

CT FARM RISK MANAGEMENT

CONNECTICUT CROP INSURANCE GUIDE - 2013 Update

INTRODUCTION

Multi-peril crop insurance is a valuable risk management tool that allows growers to insure against losses due to adverse weather conditions and wildlife. It shifts unavoidable production risks to an insurance company for the payment of a fixed amount of premium per acre. Crop insurance is available for at least one commodity in every county in Connecticut, with a total of 7 crops represented across the state.

Participation in the crop insurance program in Connecticut has increased dramatically since the early 1990's. In 2012, sign up for crop insurance was 24,645 acres and protection in force was over \$64 million.

The federal government has decided that a crop insurance program is preferable to disaster payments. It is better to have an insurance program in place that is available nationwide and gives farmers the freedom to choose the level of coverage they need based on their own yield history. A minimum level of crop insurance, called Catastrophic (CAT) insurance, is available to all farmers regardless of size at no premium cost (all premiums are paid by the federal government). Higher levels of crop insurance (buy-up protection) are also federally subsidized, with farmers nationwide paying only 33 to 62 percent of the actual cost of the insurance (depending on the level of coverage selected).

Crop insurance like protection for non-insurable crops can generally be obtained under the Non-insured crop Assistance Program (NAP) that is available from the Farm Service Agency (FSA/USDA) for the county.

Before considering a particular kind of crop insurance policy, you should first consider how much risk you are willing to accept and what you need to protect. The following are some common objectives:

- 1) reducing year-to-year income variability.
- 2) providing a minimum cash flow to cover input costs.
- 3) securing adequate credit.

YIELD-BASED INSURANCE COVERAGE

Actual Production History (APH) insurance protects producers against losses due to natural causes such as drought, excessive moisture, hail, wind, frost, insects, and disease. These plans are sometimes referred to as Multiple Peril Crop Insurance (MPCI).

Growers select from 50 to 75 percent (up to 85% for some crops) of the amount of their average yield to insure.

Growers can also select between 55 and 100 percent of the predicted crop price established annually by the United States Department of Agriculture, Risk Management Agency (USDA, RMA). The price is set based on futures price for corn yield and revenue plans. If the harvest is less than the yield insured, the grower is paid for the loss based on the difference. Loss payments are calculated by multiplying this difference by the insured percentage of the established price selected when crop insurance was purchased.

Catastrophic crop insurance (CAT) was introduced in 1995 to replace ad hoc disaster assistance programs enacted by Congress with an insurance-based producer safety net that reflects a grower's actual production history and insurance principles. Per acre insurance premiums for CAT are totally paid by the federal government. For a flat application fee of \$300/crop/county, producers get a crop insurance yield guarantee of 50 percent of their farm's actual production history yield, with any losses reimbursed at 55 percent of the established crop price. Limited resource farmers may have this fee waived. Farmers may buy-up levels of insurance coverage under CAT for a \$30 administrative fee, per crop, per county. The amount of APH yield to be insured is selected from 50 to 75 percent (for some crops in some areas up to 85 percent). CAT coverage is not available on all types of policies.

Dollar Plan (Dollar) coverage provides protection against declining value due to damage that causes a yield shortfall. The amount of insurance is based on the cost of growing a crop in a specific area. A loss occurs when the annual value of the crop is less than the amount of insurance. The maximum dollar amount of insurance is stated on the actuarial document. Growers may select a percent of the maximum dollar amount equal to CAT (catastrophic level of coverage) or additional coverage levels.

Written Agreements may be obtained to provide insurance for specific crops if there is no separate MPCI policy available for that crop, or if the MPCI for a crop is only available in selected counties in a State. The RMA Crop Insurance Handbook allows the RMA Regional Office (Raleigh, NC for Connecticut) to issue additional guidelines to determine the adaptability of a particular crop for a written agreement. For example, currently there is no MCPI coverage available for Vinifera grapes grown in Connecticut. However a Vinifera grape producer may be able to obtain crop insurance coverage through a written agreement. Consult a crop insurance agent for more details.

REVENUE INSURANCE PLANS

Adjusted Gross Revenue (AGR and AGR-Lite)

insures the revenue of the entire farm rather than an individual crop by guaranteeing a percentage of average gross farm revenue. These plans use information from the past five consecutive years of a producer's Schedule F tax forms to calculate the policy revenue guarantee. Depending on the number of commodities grown, producers have the choice of three coverage levels (65, 75, and 80%) and two payments rates (75 and 90%).

AGR insurance is currently available in all 8 counties in Connecticut. A major limitation of this product is that only farms with 35 percent livestock revenue or less are eligible for coverage. An additional requirement of AGR coverage is that if crops with individual crop insurance availability exceed 50 percent of farm revenues, MPCl coverage is also required (CAT insurance can be used to meet this requirement). The maximum policy size for AGR is \$6.5 million (based on maximum adjusted gross revenues of \$13.3 million and the 65% coverage level and 70% payment rate). The sign-up deadline for AGR is January 31.

AGR-Lite represents a major improvement on the original AGR product, expanding it to provide protection for most farm-raised crops and animal revenues (no limitation on livestock income). The application process for AGR-Lite is also streamlined in various ways and there is no requirement for the purchase of MPCl (but it may be purchased at the producer's option). The maximum policy size for AGR-Lite is \$1 million (based on maximum adjusted gross revenues of \$2,051,282 and the 65% coverage level and 75% payment rate). The sign-up deadline for first-time AGR-Lite policyholders is March 15.

Late and Prevented Planting Coverage provide reduced protection on acreage that is planted late or that cannot be planted by the final planting date or within the late planting period. Consult a crop insurance agent for more details.

LIVESTOCK GROSS MARGIN

LGM Dairy Cattle Insurance provides protection against loss of gross margin (market value of milk minus feed costs) on milk produced from dairy cows. LGM-Dairy uses the Chicago Mercantile Exchange Group futures prices for corn, soybean meal and class III milk to determine the expected gross margin and the actual gross margin.

A **premium subsidy** is available for those policies that insure multiple months during the insurance period. The subsidy amount is determined by a dollar deductible selected by the policyholder (ranges from \$0—\$2 per hundredweight of milk in \$0.10 increments). Policyholders choosing a \$0 deductible receive a lower

premium subsidy, and those choosing the highest deductible of \$2 receive a higher premium subsidy.

The **indemnity** at the end of the insurance period selected by the producer (up to 10 months) is the difference (if positive) between the gross margin guarantee and the actual gross margin. The price the producer receives at the local market is not used in these calculations. Enrollment periods begin the last business Friday of each month that the program is open. Producers interested in LGM Dairy should contact a crop insurance agent.

LGM Swine Insurance is available to provide gross margin protection (income minus feed cost based on board of trade prices) for swine to be sold for commercial or private slaughter. The program uses futures prices to determine the expected gross margin and the actual gross margin.

Types of Operations Covered include Farrow to Finish which covers all aspects of breeding, farrowing, and raising swine to slaughter; Feeder Pig Finishing which specializes in the feeding of swine from about 50 pounds to slaughter; and SEW (Segregated Early Weaned) specializing in the feeding of swine from the age of about 12-21 days to slaughter.

Enrollments are 12 times per year (last business Friday of each month), and LGM swine can insure the swine a producer expects to market during each enrollment period. There are 12 insurance periods per year, each is for 6 months, with coverage available for the last 5 months of the 6 month period. The insurance policy is continuous and renews automatically. All or part of swine may be included for all or selected months of each insurance period, not to exceed 15,000 head per insurance period or 30,000 head per period/reinsurance year. Deductibles available range from \$0-\$20 per head in \$2 increments. Producers interested in LGM Swine should contact a crop insurance agent.

DEVELOPING A CROP INSURANCE PROGRAM

Determining the Actual Production History

The first step in developing a crop insurance program is to establish your actual production history (APH). This is used to set the guarantees under the APH and CAT plans of insurance. A proven APH yield is not required for crops insured under the dollar plan because the amount of coverage is based on the cost of growing the crop in a specific area. Assessing the need for production risk protection must be based on your farm's production potential and yield variability. It is a good idea to establish the APH for each insurance unit with a crop insurance agent long before the sign-up date. An APH yield is needed even if you are only interested in the CAT level of coverage.

Establishing an APH yield requires a minimum of four years of records for each crop and land unit to be insured. Examples of information used to prove crop yields include field records, sale receipts, and farm or commercial storage records. The records must be for continuous years, starting with the most recent year and continuing back in time.

Once a missing year is reached, no yield data before that year may be used. Dropping out yield from one year because of poor production is not allowed. It is not considered a missing year of records if the crop to be insured was not planted in a certain year. In that case, a zero acreage report is submitted and continuous records are maintained even without data for that year. This is especially important for growers who rotate crops.

If at least four successive years of records are not available, a transitional or "T"-yield is substituted for each missing year. Each insured crop within a county has an assigned "T"-yield. It is usually based on the latest available 10-year county average yield. Growers with no records at all are assigned 65 percent of the "T"-yield as their APH yield. Growers with one year of records receive 80 percent of the "T"-yield for the other three years to calculate their APH yield. Growers with two records receive 90 percent of the "T"-yield for the other two years. Growers with three years of records receive 100 percent of the "T"-yield for the one remaining year. Once each year has been assigned a yield, the APH is an average of the four yields. If only a couple years of yield records exist, the APH yield may be considerably below the actual expected yield, because of the reduced "T"-yields. New growers or those who have never planted the crop to be insured receive 100 percent of the "T"-yield for determining their APH yield. If they continue to plant the crop for four years, the "T"-yields will be replaced with the actual production each year.

New producers who have previously been closely associated with a particular farming operation, such as children taking over a family farm, can use the previous operator's records to establish their APH yield.

Once at least four years of production history are available, the APH is the average of all of the yearly reported yields. Additional years of data will be averaged into the APH yield until 10 years are included. Once 10 years of yields are available, the APH becomes a moving 10-year average. When a new year of production history is added, the oldest record is dropped from the APH calculation.

When a new yield record is added to the APH history, the APH cannot decrease by more than 10 percent in any one year. The APH can not fall to less than 70 percent of the "T"-yield for growers with only one year of yield records, 75 percent for growers with two to four years of yield records, and 80 percent for growers with five or more years of yield records. This "floor" prevents one year with a severe crop failure from having a disproportionately large influence on the APH yield,

especially when only a few years of yield records are available. There is also an option to substitute 60 percent of the "T"- yield for actual yields that are less than 60 percent of the "T"-yield. There is a slightly higher premium when this option is selected.

Selecting an Insurance Unit for Crop Insurance

You have two options on how you divide your land to determine APH yields, loss payments, and premiums under crop insurance. Each parcel of land for which claims are calculated is called an "insurance unit." Unit types include basic and optional units. One farming operation may have several insurance units. In this situation, it is possible to have a crop loss on one unit and receive a loss payment, while the other units on the same farm produce a record crop. As a result, many growers prefer to divide their land into as many units as possible. You should check with a crop insurance agent to find out how many and what type of insurance units your crops qualify for, and how this could affect your premiums.

You receive one basic unit for the land you own and cash rent within a county. You also receive one basic unit for each landlord with whom you crop share rent. Each crop share landowner can also insure their own interest in the crop as a separate unit. Each different crop also creates a separate unit, and tracts of land in different counties must be insured as separate units. Each crop/county can have a different type of policy and level of coverage, and could receive a loss payment separate from the other units. Separate production records must be kept for each basic unit. Insuring all acres as basic units entitles producers to a 10 percent discount on their premiums.

Basic units may be divided into optional units when a crop is being grown under distinctly different production practices. For example, a grower with both irrigated and non-irrigated acres of the same crop may qualify for optional units. Other special farming types or practices may also qualify acres to be insured as separate units. Organically grown crops may also be eligible for crop insurance coverage. Premiums are adjusted to recognize any additional risk associated with covering organic crop acreage. Optional units may also be established by FSA farm serial number or by section equivalents (similar to one square mile blocks) using a written agreement.

How Crop Insurance Premiums are Calculated

Crop insurance premiums depend on your APH yield (or maximum dollar amount of insurance for dollar plans crops), the coverage level you select, the price election you select, and the premium rate for your county. Based on the level of coverage and the crop being insured, you pay between 33 and 67 percent of the calculated premium, with the federal government paying the balance. If you use basic units rather than optional units,

you are eligible for about an additional 10 percent discount.

For the yield protection policy, you can select a coverage level of 50, 55, 60, 65, 70, or 75 (up to 85 for some crops) percent of your APH yield (or maximum dollar amount of insurance for Dollar plan crops). In a sense, this establishes your “deductible”. For example, if a coverage level of 75 percent is selected, then you “self insure” for the first 25 percent of the loss. If the loss was more than 25 percent, crop insurance would cover the difference. The level of coverage also affects the amount of protection that is available. Like other insurance, high levels of deductible have lower premiums, but also more risk. You also have some choice of the price election (percent of the established crop price), depending on the yield guarantee selected. Selecting a lower level of price election lowers premiums slightly. In practice, however, most growers select the 100 percent price election.

An important thing to remember about crop insurance premiums is that they are directly tied to the value of the crop they are insuring. If commodity prices increase, then crop insurance protection and premiums will also increase.

Some important crop insurance equations:

APH Plan yield guarantees and premiums:

Yield guarantee = APH yield x coverage level

Total premium/acre = Yield guarantee x price election x county premium rate

Subsidy amount = Total premium/acre x subsidy factor

Producer premium/acre = Total premium/acre – subsidy amount

APH Plan Loss payments:

If actual yield is less than the yield guarantee:

Loss payment = (yield guarantee – actual production) x price election

If actual yield is equal to or greater than the yield guarantee:

Loss payment = 0

Dollar Plan amount of coverage and premiums:

Dollar guarantee = County maximum amount of coverage x coverage level

Total premium/acre = Dollar guarantee x county premium rate

Subsidy amount = Total premium/acre x subsidy factor

Producer premium/acre = Total premium/acre – subsidy amount

Dollar Plan Loss payments:

If the value of production to count is less than the dollar guarantee:

Loss payment = Dollar guarantee – value of production to count

If the value of production to count is greater than or equal to the Dollar guarantee:

Loss payment = 0

How Can I Find a Crop Insurance Agent?

- Ask your neighbors for their recommendations. Other growers are one of the best sources of information on where to find a knowledgeable crop insurance agent.
- Check with businesses or organizations you use for farm business management services. Your banker, cooperative, or a farm organization you belong to may be able to recommend insurance agencies who handle crop insurance.
- Use the USDA Risk Management Agency’s Web site (www.rma.usda.gov) to locate an agent in your area. This can be done by clicking on the “Agent/Company Locator” under “Quick Links” on the RMA home page.

Important Crop Insurance Dates

Deadlines for sales closing, final planting date, acreage reporting, and billing for Connecticut vegetable, fruit, field and nursery and greenhouse crops are listed in Table 1. As a crop insurance user you should be aware of several important dates for filing information and reporting losses:

Table 1. Important deadlines for livestock, vegetable, fruit, field and nursery and greenhouse crop insurance in Connecticut.

Fruit	Type of Insurance	Sales Closing*	Production Reporting	Acreage Reporting	End of Insurance	Premium Billing
Apples	APH	11/20	1/15	1/15	11/5	8/15
Peaches	APH	11/20	1/15	1/15	9/30	8/15
* Prior to year of harvesting						
Vegetable	Type of Insurance	Sales Closing	Final Planting	Acreage Reporting	End of Insurance	Premium Billing
Sweet corn (fresh market)	Dollar	3/15	--	7/15	9/30	--
Potatoes	APH	3/15	--	7/15	10/31	--
Field	Type of Insurance	Sales Closing	Final Planting	Acreage Reporting	End of Insurance	Premium Billing
Corn (grain)	Revenue or Yield	3/15	--	7/15	12/10	--
Corn (silage)	Ton or Bushels	3/15	--	7/15	10/20	--
Tobacco (Type 61)	APH	3/15	--	7/15	4/30	--
Tobacco (Type 51)	APH	3/15	--	7/15	4/30	--
Nursery & Greenhouse	Dollar Amount	AGR	AGR-Lite			
Sales closing (existing policy)	5/1	1/31	3/15			
Sales closing (new policy)	5/1**	1/31	3/15			
Waiting period	30 days	10 days	10 days			
Insurance year	6/1 - 5/31	1/1 - 12/31	1/1 - 12/31			
PIVR Existing Policy	5/1					
PIVR New Policy	w/ application	n/a	n/a			

** Enrollment can be made through-out the year with a 30 day waiting period before insurance protection begins.

LGM Dairy Cattle and Swine

Enrollment begins Last business Friday each month that the program is available

Sales closing date—last day to apply for coverage or make changes to the policy; the sign up deadline.

Final planting date—last day to plant with full coverage. Late planting may be insurable at reduced coverage for some crops.

Acreage reporting date—last day to report the acreage planted. If not reported, insurance may not be in effect.

Date to file notice of crop damage—within 72 hours of initial discovery of damage (but not later than 15 days after the end of the insurance period). There may be additional requirements by crop. An adjuster must have the opportunity to inspect the crop before it is destroyed or put to another use.

End of insurance period—date when crop insurance coverage ceases for the crop year.

Payment due date—last day to pay the premium without being charged interest.

Cancellation date—last day to request cancellation of policy for the next year (same date as sales closing date).

Production reporting date—last day to report production for Actual Production History (APH).

Debt termination date—date insurance company will terminate policy for nonpayment.

Billing date—date crop insurance premiums are due. Crop insurance premiums are not due until after the cropping season is almost over .

ORGANIC FARMING PRACTICES

Organic farming has become one of the fastest growing segments of U.S. agriculture. USDA's Risk Management Agency (RMA) recognizes organic farming practices as good farming practices and continues to move forward in improving crop insurance coverage for organic producers and producers transitioning to organic production.

Coverage Availability

RMA currently provides coverage for:

- Certified organic acreage;
- Transitional acreage (acreage on which organic farming practices are being followed that does not yet qualify to be designated as certified organic acreage); and
- Buffer zone acreage.

Insurance can only be provided for any crop grown using organic farming practices when a premium rate for the organic practice is contained within the actuarial documents or there is an approved written agreement.

Insurable Causes of Loss

Covered perils under most crop insurance policies include losses due to certain causes if the damage is significant enough to lower a yield below the deductible for the entire insured unit. These causes are drought, excess moisture, freeze, hail, prevented planting (for crops eligible for prevented planting, see Basic Provisions, 2011-BR), insect damage, disease, and weeds, if recognized organic farming practices fail to provide an effective control method that may result in losses. Contamination by application or drift of prohibited substances onto organic, transitional, or buffer zone acreage is not an insured peril. Policies may also have other specific exclusions

If any acreage qualified as certified organic acreage or transitional acreage on the date you report such acreage (even if such certification is subsequently revoked by the certifying agent or the certifying agent no longer considers the acreage as transitional acreage for the remainder of the crop year), that acreage will remain insured under the reported practice for which it qualified at the time the acreage was reported. Any loss due to failure to comply with the organic standards is considered an uninsured cause of loss. Consult a crop insurance agent for more details.

Reporting Acreage

On the date you report acreage, you must have:

- 1) For certified organic acreage, a current organic plan and recent written certification (certificate) in effect from a certifying agent.

- 2) For transitional acreage, a certificate or written documentation from a certifying agent indicating that an organic plan is in effect.
- 3) For both certified and transitional acreage, records from the certifying agent showing the specific location of each field of certified organic, transitional, buffer zone, and acreage maintained and not maintained under organic farming practices.

You are required to maintain separate actual production history (APH) databases for conventional, transitional, and certified organic acreage. Also, all buffer zone acreage production has to be added to the acreage it buffers. Please note that acreage transitioning to a certified organic farming practice without an organic certificate or written documentation from a certifying agency must be insured under the conventional farming practice.

Current Updates – Price Elections, Insurance Dollar Amounts, and Premiums

Separate organic price elections, projected prices, and harvest prices are currently available for **8 crops: cotton, corn, soybeans, processing tomatoes, avocados, and stonefruit crops; and fresh freestone peaches, fresh nectarines, and plums in California.** For all other crops, the price elections, insurance amounts, projected prices, and harvest prices that apply to both certified organic and transitional crops are the price elections, insurance amounts, projected prices, and harvest prices RMA publishes for the crop grown using conventional means for the current crop year.

VEGETABLE CROPS

Vegetable crops covered in Connecticut include fresh market sweet corn and potatoes. Insurance for sweet corn is available in all counties while potatoes are only covered in Hartford County; however, potatoes can be insurable by written agreement in other counties if specific criteria are met.

Fresh Market Sweet Corn

Acreage planted to sweet corn to be harvested and sold as fresh market sweet corn is insurable, including non-irrigated acreage. To be insurable, the producer must have grown sweet corn for commercial sale or participated in managing a sweet corn farming operation in at least one of the three previous years. Sweet corn interplanted with another crop or in established grasses or legumes is not covered.

Insurable causes of loss include:

- Adverse weather conditions (Natural perils such as hail, frost, freeze, drought, wind, and excess precipitation)
- Fire
- Insects (Except for insufficient or improper application of control measures)
- Plant disease (Except for insufficient or improper application of control measures)
- Wildlife
- Failure of irrigation water supply (If caused by an insured peril during the insurance period)

Note: Revenue losses caused by low market prices or low consumer demand are not covered.

Insurance Period

Coverage begins when the sweet corn is planted and ends the earliest of:

- Total destruction of the crop
- The date harvest should have started on any acreage that will not be harvested
- Abandonment of the crop
- Completion of harvest
- Final adjustment of a claim
- September 30 of the year the crop is planted.

Coverage Levels and Premium Subsidies

Instead of guaranteeing production, the policy guarantees a dollar amount of coverage, depending on the level of coverage selected. Crop insurance premiums are subsidized as shown below. For example if you select the 75-percent coverage level, the premium subsidy is 55 percent and your premium share is only 45 percent of the base premium. 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 \$300.

AMOUNTS OF COVERAGE AND SUBSIDY

Reference Maximum Dollar Amount = \$2610			
Coverage Level	Coverage Amount	Subsidy %	Your Premium Share
CAT	\$718	100%	0%
50%	\$1305	67%	33%
55%	\$1436	64%	36%
60%	\$1566	64%	36%
65%	\$1697	59%	41%
70%	\$1827	59%	41%
75%	\$1957	55%	45%

Loss Example

A loss occurs when the crop value falls below the guaranteed dollar amount as a result of damage from a covered cause of loss.

The example below assumes a dollar guarantee of \$1697 per acre at the 65 percent coverage level. Assume that 50 containers of sweet corn per acre were produced and sold for \$12 each. Subtracting the allowable cost of \$4.15 per container leaves a net value of \$7.85 per container and a crop value of \$393 per acre (50 containers x \$7.85).

\$1697	Dollar amount of coverage per acre
- 393	Production value per acre
<u>\$1304</u>	Loss per acre
- 122	Estimated premium per acre
\$1182	Net indemnity per acre

Potatoes

Potatoes planted with certified seed for harvest as either certified seed stock or for human consumption may be insured. The policy does not cover any acreage where potatoes are:

- Inter-planted with another crop
- Planted into an established grass or legume; or
- Planted without following crop rotation requirements specified in the Special Provisions of Insurance.

Insurable causes of loss include:

- Adverse weather conditions (Natural weather perils such as hail, frost, freeze, drought, wind, and excess precipitation)
- Fire
- Insects (Except for insufficient or improper application of control measures)
- Plant disease (Except for insufficient or improper application of control measures)
- Wildlife

- Failure of irrigation water supply (If caused by an insured peril during the insurance period)

Note: The policy does not insure against loss of production from damage occurring after potatoes are placed in storage. Even if a storage coverage endorsement is in effect, the cause of the damage nonetheless must have occurred before the end of the insurance period.

Insurance Period

Coverage begins when the potatoes are planted and ends the earliest of:

- Total destruction of the crop
- Abandonment of the crop
- Harvest of the crop
- Final adjustment of a claim
- October 31 of the year the crop is planted.

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your average yield. An average potato yield of 260 cwt. per acre, for example, would result in a 169 cwt. per acre guarantee at the 65-percent coverage level. Crop insurance premiums are subsidized as shown in the

following table. For instance, if you selected the 75-percent coverage level, your premium share would be 45 percent of the base premium. Catastrophic (CAT) coverage is fixed at 50 percent of your average yield and 55 percent of the price election. The Connecticut price is established at \$12.20 per hundredweight. The cost for CAT coverage is an administrative fee of \$300, regardless of the acreage.

Coverage Level % →	50	55	60	65	70	75
Premium Subsidy %	67	64	64	59	59	55
Your Premium Share %	33	36	36	41	41	45

Loss Example

This example assumes an average yield of 260 cwt. per acre, 65-percent coverage level, no options or endorsements, and one basic unit.

	260	Cwt. per acre average yield (APH)
x	.65	Coverage level percentage
	169	Cwt. per acre guarantee
-	89	Cwt. per acre production
	80	Cwt. per acre loss
x	\$12.20	Price election
	\$976	Indemnity per acre
-	58	Estimated premium per acre
	\$918	Net indemnity per acre

FRUIT CROPS

Fruit crops covered in Connecticut include apples and peaches. Insurance for apples is available in all counties while peaches are only covered in Litchfield and Middlesex counties; however, peaches can be insurable in other counties by written agreement if specific criteria are met.

Apples

All apples in a county are insurable if:

- A premium rate is provided by the actuarial documents;
- In which you have a share;
- Grown on tree varieties that are adapted to the area;
- Acreage that has produced at least 150 bushels per acre in one of the past four years; and
- Are grown for fresh apple production or processing apple production.

Note: The apple policy offers basic coverage against damage from natural perils resulting in fresh or processing fruit that fails to grade U.S. No. 1 Processing or better.

Insurable causes of loss include:

- Adverse weather conditions (Natural perils such as hail, frost, freeze, drought, wind, and excess precipitation)
- Fire
- Insects (Except for insufficient or improper application of control measures)
- Plant disease (Except for insufficient or improper application of control measure)
- Wildlife
- Failure of irrigation water supply (If caused by an insured peril during the insurance period)

Note: Policy does not cover loss of income due to market fluctuations.

Insurance Period

Coverage begins on November 21 and ends at the earliest of:

- Total destruction of the crop
- Abandonment of the orchard
- Harvest of the crop
- Final adjustment of a claim
- November 5

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 APH yield of 500 bushels per acre would result in a guarantee of 250 bushels per acre at the 50-percent coverage level. You may elect different

coverage levels for fresh and processing apples. Catastrophic (CAT) coverage is fixed at 50 percent of average yield and 55 percent of the price election. The cost for CAT is an administrative fee of \$300, regardless of the acreage.

Coverage Level % →	50	55	60	65	70	75
Premium Subsidy %	67	64	64	59	59	55
Your Premium Share %	33	36	36	41	41	45

Price Elections

Fresh.....	\$16.20
Processing.....	\$2.60
Varietal Group A.....	\$18.50
Varietal Group B.....	10.50

Loss Example

This example assumes 600 bushels per acre average yield, 65-percent coverage level, fresh non-irrigated apples, 100% share and a one-acre basic unit.

	600	Bushels per acre APH yield
x	.65	Coverage level percentage
	390	Bushels per acre guarantee
-	100	Production-to-Count
	290	Bushels per acre loss
x	\$16.20	Price election (fresh)
	\$4,698	Indemnity per acre
	\$231	Estimated premium
	\$4,467	Net indemnity per acre

Peaches

All peaches (including nectarines) in a county are insurable if:

- A premium rate is provided by the actuarial documents;
- Any varieties grown for the production of fresh or processing peaches;
- From tree varieties having a chilling hour requirement appropriate for the area;
- From a rootstock adapted to the area;
- In an orchard that is considered acceptable; and
- On trees that have reached at least the fourth growing season after being set out.

Note: If trees have not reached the fourth year, the acreage may still be insurable by written agreement if the trees have produced at least 100 bushels per acre.

Insurable causes of loss include:

- Adverse weather conditions (Natural perils such as hail, frost, freeze, drought, wind, and excess precipitation)

- Fire
- Insects (Except for insufficient or improper application of control measures)
- Plant disease (Except for insufficient or improper application of control measures)
- Insufficient of chilling hours (to effectively break dormancy)
- Wildlife
- Failure of irrigation water supply (if caused by an insured peril during the insurance period)

Insurance Period

Coverage begins on November 21 and ends at the earliest of:

- Total destruction of the crop
- Abandonment of the crop
- Harvest of the crop
- Final adjustment of a claim
- September 30.

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 APH yield of 300 bushels per acre would result in a guarantee of 150 bushels per acre at the 50-percent coverage level. You may elect different coverage levels for fresh and processing peaches. Catastrophic (CAT) coverage is fixed at 50 percent of your average yield and 55 percent of the price election. The Connecticut price is established at \$44.50 per bushel. The cost for CAT coverage is an administrative fee of \$300, regardless of acreage.

Coverage Level % →	50	55	60	65	70	75
Premium Subsidy %	67	64	64	59	59	55
Your Premium Share %	33	36	36	41	41	45

Loss Example

This example is based on 50-percent coverage level, fresh price election, and average yield of 250 bushels per acre.

300	Approved Yield per acre
x .65	Coverage level
<u>195</u>	Bushels per acre guarantee
- 95	Production-to-Count
<u>100</u>	Bushels per acre loss
x \$44.50	Price election (fresh)
\$4,450	Indemnity per acre
- \$720	Estimated Premium
<u>\$3,730</u>	Net indemnity per acre

FIELD CROPS

Field crops covered in Connecticut include corn and tobacco. Insurance for corn is available in all counties while tobacco is only covered in Hartford and Tolland counties; however, tobacco can be insurable by written agreement in other counties if specific criteria are met.

Corn

Crop Insured

The crop insured will be all corn grown in the county on insurable acreage, for which premium rates are provided either as for grain or silage, in which you have a share. Corn for grain or silage may be covered with yield protection or revenue protection. RMA will set the silage harvest price equal to the projected price. Corn as grain previously covered under the Crop Revenue Coverage, Indexed Income Protection, and Revenue Assurance plans will be converted to Revenue protection.

- **Yield Protection Plan** provides protection against production losses.
- **Revenue Protection Plan** provides protection against loss of revenue due to a production loss, price decline or increase, or a combination of both.
- **Revenue Protection with Harvest Price Exclusion Plan** provides protection against loss. Revenue caused by price decrease, low yield or a combination of both based on the projected price only.

Insurable causes of loss include:

- Adverse weather conditions (Natural perils such as hail, frost, freeze, drought, wind, and excess precipitation)
- Fire
- Insects (Except for insufficient or improper application of control measures)
- Plant disease (Except for insufficient or improper application of control measures)
- Wildlife
- Failure of irrigation water supply (If caused by an insured peril during the insurance period)

Insurance Period

Insurance coverage begins on the later of the date we accept your application or the date when the crop is planted, and will end at the earliest of:

- Total destruction of the crop
- Abandonment of the crop
- Harvest of the unit
- Final adjustment of a loss
- December 10 (insured as grain)
- October 20 (insured as silage)

Coverage Levels and Premium Subsidies

The premium subsidy percentages and available coverage levels are shown below. Your share of the premium will be 100 percent minus the subsidy amount.

Coverage Levels	Percent Premium Subsidy		
	Optional/ Base Unit	Enterprise Unit	Whole Farm Unit
50	67	80	80
55	64	80	80
60	64	80	80
65	59	80	80
70	59	80	80
75	55	77	80
80	48	68	71
85	38	53	56

For example, if you select the 75 percent coverage level, your coverage will be 75 percent of your approved APH yield and the premium subsidy is 55 percent. Your premium share is 45 percent of the base premium ($100 - 55 = 45\%$) for optional and basic units or 23 percent for enterprise units ($100 - 77 = 23\%$). Catastrophic coverage (CAT) is available at 50 percent of your APH yield and 55 percent of the price election. The total cost for CAT coverage will be an administrative fee of \$300 per crop per county, regardless of the number of acres. For coverage levels above CAT, the administrative fee is \$30 per crop per county in addition to the premium cost.

Insurance Units

Basic Unit: A basic unit includes all of your insurable small grains acreage in the county by crop by share arrangement. Premiums are reduced for about 10% for basic unit.

Optional Unit: If a basic unit consists of two or more FSA farm serial numbers and certain record keeping requirements are met, you may qualify for optional units. The 10 percent premium discount will not apply.

Enterprise Unit: Generally, all the insured acreage of the crop in a county. Premium discounts and additional subsidy apply.

Whole Farm Unit: Generally, all the insured crops in the county that are covered by the insurance plan. Premium discounts and additional subsidy apply.

Late and Prevented Planting

These provisions provide protection on acreage planted after the final planting date or that cannot be planted. Please consult a crop insurance agent for details.

Loss Example

Under yield protection a loss occurs when the bushels of corn produced for the unit fall below the production guarantee as a result of damage from a covered cause of loss. Under revenue protection a loss occurs when the value of production to count is less than the revenue protection guarantee due to a production loss and/ or a loss of revenue. This example assumes a 90 bushels/acre APH yield, 75 percent coverage level, \$5.29 projected price, \$4.49 harvest price, and 40 bushels produced.

<u>Yield Protection</u>		<u>Revenue Protection</u>
90	APH yield bushels/acre	90
x .75	Coverage level	x .75
67.50	Bushels guarantee	67.50
x \$5.29	Projected Price	\$5.29
\$357.08	Insurance Guarantee	\$357.08
40	Bushels produced (27.5 loss)	40
x \$5.29	Harvest Price	\$4.49
\$211.60	Production-to-Count Value	\$179.60
\$145.48	Indemnity per acre	\$177.48
	(Insurance Guarantee minus Production-to-Count Value)	

Tobacco

The tobacco production guarantee policy covers the following tobacco types in Connecticut:

- Type 51—Cigar Binder
- Type 61—Cigar Wrapper

Insurable causes of loss include:

- Adverse weather conditions (Natural perils such as hail, frost, freeze, drought, wind, and excess precipitation)
- Fire
- Insects (Except for insufficient or improper application of control measures)
- Plant disease (Except for insufficient or improper application of control measures)
- Wildlife
- Failure of irrigation water supply (if caused by an insurable peril during the insurance period)

Insurance Period

Coverage begins at transplanting and ends at the earlier of:

- Total destruction of the tobacco on the unit
- Removal of the tobacco from the unit where grown (except for curing, grading and packing)
- Abandonment of the crop on the unit
- Final adjustment of the loss on the unit
- April 30

Coverage Levels and Premium Subsidies

Coverage level options range from 50 to 75 percent of your approved average yield and are subsidized as follows:

Coverage Level % →	50	55	60	65	70	75
Premium Subsidy %	67	64	64	59	59	55
Your Premium Share %	33	36	36	41	41	45

Catastrophic (CAT) coverage is fixed at 50 percent of your approved yield and 55 percent of the price election. The cost for CAT coverage is \$300.

Loss Example

This example is for cigar binder type and assumes 60-percent coverage level, Connecticut price election of \$6.00, approved yield of 1,800 pounds per acre, and basic units.

1,800	Producer's approved yield
x .60	Coverage level
1,080	Pounds per acre guarantee
- 580	Pounds per acre harvested
500	Pounds per acre loss
x \$6.00	Price election
\$3,000	Indemnity per acre
- 356	Estimated premium
\$2,644	Net indemnity per acre

Table 2. Crop insurance availability in Connecticut, by county.

County	AGR	AGR -Lite	apple (APH)	corn (Yield & Revenue)	LGM swine dairy	nursery/ greenhouse	peach (APH)	potato (APH)	sweet corn (DO)	tobacco (APH)
Fairfield	x	x	x	x	x	x			x	
Hartford	x	x	x	x	x	x		x	x	x
Litchfield	x	x	x	x	x	x	x		x	
Middlesex	x	x	x	x	x	x	x		x	
New Haven	x	x	x	x	x	x			x	
New London	x	x	x	x	x	x			x	
Tolland	x	x	x	x	x	x			x	x
Windham	x	x	x	x	x	x			x	
Total counties	8	8	8	8	8	8	2	1	8	2

NURSERY AND GREENHOUSE CROPS

Nursery crop insurance is available to wholesale nurseries that meet certain criteria. Insurance coverage will apply by selected practice(s) (field-grown and/or container) to all of your nursery plants in a county that:

- Are on the Eligible Plant List;
- Are grown in a nursery that receives at least 50 percent of its gross income from the wholesale marketing of nursery plants;
- Meet all the requirements for insurability; and
- Are grown in an appropriate medium.

Nursery containers containing two or more different genera, species, subspecies, varieties, or cultivars cannot be insured. Plants grown for sale as Christmas trees cannot be insured, and plants grown as stock plants or grown solely for harvest of buds, flowers, or greenery cannot be insured. Plants producing edible fruits and nuts can be insured if the plants are available for sale (harvesting the edible fruit or nuts does not affect insurability).

Comparing Crop Insurance Alternatives for Nursery and Greenhouse Crops.

Farmers who grow nursery and greenhouse crops may select from various crop insurance policies, including yield-based coverage through the dollar amount of insurance plan and at CAT and buy-up levels. Insurance protection is also available on a whole farm basis through AGR insurance and AGR-Lite.

Nursery Dollar Amount of Insurance Plan.

Nursery crop insurance for both containerized and field-grown plants may be insured separately. A nursery is insurable if at least 50 percent of the nursery's gross income is from the wholesale marketing of plants. Nursery crop insurance is available only for plants on the eligible plant list. Eligible plants may be grouped into 15

plant types, or 15 different basic units (listed below) which are insured separately with Buy-up coverage.

Plants eligible for Nursery Crop Insurance are:

- annuals
- broadleaf evergreen trees
- broadleaf evergreen shrubs
- coniferous evergreen trees
- coniferous evergreen shrubs
- deciduous trees (shade and flower)
- deciduous trees and shrubs
- fruit and nut trees
- foliage
- ground cover and vines
- herbaceous perennials
- liners
- roses
- small fruits
- palms and cycads

Each insured grower is required to submit a Plant Inventory Value Report (PIVR), for each practice. Nursery crop insurance is available in all counties in all states, provided certain criteria are met. Insurance coverage will apply to all nursery plants and plant types in each practice (field-grown and containers) that meet the following criteria:

- are shown on the Eligible Plant List
- meet all the requirements for insurability and are grown using acceptable production practices
- are grown in an appropriate medium acceptable for the plant
- have cold protection, if required by the eligible plant list for that plant in the specified hardiness zone

- liner plants have a pot size of 1 inch in diameter or greater (including trays containing 200 or fewer individual cells)

The Eligible Plant List and Plant Price Schedule (EPLPPS) is available from your crop insurance agent and lists all insurable plants by genus, species, subspecies, variety, or cultivar and includes over 20,500 insurable plants.

All eligible nursery plants are considered either field-grown or container-grown, with plant sizes listed for each practice. Field-grown plants are listed by plant size for height, width, or caliper. Caliper is determined by measuring tree diameter six inches above the soil line up to and including a caliper of four inches and twelve inches above the soil line for larger sizes. Plant sizes below the smallest listed in the Base Price Table are not insurable. Containerized plants are listed by the container size with volume units of measure. Each cell of insurable multiple-cell nursery containers (cell-packs, jumbo packs, six packs, pony packs, plug packs, etc.) will be valued as a separate nursery container.

Most other plants can be insured under written agreement except for cut flowers. Bulbs, aquatic plants, and air plants are not insurable unless, the bulbs, aquatic plants, and air plants have an established root system, are grown in an appropriate medium, and the bulbs, aquatic and air plants are priced as ornamental plants in the grower's wholesale catalog or price list (for example, the price is for a tulip plant, not a tulip bulb).

To avoid large fluctuations in prices for the same plant among growers, a maximum insurable price must be determined. For price verifications purposes, growers must submit two copies of their most recent wholesale catalog or price list each year.

Insurable causes of loss include:

- adverse weather conditions including wind, hurricane, and freeze
- fire (provided weeds and undergrowth are chemically or mechanically controlled)
- failure of the irrigation water supply (if due to an insurable cause of loss, such as drought)
- delay in marketability of plants resulting in reduced plant value (if due to an insurable loss)
- wildlife

Uninsurable causes of loss include:

- disease or insect infestation (unless effective control measures for the infestation do not exist)
- cold temperatures if cold protection is required for the plants as described on the Eligible Plant List and the required cold protection is not used

- inadequate power supply (unless such inadequacy is a result of an insurable cause of loss)
- inability to market your nursery products due to quarantine, boycott, or buyer refusal
- collapse or failure of buildings/structures (unless caused by an insurable cause of loss)
- failure of plants to grow to an expected size.

Cold Protection Requirements

Cold protection requirements and minimum hardiness zones are listed in the eligible plant list for both container and field-grown plants. Each county is assigned hardiness zone designations for insurance purposes. Some container plants are not insurable in certain hardiness zones, and others require cold protection in certain hardiness zones to retain insurance coverage against cold damage. The eligible plant list also designates the minimum hardiness zone for each insurable field-grown plant. Field-grown plants are not insurable below the minimum hardiness zone specified for each plant. Growers must follow good nursery practices for protecting plants from cold damage; however, if you installed cold protection equipment or facilities, and low temperatures or its duration exceeds the ability of the cold protection equipment or facilities to keep the plants from sustaining cold damage, then freeze damage may be covered.

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your plant inventory value. Crop insurance premiums are subsidized as shown in the following table. For example, if you selected the 75-percent coverage level, your premium share would be 45 percent of the base premium: the catastrophic coverage level is fixed at 27.5 percent of your plant inventory value. The only cost for the catastrophic coverage level is an administrative fee of \$300.

Item	Percent					
Coverage Level	50	55	60	65	70	75
Premium Subsidy	67	64	64	59	59	55
Your Premium Share	33	36	36	41	41	45

Example of a nursery loss covered under the Dollar Amount of Insurance Plan:

\$100,000 Plant Inventory Value
 x .65 Coverage Level
\$ 65,000 Unit Amount of Insurance
In the event of a loss:
\$100,000 Field Market Value before loss
-\$50,000 Field Market Value after loss
\$50,000 Amount of loss
-\$35,000 Deductible (100% – Level of Coverage) x
Inventory Value = (100% – 65%) x \$100,000

= \$15,000 Indemnity

Optional Endorsements to Nursery Crop Policies:

The nursery policy contains provisions for optional peak inventory, rehabilitation, and pilot nursery grower's price endorsements if the grower selects buy-up coverage.

Peak Inventory Endorsement allows growers to cover temporarily increases the amount of inventory reported on their PIVR for a specified amount of time without paying a full year's premium. Growers declare the amount of the inventory value increase, and the dates the peak coverage begins and ends. The grower pays premium for the whole month for any portion of a month in which the endorsement is in effect. This endorsement may be elected anytime during the crop year, subject to a 30-day waiting period for coverage to come into effect. Growers may purchase one Peak Inventory Endorsement for each basic unit, unless you incurred an

insured loss and have restocked your nursery; then an additional Peak Inventory Endorsement may be purchased after each insured loss.

Rehabilitation Endorsement helps growers cover the cost of rehabilitating damaged field-grown plants. If selected, the endorsement must be carried on all field-grown plants. Rehabilitation costs are limited to expenditures for labor and materials for pruning and setup of damaged plants. The plants must have been damaged by an insurable cause of loss and have a reasonable expectation of recovery.

Pilot Nursery Grower's Price Endorsement (NGPE) permits nursery growers who purchase buy-up coverage to insure specific plants at prices higher than those shown on the Eligible Plant List/Plant Price Schedule. Producers must purchase this endorsement at the time they apply for coverage.

SOURCES

Gantz, Gene. "Northeast Update of Crop Insurance for 2013: Connecticut" RMA/USDA, May 2013.

USDA, RMA Commodity Insurance Fact Sheets for Connecticut (various). Connecticut Farm Risk Management and Crop Insurance, Cooperative Extension System, University of Connecticut. Information retrieved from <<http://www.canr.uconn.edu/ces/frm/>>

"Crop Insurance for PA Field Crops." Crop Insurance Education Web Site, Agricultural Economics and Rural Sociology. Penn State. Fact Sheet, 2008. Information retrieved from <http://cropins.aers.psu.edu/FactSheets/AgFieldCropInsurance.pdf>

CFRM-CIG-3. Connecticut Crop Insurance Guide – 2011 Update. Prepared by Marilyn Altobello. Dept. of Agricultural and Resource Economics, University of Connecticut, Storrs. 2012.

"Crop Insurance for PA Fruit Crops." Crop Insurance Education Web Site, Agricultural Economics and Rural Sociology. Penn State. Fact Sheet, 2008. Information retrieved from <http://cropins.aers.psu.edu/FactSheets/Ag_FruitCrop.pdf>

Crop Insurance for Northeast Nursery and Greenhouse Crops." Crop Insurance Education Web Site, Agricultural Economics and Rural Sociology. Penn State. Fact Sheet, 2006. Information retrieved from <<http://cropins.aers.psu.edu/FactSheets/FactSheetArchive/2006Nursery.pdf>>

"Crop Insurance for PA Vegetable Crops." Crop Insurance Education Web Site, Agricultural Economics and Rural Sociology. Penn State. Fact Sheet, 2009. Information retrieved from <http://cropins.aers.psu.edu/FactSheets/Ag_VegCrop.pdf>



CFRM-CIG-4. Connecticut Crop Insurance Guide – 2013 Update. Prepared by Marilyn Altobello, Dept. of Agricultural and Resource Economics, University of Connecticut, Storrs. July 2013.

Visit us online at:

www.ctfarmrisk.uconn.edu

This information is provided by the Crop Insurance Education and Information for Connecticut Agriculture Project, a cooperative effort of the University of Connecticut Cooperative Extension System, Connecticut Department of Agriculture and the U.S. Department of Agriculture Risk Management Agency. An equal opportunity employer. To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, Stop Code 9410, 1400 Independence Avenue, SW Washington, DC 20250-6410 or call (202) 720-5964. If requested by a program participant at least 72 hours in advance, every effort will be made to provide special accommodations.