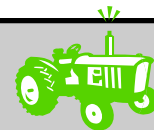


PRODUCER NEWS



New Jersey Farmers To Receive Additional Crop Insurance Subsidies!

New Jersey producers that signed up for a buy-up crop insurance policy for the 2008 crop year may be eligible for a premium reduction of up to \$175 per policy. 2008 NJ Crop insurance policies that were of a buy-up level (excludes catastrophic or CAT policies) will be automatically eligible for a federally-funded premium reduction. If the total producer-paid premium is less than \$175, the amount of premium reduction will be capped at 100% of the producer paid premium. Producers will automatically receive the assistance if eligible, no additional paper work is required. Administrative fees will not be covered. It is estimated that New Jersey producers will save close to \$125,000 in premiums this year. For more information log onto www.rma.usda.gov or call 1-800-308-2449.

The Steps To Take To Separate Your Farm Into Multiple Units

Insurance acreage is grouped into one or more units based on several different factors, such as the coverage level of your policy and the production records you have available. Multiple or “optional” units can benefit a producer come claim time. Instead of lumping all of a producer’s production together, optional units will allow claims to be calculated separately by unit (farm). This way, one farm that has a poor yield may not be combined with another farm that has an average or good yield. If this is the case, the producer could see a higher indemnity payment. Here are some things to consider when setting up optional units on your crop insurance policy:

- A) In order to have optional units, you **MUST** purchase a buy-up (not the \$100 CAT) policy
- B) Keep separate production records for each proposed unit. You must have at least one year of production history to qualify for an optional unit
- C) Visit your local FSA office to discuss breaking up your acreage into multiple farm serial numbers
- D) Use separate insurance units for irrigated and non-irrigated land
- E) In certain crops, you can split units utilizing separate varieties such as apples or processing beans
- F) There will be an additional 10% premium charge on your policy for optional units
- G) Talk with your insurance agent about other requirements necessary to qualify for optional units

Rutgers Snyder Research and Extension Farm Insures Against Disaster

Win Cowgill, Professor and County Agricultural Agent

Kris Smolenski, Program Assistant, Garden State Crop Insurance Education Program
New Jersey Agricultural Experiment Station, Rutgers Cooperative Extension

It started out like any other day at the Rutgers Experiment Station's Snyder Research and Extension Farm in Pittstown, NJ. On August 17, 2007 our farm technicians were harvesting peaches for evaluation, and conducting other farm maintenance activities on the fifty-five plus research and demonstration trails. The Snyder Farm covers 400 acres of prime farmland in the heart of Hunterdon County. All that changed in about four minutes with the total destruction of all crops on the farm. At 3pm a severe hailstorm with high winds occurred from Milford to Flemington. Winds were in excess of 75 MPH with several tornado sightings reported within a quarter mile of the farm. Workers quickly took shelter in the metal pole barn buildings but thought the structures were coming down with wind and hail making an earth shattering volume of noise

Quarter to golf ball size hail was driven sideways by the high winds, destroying all crops at the farm, stripping the paint off the buildings and denting the plastic on greenhouses, etc. In the area impacted the hail-damaged cars, buildings and equipment, dented over 45 acres of plastic greenhouses and hoop houses (which meant the plastic had to be replaced) and devastating nursery and floral container stock on two nurseries. Shade trees were barked up making them unmarketable container mums were broken off and the pots destroyed, tree fruit and vegetables on multiple farms were destroyed. All told over 1240 acres of specialty crops and soybeans sustained 90-100% damage. The total loss on the 8 farms was estimated at over 5 million dollars.

The storm was most severe in a two square mile area with the Snyder Farm right in the middle. While relatively small in the area it impacted the storm was devastating to the farmers located in its path. Of the farmers surveyed only the two soybean growers had any type of crop insurance including the bare minimum policies CAT and NAP.

We were able to get Hunterdon County declared a disaster area with the assistance of Governor Corzine and NRCS, but that did not help the majority of the growers impacted. With the passage of the latest Farm Crop Disaster Assistance Program, growers are required to have at least the minimum level of crop insurance (CAT or NAP) to be able to qualify for assistance including low interest loans.

**Quarter to golf
– ball sized
hail was driven
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crops...**



Snyder Farm Apple Tree Damaged by Hail

At the Rutgers Snyder Farm educational events had to be canceled including our annual tomato taste-testing event that draws over 1200 visitors from northern New Jersey. Crop research trials were ruined, data was lost, and the perennial crops like peaches and apples were impacted for years to come due to the mechanical injury to the trees. Like the other growers we had no crop insurance, the University self-insures.

This year (2008) the Snyder Farm will be insured against the chance that another disaster could come along and wipe out their hard work. Based on losses in 2007, the Rutgers Snyder Farm purchased the Crop Revenue

Coverage Policy (CRC) for soybeans to cover both yield and revenue in 2008.

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At the Rutgers Snyder Farm there are approximately 6 acres of apples used for research and demonstration trials and we are exploring insuring them for 2009. Below are several bar graphs of what it would have cost the Snyder Farm to ensure both apples and soybeans. The following quotes demonstrate what the apple APH policy would have cost the farm in 2007 (figure 1) and the returns that the Snyder Farm would have received if they had the apple policy with a quality option in 2007 (figure 2).

Figure 1: Apple APH Insurance Policy Premium for Snyder Farm in 2007

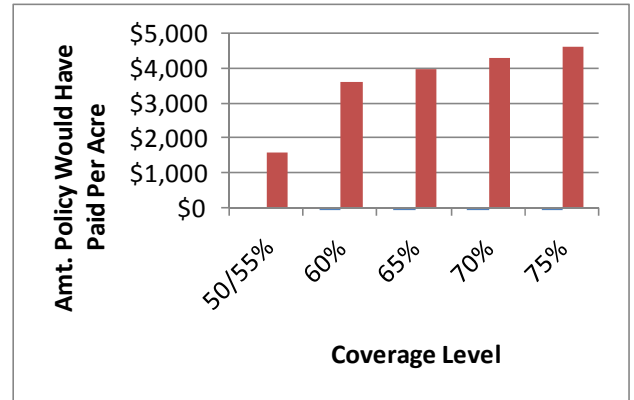
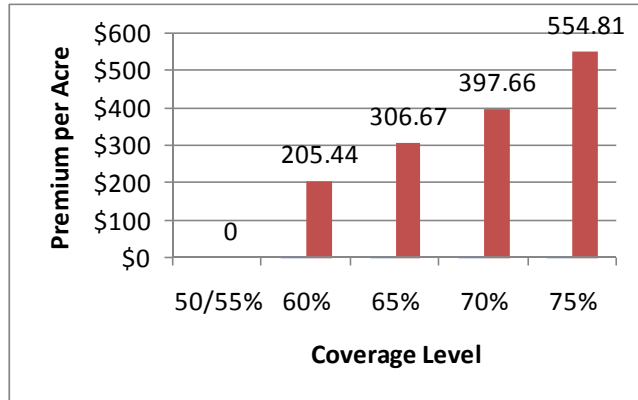


Figure 2: Returns for Apple Crop Loss at Snyder Farm if Insurance Was Purchased

The Apple CAT policy for our 800 BU/acre average on 6 acres would have returned \$1616/Acre if we had purchased the \$100 CAT policy. If we had purchased the APH quality option from 60-75% we would have done much better. For example 70% coverage would have cost \$397/Acre and returned \$4,309/Acre. **Note:** the low end and high end policies were utilized for example purposes, there are ranges of coverage and costs to meet every budget and need to manage your risk and exposure. However historical averages show it always pays to buy up!

Based on our losses in 2007 the Rutgers Snyder Farm purchased the Crop Revenue Policy (CRC) for Soybeans to cover both Yield and Revenue in 2008 at the 75% level. This CRC policy for soybeans guarantees the Snyder Farm 75% of our historical 47 BU average or 35.25 bushels. Any lost bushels will be paid at \$13.36 or if the price at harvest time is higher it will pay you the higher price up to \$16.36 per bushel. At 75% this policy would return about \$294 per acre if we lost 70% of the crop as we did in 2007. The following graphs illustrate the cost per acre for the farm's CRC policy in 2008 (figure 3) and the indemnity payments the Snyder Farm will receive if there is an insurable loss incurred on the farm in 2008 (figure 4).

Figure 3: Cost of Soybean CRC Policy per Acre

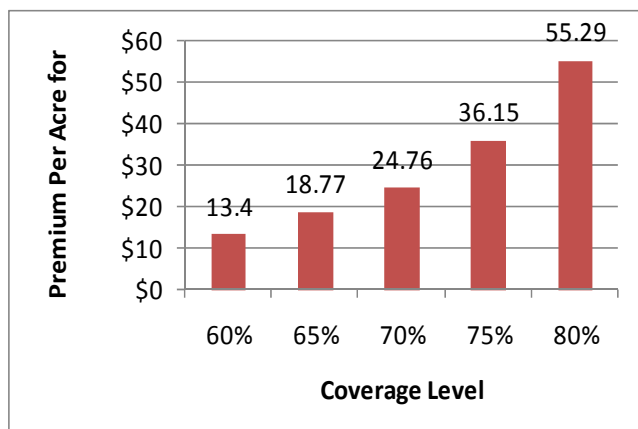
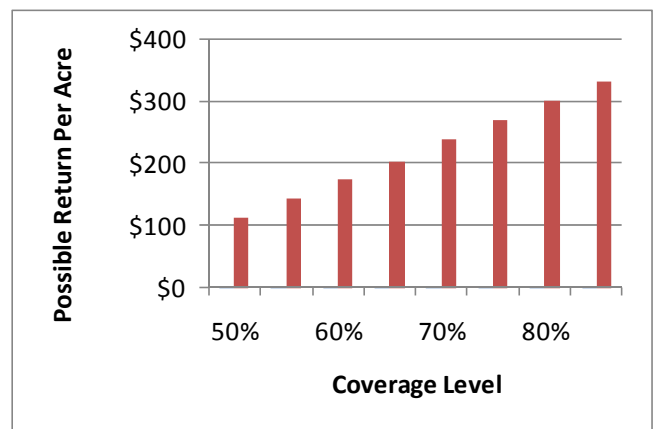


Figure 4: Possible Returns for Soybean CRC



Catastrophic Coverage: You Get What You Pay For

Do not let four minutes of hail change your life, explore crop insurance this fall and at the bare minimum obtain CAT and or NAP coverage.

CAT and NAP - Catastrophic or CAT crop insurance is the minimum coverage available that is subsidized 100% by the federal government. This plan costs a producer an administrative fee, per crop per county. Producers are given a maximum guarantee based on their actual production history. Actual production histories are calculated by taking the last four successive years of a grower's records and averaging them together. If no records are available from the farm, the county averages will be utilized. Catastrophic crop insurance is sold by private insurance agencies. For more information or a list of insurance agents, contact Kris Smolenski of the Garden State Crop Insurance Education Initiative at 1-800-308-2449.



Hunterdon County Mums Damaged By Hail

CAT pays 55% of the USDA's established price of the commodity when crop losses exceed 50% of the set guarantee. This means you have to have lost over 50% of your guaranteed yield and will only get paid 55% of the price election. This is a low level of protection against yield loss.

The Farm Service Agency has a similar program to CAT crop insurance. It is called the Noninsured Crop Disaster Assistance Program or NAP. To be eligible for NAP, crops must be uninsurable under the CAT policy. Contact a crop insurance agent if you have questions regarding whether a crop is insurable in your county. Like CAT, NAP protects against natural disasters and covers losses greater than 50% of the crop's expected production, based on the approved yield and reported acreage. Also like CAT, NAP only pays 55% of the average market price for the specific commodity established by the FSA state committee. To apply for coverage or for further information regarding NAP, contact your local FSA office. All producers are reminded that in order to be eligible for federal disaster assistance payments, they must purchase either CAT or NAP on each of their crops.

**This article can be found in full color with bar graphs included on the website:
<http://saalem.rutgers.edu/cropinsurance>**

For Additional Information on any aspect of crop insurance in New Jersey please contact Kris Smolenski at smolenski@NJAES.Rutgers.edu or call Kris at the Garden State Crop Insurance Education hotline at 1-800-308-2449 or contact your crop insurance agent.

*Crop insurance Quotes Provided by George Stinson, ASI
610-533-0202*



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