

CROP INSURANCE OVERVIEW – WAYNE COUNTY PA

Does Crop Insurance Work (pay benefits)?

PA Producers' Benefit From Crop Insurance							
Producers' net income boosted \$150,000,000 by Crop Insurance							
Year	Total Crop Policies	Protection In Force (\$)	Acres Insured	Total Premium (\$)	Farmer Paid Premium After PA Sub.	Losses Paid to Producers (\$)	Farmer Benefit per \$1 of Premium
01	11,822	186,790,076	978,658	13,962,714	3,854,986	18,176,779	4.72
02	13,985	222,088,649	1,119,972	19,010,537	5,732,528	63,841,658	11.14
03	15,265	258,382,174	1,144,492	32,055,728	7,003,514	27,574,951	3.94
04	16,174	283,681,825	1,172,075	32,561,230	10,589,285	15,017,529	1.42
05	15,277	249,772,513	1,116,863	29,828,369	8,314,416	15,017,507	1.81
06 Inc.	14,151	247,645,741	1,080,735	32,507,556	12,128,649	17,784,178	1.47
2001-05	72,523	1,200,715,237	5,532,060	127,418,578	35,494,729	139,628,424	3.93
1996-05	112,788	1,704,896,102	8,755,623	162,055,944	47,804,375	186,288,022	3.90
1981-05		2,019,807,617	11,120,709	184,841,957	62,640,241	216,558,771	3.46
PA will provide \$3 million of producers premium cost in 2007!							
Source: RMA/USDA as of 7/10/06, 2006 as of 2/26/07				Estimates for educational purposes			

Wayne Co. PA Producers' Benefit From Crop Ins.							
Producers' net income boosted \$66,000 by Crop Insurance							
Year	Total Crop Policies	Protection In Force (\$)	Acres Insured	Total Premium (\$)	Farmer Paid Premium After PA Sub.	Losses Paid to Producers (\$)	Farmer Benefit per \$1 of Premium
96	22	56,752	812	4,740	0	0	0.00
97	22	54,786	781	4,050	0	3,924	0.00
98	15	41,342	520	3,493	311	769	2.47
99	15	49,851	633	3,301	278	3,663	13.18
00	20	52,901	715	4,029	467	8,262	17.70
01	23	126,975	762	5,332	652	235	0.36
02	36	319,574	1,008	13,527	3,378	39,522	11.70
03	43	250,524	1,449	28,585	5,799	19,195	3.31
04	41	174,491	841	26,662	8,325	6,145	0.74
05	39	149,253	706	19,866	5,371	4,695	0.87
06 inc.	31	102,161	748	19,654	6,387	12,229	1.91
2001-05	182	1,020,817	4,766	93,972	23,524	69,792	2.97
1996-05	276	1,276,449	8,227	113,585	24,580	86,410	3.52
1981-05		1,370,914	9,555	120,579	26,223	92,301	3.52
Estimates for educational purposes							

Other Northern Tier Counties

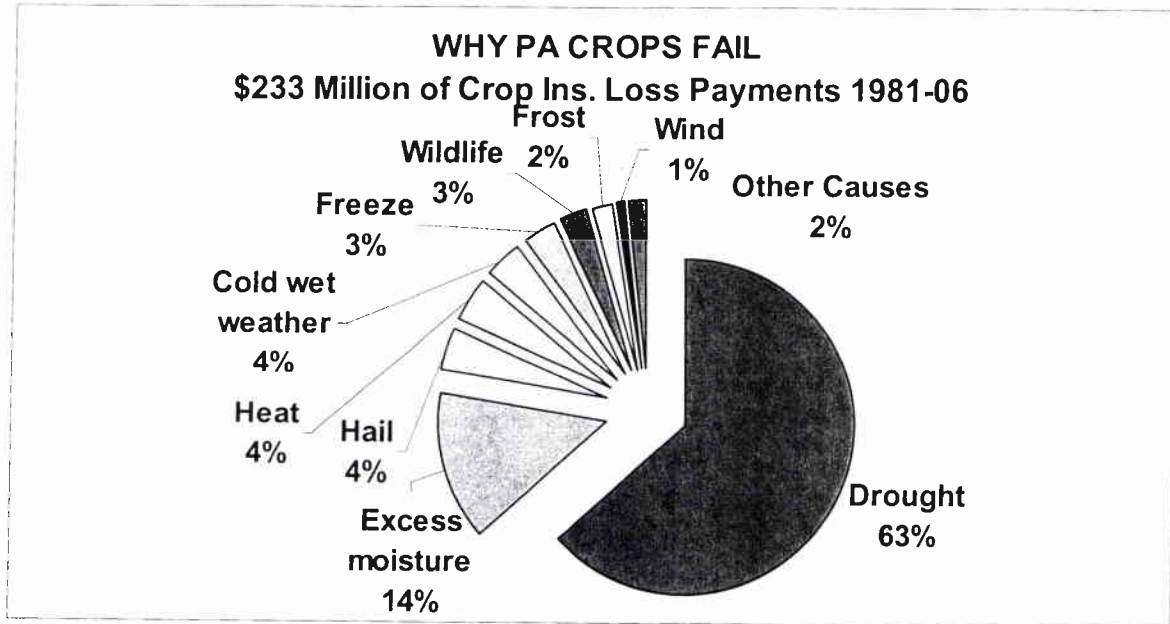
Susquehanna Co. Crop Ins. Performance 1981-05							
Producers' net income boosted \$459,000 by Crop Insurance							
Year	Total Crop Policies	Protection In Force (\$)	Acres Insured	Total Premium (\$)	Farmer Paid Premium After PA Sub.	Losses Paid to Producers (\$)	Farmer Benefit per \$1 of Premium
96	65	224,691	2,738	19,302	1,553	5,233	3.37
97	64	211,784	2,616	17,213	1,391	16,334	11.74
98	54	202,299	2,351	18,382	2,499	35,488	14.20
99	58	194,962	2,687	22,952	5,167	32,243	6.24
00	83	196,477	3,305	25,109	4,823	42,898	8.89
01	82	196,338	2,949	26,575	4,528	2,281	0.50
02	94	283,758	3,532	37,735	8,798	126,997	14.44
03	100	454,258	4,119	99,841	21,157	104,051	4.92
04	96	412,540	3,547	92,295	26,559	71,588	2.70
05	87	282,802	3,086	68,810	15,295	49,773	3.25
2001-05	459	1,629,696	17,233	325,256	76,337	354,690	4.65
1996-05	783	2,659,909	30,930	428,214	91,770	486,886	5.31
1981-05		3,050,533	36,070	460,376	106,761	565,476	5.30

Estimates for educational purposes

Bradford Co. PA Producers' Benefit From Crop Ins.							
Producers' net income boosted \$1,100,000 by Crop Insurance							
Year	Total Crop Policies	Protection In Force (\$)	Acres Insured	Total Premium (\$)	Farmer Paid Premium After PA Sub.	Losses Paid to Producers (\$)	Farmer Benefit per \$1 of Premium
96	237	857,973	11,049	112,849	24,892	8,064	0.32
97	199	881,541	11,957	99,801	16,237	59,309	3.65
98	159	898,389	10,686	90,133	12,209	70,314	5.76
99	201	1,632,075	15,596	119,885	17,234	223,446	12.97
00	269	1,461,845	16,479	125,742	20,381	101,389	4.97
01	279	2,736,908	18,204	170,987	25,550	19,903	0.78
02	326	3,330,677	21,546	257,756	57,730	494,730	8.57
03	389	5,345,094	27,950	498,706	96,358	272,351	2.83
04	373	5,377,899	25,069	410,976	100,276	150,819	1.50
05	307	5,468,403	24,375	353,575	64,826	146,450	2.26
2001-05	1,674	22,258,981	117,144	1,692,000	344,740	1,084,253	3.15
1996-05	2,739	27,990,804	182,911	2,240,410	435,693	1,546,775	3.55
1981-05		27,990,804	182,911	2,240,410	435,693	1,546,775	3.55

Estimates for educational purposes

Insurable Causes of Loss



Insurable Crops

Crops Insurable in Wayne County PA

<u>CROP NAME & INSURANCE PLAN</u>	<u>CROP NAME & INSURANCE PLAN</u>
ADJUSTED GROSS REVENUE-LITE (AGR-L)	FORAGE PRODUCTION (G)
BARLEY (APH)	FORAGE PRODUCTION (GRP)
APPLES (G)	FORAGE SEEDING (DO)
CORN (APH)	FORAGE PASTURE & HAYLAND (GRP)
CORN (CRC)	FRESH MARKET SWEET CORN (DO)
CORN (GRIP)	GRAIN SORGHUM (APH)
CORN (GRP)	NURSERY (FG&C) (DO)
CORN (IIP)	OATS (APH)
FORAGE PASTURE & HAYLAND (GRP)	WHEAT (APH)
	WHEAT (CRC)

Protection on additional crops may be available by written Agreement, completed before sales deadline

Ins. Plans: APH, G = Yield Protection; AGR, AGR-L, DO, CRC, IIP = Revenue Protection; GRP = County Avg. Protection

Levels of Coverage: 50/55% thru 75/100% (80/100 and 85/100% in some counties on corn, soybeans, barley and wheat)

Insurance Plans

APH Yield and Guaranteed Production Coverage = Provides production guarantee equal to average actual production history of the farm times 50% to 85% level of coverage times the producers ownership share of the crop. Yield loss below the guarantee is paid at pre-selected price per bushel, ton, etc.

Crop Revenue Coverage (CRC) = The bushel guarantee is converted to gross revenue using the higher of the February or October monthly average of the Chicago Board of Trade December (harvesttime contract). Production is valued at the October price. A loss payment is made when the calculated revenue of the production is less than the revenue guarantee, due to low yields or low prices that cause revenue short fall. Since this based on market prices to calculate revenue protection, it valuable as the foundation for pre-harvest crop pricing of grain by locking-in improved prices or advance purchasing of additional animal feed needs in the event of a disaster.

Adjusted Gross Revenue-Lite = Whole farm gross revenue based on all agricultural sales, based primarily on income tax information and inventories of commodities for sale. Coverage levels are available from 65% through 80% levels of coverage. The revenue guarantee is limited to the projections for the current year. This plan pays when the gross revenue from sales and inventories are less than the revenue guarantee due to yield loss or price fluctuations. One of the objectives of this plan is to make a form of protection to almost all producers on almost all agricultural commodities including crops, animals and animal products.

Summary

Crop Insurance is a USDA risk management tool to help producers survive disasters and return to profitability. It provides producers protection that is not commercially available. It's a tool to manage risk exposures. Producers report that it helps them to do more profitable crop marketing, cash-flow planning and provides loan security. The USDA and The Commonwealth of Pennsylvania provide premium cost-shares that exceed 50 percent of the total crop insurance premium thereby making the better performing protection more affordable. About 40 percent of the eligible acres are insured in PA compared to almost 80 percent in the Midwest.

Crop insurance is not perfect. But there is a plan that would make economic sense on most Pennsylvania farms. Statistics show that the program causes a net revenue increase at the county level throughout the state. But producers must enroll to benefit.

More information is available from crop insurance agents, the PDA Website, USDA/RMA website: rma.usda.gov, or by contacting Gene Gantz of USDA/RMA at 717-497-6398 or by e-mail at gene.gantz@rma.usda.gov.