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improved risk management tools that can be used by diverse and unique farm enterprises. "It's a whole lot easier to work with my banker because of how crop insurance gives assurance of cash flow," says Matt.

As each farmer considers the risks he or she faces in the coming year, it is their individual responsibility to understand and implement available risk management tools. Farming is a fairly risky business – weather, pests, wildlife, and markets can be sources of concern. Contact a crop insurance agent and start a conversation on what can be done to minimize the risks your business faces. Use this list of crop insurance improvements from the 2014 Farm Bill to get this conversation started:

1. More protection choices
2. Improved organic protection
3. New benefits for beginning farmers
4. Benefits for farmers with limited resources
5. Improved whole-farm revenue protection

Photo by Edwin Remsberg

Matt with daughter Rachel and wife Jackie

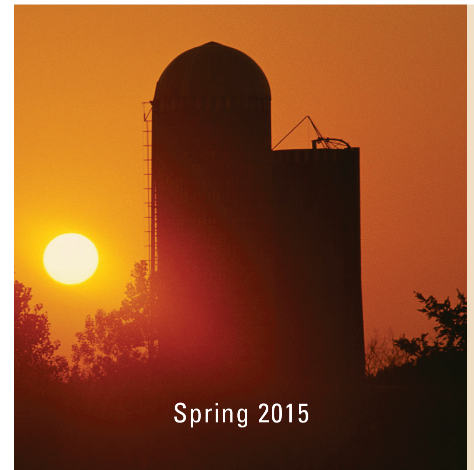
Public Policy Shift for Commodity Producers

The Agricultural Act of 2014 (2014 Farm Bill) introduced a marked change in U.S. commodity policy, ending nearly 20 years of fixed annual payments based on historical production. New programs offer a variety of payment structures, commodity coverage, and level of yield and/or revenue risk, but all are tied in some way to annual or multiyear fluctuations in prices, yields, or revenues. The new Farm Bill continues a movement toward closer links between commodity programs and federal crop insurance.

Subsidized crop insurance remains the primary form of assistance provided by the federal government against bad weather, plant diseases and other natural hazards.

Major risk management programs available to Pennsylvania farmers include:

- Federal crop insurance: established in the 1930's, covers losses from most natural causes. More than $515,000,000 of coverage was in place in PA last year.
- The Supplemental Coverage Option (SCO): an insurance that offers producers additional coverage for losses that fall under the levels generally covered by standard crop insurance policies.
- The Price Loss Coverage (PLC) program: provides payments to Pennsylvania producers of wheat, feed grains, and oilseeds on a commodity-by-commodity basis when market prices fall below a reference price.
- The Agricultural Risk Coverage (ARC) program: provides payments for covered commodities on a commodity-by-commodity basis when county crop revenue (actual average yield times national farm price) drops below 86 percent of benchmark revenue (5-year Olympic average county yield times 5-year Olympic average national price).
- Noninsured Assistance Program (NAP) payments are made to producers of crops for which crop insurance is unavailable in that county. ▲



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Inside:

Deadline Reminder:

June 1: Deadline to file Conservation Compliance Certification at FSA to be eligible for crop insurance subsidy in 2016

Making the Most of the Soil

Photo by Edwin Remsberg

Matt Matter

As first generation farmer Matthew (Matt) Matter says, "Crop insurance is to reduce your risk and cover some of the losses."

The Matter family farms over 300 acres in the variable soils and rolling hills of central Pennsylvania. The variability of these soils can be a challenge to manage. "On some of our soils we are always about two weeks from a drought," says Matt. The Matter family produces corn, soybeans, wheat and barley, with alfalfa and mixed grass hay rounding out the typical crop mix.

Matt often talks about feeling his family is blessed to be in a vocation they love. A vocation that is ideal for raising a family and being a productive part of the community. Crop insurance is a risk management tool he believes in and uses to address the many risks faced by crop farmers and ensure his operation has the capacity to overcome weather disasters.

The 2014 Farm Bill delivers several improvements to the available risk management tools for beginning, limited resource and socially disadvantaged crop farmers. Now is the time to check with a certified crop insurance sales agent to get the facts on how these invaluable risk management tools fit your farm operations. Over the years farmers have been able to access an ever-growing choice of crop insurance products. You now have

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Building Your 2015 Risk Management Plan

Each of us and each of our enterprises likely have a different risk tolerance. One of the many factors influencing our perception of potential risks and then our decisions on how to address these risks revolves around this risk tolerance piece of our psychology and the separate, yet related, ability of our business(s) to tolerate the outcome of risk events. Is it any wonder we take different approaches to managing the farm risks faced every day?

When we identify and understand the various risk tolerance levels of ourselves, our families, and our business partners, we are in a much better position to discuss available tools to manage our risks, and implement our tools of choice. Can you respond to this question: "What is your capacity to overcome whatever it is you call a disaster?"

- Identify the significant crops you grow.
- List the costs associated with these crops.
- Describe the available risk management tools targeted for these crops.
- Decide which tools/products you will use.

Of course, good farming practices remain the best risk management strategy, and crop insurance remains the primary farm risk management tool providing a safety net in case of a loss. ▲

Upcoming Deadlines

The following highlight some important deadlines for the crop insurance program.

1. April 29 is the deadline to update your 2015 crop insurance actual production history records to include 2014 yields of spring planted crops.

2. Early planting dates for corn and soybeans which may vary by county (i.e. April 11, for corn and April 21, for soybeans in Centre Co., PA). The importance of this date is that crop acreage planted before the date is not eligible for a Replanting Payment if replanting is required.

3. A Final Planting Deadline is established for the acreage of each crop for insurability, which may vary by county (i.e. June 10, for corn and soybeans in Centre Co., PA). However if planting is delayed because of an insurable cause, a Delayed Planting Period is also available for many crops for varying lengths of time. For corn and soybeans, the Delayed Planting Period extends the planting deadline an additional 25 calendar days. During this period, the guarantee is reduced 1% per day, and the producer has the option of whether or not to insure the acreage.

4. July 15 is the Acreage Reporting Deadline for most spring planted crops and the report must be filed with your crop insurance agent. The information on this report is used to establish the amount of protection for each insured spring planted crop for the year. Accuracy is important and financial penalties result from the under or over reporting of information.

5. Reporting Damage or Loss – It is the producer's responsibility to promptly report crop damage (definition varies by crop policy from within 72 hours to 15 days). Such notice is also required before a damaged crop is harvested and after harvesting is completed for each insurance unit. Failure to meet this requirement can result in the denial of a claim for indemnity.

Good recordkeeping of crop expense and receipts, as well as quantities involved are important for farm management and to document that good farming practices were followed to support a claim for crop loss. Whenever there is damage due to insects and/or disease it is critical to document that preventative measures were taken as well as the measures and timing of the action taken to prevent or control such damage.

The above deadlines also generally apply to FSA programs. However, to get specific deadline information for your farm, for either the crop insurance or FSA programs, contact your crop insurance agent or county FSA office. ▲

New Farm Bill Expands Crop Insurance Options for Fruits, Vegetables, Organic, and Diversified Farms

Producers now have a new risk management option that will be available for fruit and vegetable growers and producers with diversified farms. The policy, called Whole-Farm Revenue Protection, provides flexible coverage options for specialty crop, organic and diversified crop producers. This program is available in all Pennsylvania counties.

Whole-farm insurance allows farmers to insure all crops on their farm at once, rather than insuring commodity by commodity. Traditionally, many fruit and vegetable crops have not had crop insurance programs designed for them – making it less attractive for a farmer that primarily planted a commodity crop like wheat or corn to use another part of his or her land for growing fruits and vegetables or other specialty crops. This allows farmers greater flexibility to make planting decisions on their land.

The 2014 Farm Bill requires a whole-farm crop insurance policy option, and paves the way for the Risk Management Agency (RMA) to make it broadly available to specialty crop, organic and diversified growers. The Federal Crop Insurance Corporation Board of Directors (FCIC Board) approved the Whole-Farm Revenue Protection pilot policy for RMA to offer it through the federal crop insurance program in 2015.

USDA has taken many steps to provide effective insurance coverage for diversified, organic and specialty crops. The whole-farm crop insurance policy provides flexibility to meet the needs of specialty crop growers, organic producers and those with diversified farms, and who have farm production and revenue history, including five years of historic farm tax records. This policy is also part of USDA's commitment to small and mid-sized producers who are managing diversified operations.

The new policy is also designed to meet the risk management needs of diversified crop or livestock producers including those growing specialty crops and/or selling to local and regional markets, farm identity preserved markets, or direct markets.

As part of the pilot, Whole-Farm Revenue Protection will be available where AGR and AGR-Lite are currently offered, and will expand to other counties as data are available for underwriting and actuarial ratemaking. RMA will release information on the policy later this summer when it becomes available.

This information is available on the RMA website at **www.rma.usda.gov.** This RMA web site can also be utilized to find a certified crop insurance sales agent. ▲

Good Crops are Always Better

The 2014 Farm Bill ended most net-income enhancement payments for 2015, instead providing a variety of risk management programs for us to consider to manage our crop production risk exposures. The law also makes it very clear that each of us now shoulder the responsibility to develop our own risk management plan that would help us to avoid a business financial interruption when the next disaster occurs, because no specific disaster programs were authorized.

While it may have been a challenge for each of us to gain the understanding of the crop production risk management programs in the Farm Bill, educational meetings and practice sessions using decision aids are still being held across the state. These events permit us to test drive the different programs, based on out assumptions, to illustrate how they might work on our individual farm(s). Now our decisions have been made (or are nearly made) and enrollment either has or soon will be finalized.

It is important to recognize that the decisions we make regarding economic safety nets protect us when things go wrong. Farmers are always better off with good crops/prices and not having to claim payments from these safety nets. When safety nets trigger, we already suffered loss – usually more than what we will get paid for because of the deductibles. ▲