How to Evaluate Crop-Hail Insurance

Hail is the one catastrophe that is most likely to destroy a part of your crop and leave the rest looking fine. The portion of your acres that hail destroys may well be less than the deductible of your federal crop insurance policy or it may not impact your yield enough to generate a revenue loss.

Crop-Hail insurance can fill that gap.

While multiple peril policies protect you against losses severe enough to significantly drop the yield per insured unit, Crop-Hail insurance gives you acre-by-acre protection that can be up to the actual cash value of the crop. If you buy a 65/100 (65 percent of yield and 100 percent of price) or greater crop insurance policy, you can, under many policies, delete the hail coverage and replace it with private hail coverage. Others find it more effective to leave the hail coverage provided by the federal policy in place and get a companion Crop-Hail policy to cover their crop insurance policy deductible.

Crop-Hail is especially important to those with Area Risk Protection Insurance (ARPI) policies that leave individuals exposed to spot losses due to hail. You can also buy additional Crop-Hail coverage during the growing season (prior to damage) to protect added profit potential from bumper crop yields or higher-than-normal crop values.

Even if your frequency of hail damage is low, remember that Crop-Hail coverage is rated for your area. It is an inexpensive way to protect against hail damage.

Connect with Crop Insurance

Here are some links to help you learn more about crop insurance.

- facebook.com/CropInsuranceInAmerica
- youtube.com/ncisamerica
- instagram.com/cropinsuranceinamerica
- twitter.com/UScropinsurance
- pinterest.com/cropinsurance

CropInsuranceInAmerica.org
cropinsuranceinmystate.org
ag-risk.org
rma.usda.gov

Do you have more questions about crop insurance?

Contact a local crop insurance agent or visit **www.CropInsuranceInAmerica.org** for more information. You can also send your questions to cropinsuranceinamerica@gmail.com.

Guide to Agricultural Risk Management

CROP INSURANCE
Keeps America Growing

5 Myths about Crop Insurance

1. Crop insurance is only for grain farmers.

Farmers in all 50 states rely on crop insurance to manage their production and financial risks. Crop insurance now covers more than 130 crops and is constantly growing. Anyone whose awareness of crop insurance was shaped even just a few years ago will be pleased when they see how crop insurance has become vital to almost every farmer in every corner of the country.

2. Crop insurance only covers weather-related losses.

Actually, crop insurance covers not only weather and other natural events, such as damage done by deer and other pests, but it will even cover loss of revenue.

For instance, Whole-Farm Revenue insurance is especially useful for diversified operations. It allows the farmer to insure some percentage of the farm's average ag revenue, including revenue from animals and even crops that might not have a specific crop insurance policy available.

3. Most farmers don't have crop insurance.

More than 90 percent of all the planted cropland in the United States is covered by crop insurance. And since 96 percent of America's 2.1 million farms are family farms, that means crop insurance serves farm families all over the country.

4. Crop insurance is free.

Farmers invest heavily in their crop insurance policies to the tune of $3.6 billion in 2018 and $54 billion since 2000. That investment helps maintain the financial stability of rural communities across the country.

5. Taxpayers bear all the risk for crop insurance losses.

Actually, the risks are shared by three groups.

First, farmers absorb the risks of crop insurance. They pay a large share of the total premium cost and absorb all of the losses in their deductible before any crop insurance kicks in.

Second, the private insurance companies have to set aside a large portion of their earnings as a loss reserve. Every time there is a hurricane or major drought it is the crop insurance companies that pay out first to cover those losses.

Finally, the taxpayers, who are investing to preserve a plentiful and low cost food supply for all Americans, stand in wait to cover the final share of losses. Thanks to modern crop insurance, taxpayers pay far less than they did previously when ad hoc disaster programs were used.

AMERICA RELIES ON CROP INSURANCE

In 2018, farmers invested more than **$3.6 billion** to purchase more than **1.1 million** crop insurance policies, protecting over **130 different crops.**

Crop insurance policies protected more than **90 percent** of planted cropland in 2018.

Since 2000, farmers have spent **$54 billion out of their own pockets** to purchase crop insurance.

Family farms make up **96 percent** of America's **2.1 million** farms and **89 percent** of ag production.

What's So Special about Whole-Farm Revenue Protection?

Whole-Farm Revenue Protection (WFRP) is exactly what it sounds like. As farmers begin to understand it better, more and more of them are making it part of their risk-management strategies.

If you want a whole-farm safety net, then WFRP may be what you are looking for, and it is now available wherever you farm, in all 50 states.

WFRP even works for farms that produce specialty crops or organic commodities (both crops and livestock), or those marketing to local, regional, farm-identity-preserved, specialty, or direct markets. It also works well for more conventional farming operations and allows you to insure anticipated growth in your operation.

Lower premiums are available to those who produce two, three, or more commodities. This diversity helps to lower the overall risk of the farming operation.

The premium subsidies for WFRP vary depending not only on how many different commodities you produce but also on what level of protection you choose.

What it covers

WFRP protects against loss of the farm revenue you expect to earn or will obtain from the commodities you produce or buy for resale. This includes up to $1 million from animals and animal products and up to $1 million from nursery and greenhouse products.

Choose the percentage of your average farm revenue that you want to insure and farm with the confidence you will be protected against any major losses due to natural causes or market fluctuations.

WFRP Premium Subsidy Options

WFRP Coverage Level	50%	55%	60%	65%	70%	75%	80%	85%
1 commodity	67%	64%	64%	59%	59%	55%	N/A	N/A
2 commodities	80%	80%	80%	80%	80%	80%	N/A	N/A
3 or more commodities	80%	80%	80%	80%	80%	80%	71%	56%

WFRP works well for farms of all sizes.

As you can see in the chart, at the highest level of coverage (85%), WFRP will cover up to a limit of $8.5 million of income on an operation with a maximum Farm Approved Revenue of $10 million.

Coverage Level	Commodity Count (Minimum Required)	Maximum Farm Approved Revenue
85	3	$10,000,000
80	3	$10,625,000
75	1	$11,333,333
70	1	$12,142,857
65	1	$13,067,923
60	1	$14,166,167
55	1	$15,454,545
50	1	$17,000,000

What documentation do I need and where can I get WFRP?

Like most farmers, you probably already have the information you need to apply for WFRP beginning with your last five years of Schedule F tax records. You will also need your standard farm plan, marketing records for direct marketed products, summary of your other crop insurance policies, your inventory, and accounts receivable.

To buy WFRP, contact a private crop insurance agent. To help you prepare for that meeting go to **www.rma.usda.gov/pubs/rme/wfrpfactsheet.pdf**

As the weather becomes more extreme and markets are subject to sudden unexpected turns of events, WFRP may well be the extra safety net that helps you sleep better at night.

Risk Management Checklist

Crop, Revenue, and Livestock Insurance Deadlines

File your AD-1026 Conservation Compliance form with FSA on time or you may risk losing all of your crop insurance premium assistance!

1. Do I know all critical dates and sign-up deadlines?
   ____
   ____
2. Sales closing date – last date to apply for coverage is:
   ____
3. Cancellation date – last date to give notice if I do not want insurance next year:
   ____
4. Production reporting date – actual production history must be reported by:
   ____
5. Final planting date – if unable to plant, I must contact my agent by:
   ____
6. Acreage reporting date – I must report my acreage planted to my agent by:
   ____
7. Payment due date – interest charges begin to incur after:
   ____
8. Final date to file notice of crop damage – any perceived damage I must report no later than:
   ____
9. End of insurance period – latest date of coverage for the current year's crop:
   ____
10. Debt termination date – insurance coverage for next year will be canceled if payment is not made by:
   ____

Get Acreage Reporting Right. It Saves You Money.

Why is Acreage Reporting so Important?

You have a lot at stake in making sure your crop insurance acreage reporting is accurate and timely. If you fail to report on time, you may not be protected. Overreport your acreage and you may pay too much premium. If you underreport your 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 farmers to have an unsatisfactory experience with crop insurance.

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.). This report cannot be revised after the acreage reporting date.

Remember

- Acreage reporting is your responsibility. Doing it right will save you money.
- It is your responsibility to report crop damage to your agent within 72 hours of discovery for most crops.
- Never put damaged acreage to another use without prior written consent from the insurance company. You don't want to destroy any evidence of a possible claim.