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He knows that spring futures prices are often higher than harvest time prices and he uses that knowledge to build his marketing plan.

“Crop insurance gives us the ability to do some forward contracting for our crops, knowing that when it’s time to deliver them, if we don’t have the actual crop, we will have the resources that will allow us to provide that crop to the purchasers of our contracts.”

Wolf doesn’t think producers should get too comfortable with the current high prices on grain. “There will come a time when the production exceeds the demand again and we will see lower prices. There again, crop insurance can help to stabilize your income.”

Despite the lean times in the 1980s, Wolf has no regrets about the farming. “Right now things are looking good, but you know, we have been doing this all of our lives and we feel like we’ve had a pretty good life doing what we do.” ▲



Photo by Edwin Remsberg

Prevented Planting Options

Most crop insurance policies now come with a basic prevented planting and replanting option built in. Prevented planting also comes with options, and at this time of year some producers may wish they had chosen to increase their prevented planting options.

One of the great benefits of the prevented planting option is that, if the condition is general for similar farms in the area, you are protected acre-by-acre not unit-by-unit as you are at harvest time.

The default guarantee for the usual prevented planting option is 60 percent of the harvest guarantee but for only a few pennies per acre more in premium cost you can up your prevented planting guarantee by +5 or +10 percent.

The acre-by-acre coverage does not depend on the type of unit coverage you

have. You can have several thousand acres in an Enterprise unit and if you are prevented, by insurable causes, from planting 90 of those acres, those 90 acres are protected.

Make Sure You Do it Right

Prevented planting coverage has many permutations. For instance, your prevented planting payment may be affected if you put another crop on the same acreage during the same crop year.

If you think you have a prevented planting claim, CALL YOUR CROP INSURANCE AGENT. Do nothing to the acres you think are eligible for a claim until your agent or an adjuster has given you written permission. ▲



Late Spring 2012

CROP INSURANCE IN PENNSYLVANIA

PENNSYLVANIA DEPARTMENT OF AGRICULTURE



Made possible in partnership with the USDA Risk Management Agency.

Thinking Globally, Acting on the Farm



Dan Wolf

Photo by Edwin Remsberg

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When it comes to risk management, Dan Wolf doesn’t just think about how to best market his corn and soybeans, he thinks about the really big picture.

For Wolf (65), who farms 2,000 acres in York County and northern Maryland with his brothers, Dave and Steve, it may not be the best thing to wish for grain prices to go even higher.

“Grain reserves are down and we need to replenish those reserves before prices spike so high we put the end users out of business,” he says, adding, “It is nice to be in the middle.”

Wolf has seen good times and hard times come-and-go and when asked what advice he would give to younger farmers he had this to say.

“I would be very careful about trying to manage my risk. Make sure that you take opportunities to market your crop when you see a profit. And by all means, use crop insurance. You will not be exposed to a tremendous loss where one bad year sets you back for a long time.”

Marketing with Crop Insurance

Wolf buys 80 percent crop insurance coverage on corn and 75 percent on soybeans.

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Track Your Basis for Better Marketing

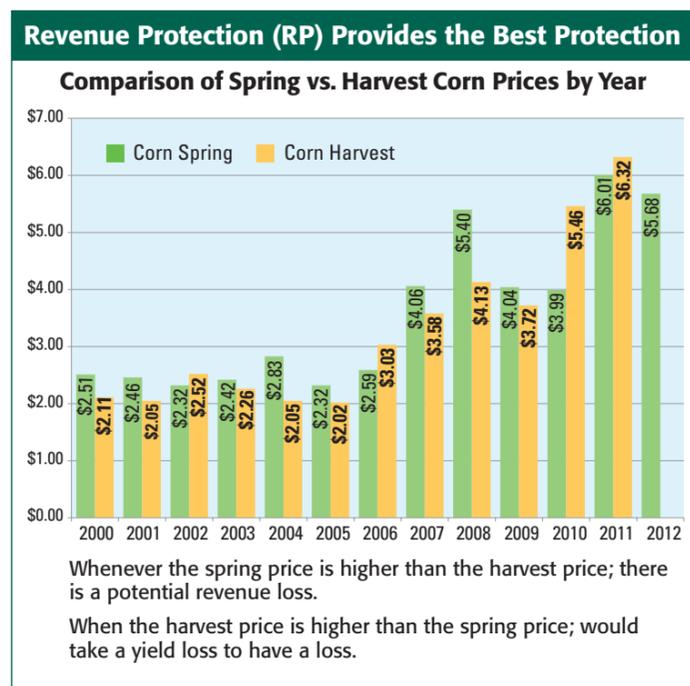
The price you get for the grains you deliver to your local buyers starts with the Chicago Mercantile Exchange (CME). The difference between that CME price and the local price is the "basis."

Understanding the patterns of your local basis can help you know when to sell and when to hold. When you are quoted a local price you should check to see if the current basis is strong or weak (compared to the average). A strong basis is a signal that the price may be better than expected. A weak basis is a signal from the market that they really don't want your grain at this time.

Crop insurance, particularly revenue-based crop insurance, allows you to not only protect your expected revenue, but also allows you to more confidently sell your grain well before harvest.

Check the chart on the right to see how often spring futures prices for corn have been higher than the harvest time price.

Monitor your basis to help you know when to sell and sell with confidence when you are protected by crop insurance. ▲



Forage Seeding

Acreage reporting for spring-seeded forage is June 15. The final planting date is May 10.

To be insured the forage must be alfalfa or mixture containing at least 50 percent alfalfa, clover, birdsfoot trefoil, or any other locally recognized and approved forage legume species (by weight) planted

during the current crop year to establish a normal stand of forage.

This policy does not cover any acreage that is: grown with intent to be grazed or grazed any time during the insurance period or if inter-planted with another crop (except nurse crops).

Fall Sign Up Deadline

Remember, July 31 is the deadline for signing up for Forage Seeding insurance protection. It is also the deadline for making any changes to existing policies. The final seeding deadline is August 31.

Remember, long term benefit cost to producers is three times the premium. ▲

2012 Protection and Subsidy Options		
Coverage Level	Dollar Guarantee	Premium Subsidy
CAT	\$ 99	100%
50%	\$179	67%
55%	\$196	64%
60%	\$214	64%
65%	\$232	59%
70%	\$250	59%
75%	\$267	55%

Loss Example	
This example is based on one basic unit of 50 acres of spring-seeded forage at 65 percent level of coverage with 10 acres fully established and 40 acres at 50 percent stand.	
Protection in force:	\$11,600 ¹
Production-to-count:	\$ 2,320 ²
Amount of loss:	\$ 9,280 ³
Net indemnity to grower:	\$ 8,735 ⁴
¹ 50 acres x \$232 amount of insurance per acre.	
² 10 acres total established x \$232 coverage per acre.	
³ \$11,600 protection - \$2,320 production-to-count.	
⁴ \$9,280 - \$545 (estimated producer premium).	

Get Acreage Reporting Right. It Saves You Money.

You have a lot at stake in making sure your crop insurance acreage reporting is accurate and on time. June 15 is the acreage reporting deadline date for forage seeding and spring seeded small grains, and July 15 is the reporting date for corn, soybeans and most other spring planted crops.

These deadlines are the same for crop insurance and for FSA. If you fail to report on time, you may not be protected. If you report too much acreage, you may pay too much premium. If you report too little acreage you may recover less when you file a claim.

Crop insurance agents often say that mistakes in acreage reporting are the easiest way for producers to have an unsatisfactory experience with crop insurance.

Don't depend on your agent to do this important job for you. Your signature on the bottom of the acreage reporting form makes it, legally, your responsibility. Double check it for yourself. Also make sure that your crop insurance and FSA reports are identical (provide written explanation of any differences). The law requires that they be compared.

Make sure you get and keep a signed copy of the reports that you file as this is critical to correct any errors that may show up later.

What is an Acreage Report?

The acreage report is the basis for determining the amount of insurance provided and the premium charged. An annual acreage report for each insured crop in which you have an ownership share in the county must be submitted to your insurance company (through your agent) on or before the acreage reporting date for that crop.

The acreage report shows: the crops you have planted; acreage prevented from planting; what share you have in those crops; where the crops are located; how many acres you planted; the dates you

planted them; what insurance unit they are located on, and the cultural practice followed (i.e. irrigated, double cropped, etc.).

You may not revise this report after the acreage reporting date.

Remember

Acreage reporting is your responsibility. Doing it right will save you money.

Always get a copy of your report immediately after signing and filing it with your agent and keep it with your records.

This year there are some changes to the many deadlines necessary for protecting your crop interest with crop insurance. Please check with your crop insurance agent to make sure you have the correct dates for this year.

Filing a Claim

If you suffered winter kill damage on insured winter wheat or barley, or need to replant spring crops, or are prevented from planting, or harvesting is delayed beyond the end of the insurance period you must file a claims report. Be sure to file your (written) report of damage with your insurance agent immediately upon discovery. Most crop insurance policies stipulate that this report must be made within 72 hours.

Never put damaged acreage to another use without prior written consent of the insurance adjuster. You don't want to destroy any evidence of a possible claim.

Ask your agent for a copy of the damage report to the insurance company, for your records. Also, obtain a yield appraisal before harvesting a crop for direct marketing. ▲

Pennsylvania FSA and RMA Streamline Common Acreage Reporting Dates

The Pennsylvania Farm Service Agency (FSA) and the Risk Management Agency (RMA) have established common acreage reporting dates for producers participating in FSA and RMA programs.

Beginning with the 2012 crop year, spring barley, spring oats, forage seeding, rye, triticale, spring wheat and all other spring-seeded small grains will have a June 15 acreage reporting date. Cigar filler tobacco, corn, fresh market sweet corn, fresh market tomatoes, perennial forage (fall harvest), grain sorghum, green peas, Maryland tobacco, tomatoes, potatoes, soybeans, sweet corn and all other crops not listed elsewhere will have a July 15 acreage reporting date. Cabbage and processing beans will have an August 15 acreage reporting date.

Beginning with the 2013 crop year (fall 2012), November 15 will be the acreage reporting date for apiculture, fall barley, fall oats, perennial forage (spring harvest), forage seeding, pasture and hay forage, rye, speltz, triticale, fall wheat, and any other fall-seeded small grains. Apples, grapes, peaches, and pears will have a January 15 acreage reporting date.

This change does not reduce or modify the programs or services that RMA or FSA provides, but will enable most crop insurance agents and FSA county office staff to collect information in a more uniform and efficient manner.

For more information on the common acreage reporting dates for 2012 and 2013, please contact your local FSA county office.