

RUTGERS

New Jersey Agricultural
Experiment Station

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GARDEN STATE CROP INSURANCE EDUCATION INITIATIVE

- DAVID LEE
- JASEN BERKOWITZ
- KELLY STEIMLE
- RACHEL JERONIMUS

Beginning Farmer RMA Crop Insurance Advantages



- Beginning Farmers (less than 5 years of farming experience)
- Benefits include:
 - Increased premium subsidy (+10%)
 - Yield adjustment increase to 80% of the T-Yield (up from 65%)
- Exemption from paying the administrative fee for catastrophic and additional coverage policies

New improved Whole-Farm Revenue Protection (\$8.5 mil. max. revenue)



- Covers all farm commodities including:
 - Animal and animal products revenue
 - Commodities purchased for resale (limit up to 50% of total expected revenue)
 - No protection for timber forest, forest products and animals for sport, show or pets
- Coverage levels from 50 to 85% of expected revenue
- Covers natural causes of loss and declining market prices within the insurance year

What are the features of WFRP?



All farm revenue is insured together under one policy

- Individual commodity losses are not considered
- The overall farm revenue determines losses



What kinds of farms can benefit from WFRP?



Well-suited for:

- Highly diverse farms
- Farms with specialty commodities (not typically covered)
- Farms selling to direct markets, specialty markets, regional or local markets, and farm-identity preserved markets

-Available to all farms or ranches that qualify, there are some limits for qualification

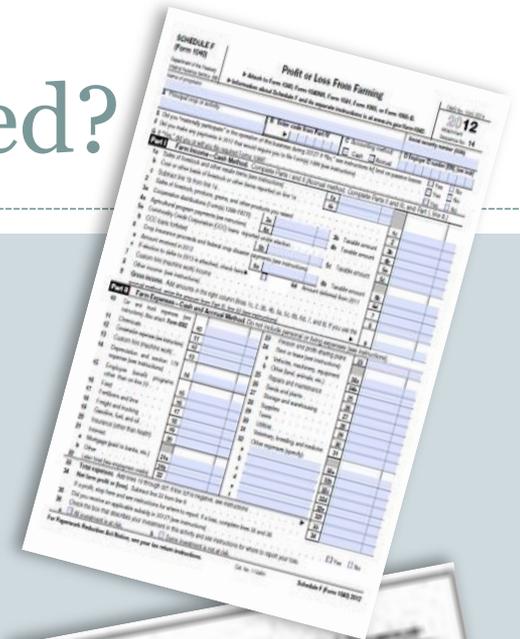
What will your Agent Need?

Five Years of Farm Tax Forms

- For 2015, requires tax forms from 2009-2013

Type of Tax Filer

- Calendar year tax filer
- Fiscal year tax filer with fiscal year defined, e.g., Oct->Sept



SCHEDULE F
Form 987
Profit or Loss From Farming

12

2. Production of crops

3. Farm operations

4. Expenses

5. Other income

6. Total

7. Other income

8. Total

9. Net profit or loss

10. Total

11. Total

12. Total

13. Total

14. Total

15. Total

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Category	Amount
Net Profit	\$12,345
Other Income	\$5,678
Total	\$18,023
Expenses	\$10,123
Total	\$10,123
Net Profit	\$7,900
Other Income	\$5,678
Total	\$13,578
Expenses	\$10,123
Total	\$10,123
Net Profit	\$3,456
Other Income	\$5,678
Total	\$9,134
Expenses	\$10,123
Total	\$10,123
Net Profit	\$1,234
Other Income	\$5,678
Total	\$6,912
Expenses	\$10,123
Total	\$10,123
Net Profit	(\$889)
Other Income	\$5,678
Total	\$4,789
Expenses	\$10,123
Total	\$10,123

What will your Agent Need?



Commodities planted during the insured year

- Used to complete the Intended Farm Operation Report

Other information

- Supporting records, insured's organic certification, inventory or accounts receivable information

SCHEDULE F
Form 9812
Profit or Loss From Farming

12

Commodity	Production Summary
Wheat	\$100,000
Barley	\$50,000
Hay	\$200,000
Alfalfa	\$150,000
Other	\$100,000
Total	\$600,000



RMA's MPCCI Insurable Crops in New Jersey



- Apples
- Peaches
- Blueberries
- Cranberries
- Fresh market sweet corn
- Potatoes
- Processing beans
- Processing tomatoes
- Corn
- Soybeans
- Grain sorghum
- Oats
- Wheat
- Barley
- Forage production/seeding
- Nursery
- Dairy

Insurable crops may vary by county***

Causes of Loss



- Adverse weather conditions
- Failure of irrigation water supply
- Fire
- Insects / plant disease**
- Wildlife



Not Covered



- Negligence
- Mismanagement/wrongdoing
- Crop abandonment
- Theft or vandalism
- Inability to market commodities due to quarantine, boycott, etc.
- Lack of labor
- Failure of buyer to pay for commodities

CAT Coverage



- Lowest amount of coverage you can get
- Coverage is 50% of avg yield and 55% of the price election
- CAT is 100% subsidized with no premium cost except an administrative fee of \$300 per crop regardless of acreage
- Won't provide adequate protection for most growers

Duties in the event of damage or loss



- Protect the crop from further damage by providing sufficient care
- Notify your agent within 72 hours of your initial discovery of damage
 - no later than 15 days after the end of the insurance period
- Leave representative samples intact
 - Do not destroy any damaged crop



Actual Production History (APH)



- Most common plan of insurance under the MPCl policy
- Coverage guarantee is based on farmers own production history
- Coverage is available from 50%–75% and up to 85% in select states



Actual Production History (APH)



- Provides comprehensive protection against:
 - Weather related causes of loss
 - Unavoidable perils resulting in:
 - Low yields
 - Poor quality
 - Late planting
 - Replanting
 - Prevented planting
- Subsidized partially by the government

Apple Loss Example



Loss Example

Assume fresh apples with an approved yield of 600 bushels per acre, 65-percent coverage level, Non-irrigated, 100-percent share and a one-acre basic unit.

600	Approved yield per acre
x 0.65	Coverage level
390	Acres guaranteed
- 100	Production-to-cost
290	Loss per acre
x \$17.30	Price election (bush)
\$5,017	Indemnity/acre

Premium Subsidies



Apple Subsidies:

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your average yield and are subsidized as shown below. For example, an average actual production history (APH) yield of 600 bushels per acre would result in a guarantee of 300 bushels per acre at the 50-percent coverage level. You may choose different coverage levels for fresh and processing apples.

Item	Percent					
Coverage Level	50	55	60	65	70	75
Premium Subsidy	47	44	44	50	50	55
Your Premium Share	35	36	36	41	41	45

Catastrophic Risk Protection (CAT) coverage is fixed at 50 percent of your average yield and 55 percent of the price election. The cost for CAT coverage is an administrative fee of \$100.

Written Agreements



- If a policy exists for your crop in another county in any state, your insurance agent can adapt it for your conditions, providing that you have at least 3 years of production records for the crop or a similar crop
- RMA website has list of insurable crops by state

New Jersey Crop Insurance Education



Toll-free hotline:
1-800-308-2449

<http://saalem.rutgers.edu/cropinsurance>

www.rma.usda.gov