revenue	$100,000
75 percent coverage level	$ 75,000
Revenue produced	$ 30,000
Revenue insurance loss	$ 45,000
90 percent payment	$ 40,500
Income with insurance	$ 70,500
Income without insurance	$ 30,000

Revenue for guarantee may include intended commodities to be purchased for resale, after basis adjustment

Where AGR-Lite Works Best

AGR-Lite covers crops grown for direct market even if cash sales result; organic production; crops already insured, and nearly all commodities grown for food, fiber, landscaping or ornamentation.

AGR-Lite works well for herb and vegetable production where excess moisture caused production to rot before reaching maturity; severe drought where all crops (and livestock) are affected and individual crops are insured at lower levels of coverage due to cost of premium; crops and animals that are not otherwise insurable; and fresh market sweet corn and other vegetables where good yields were realized but prices were very low.

The sign-up deadline for new AGR-Lite policies is March 15. The deadline for making changes to existing policies is January 31. Contact a crop insurance agent: www.rma.usda.gov/tools/agent.html. ▲