

## Common Land Units and Acreage Reporting

You may not have even noticed, but over the last few years measuring your land went from traditional paper maps to up-datable versions. Yes, every field you farm has been photographed, creating a digital data base which helps producers in several ways.

First, it will ensure greater accuracy when reporting acreage.

Second, it will permit more detailed tracking of the risk (frequency and severity of indemnities) allowing more accuracy when setting lower premium rates on less risky land.

Third, it will reduce the amount of time producers spend on acreage reporting.

### What is a CLU?

A Common Land Unit (CLU) is the smallest unit of land that has a:

- permanent, contiguous boundary;
- common land cover and land management; and
- common owner.

Your crop insurance agent has your CLU data sets, which is all the information needed for you to do your reporting. If you have any questions about this process, ask your agent for help.

### Why is Acreage Reporting so Important?

You have a lot at stake in making sure your crop insurance acreage reporting is accurate and on time. If you fail to report on time, you may not be protected. Over report your acreage, you may pay too much premium. Under report 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 producers 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 can not 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 of the insurance company. You don't want to destroy any evidence of a possible claim.

## Separate Coverage Levels by Practice

You may now elect separate coverage levels for irrigated and non-irrigated practices where available. For instance, you might elect a 65 percent coverage level for all irrigated acreage (corn irrigated practice) and an 80 percent coverage level for all non-irrigated acreage (corn non-irrigated practice).

This election does not change the administrative fee owed under the policy. You will still owe just one administrative

fee if you elect separate coverage levels by practice.

Qualification for enterprise units does not impact coverage level elections. The separate coverage levels you elected will apply to the unit structure for which you select and are eligible.

Talk to your crop insurance agent to help you explore your options under "separate coverage levels by practice." 

### Do you have more questions about crop insurance?

Contact a local crop insurance agent or visit [www.CropInsuranceInAmerica.org](http://www.CropInsuranceInAmerica.org) for more information. You can also send your questions to [cropinsuranceinamerica@gmail.com](mailto:cropinsuranceinamerica@gmail.com).



# Guide to Agricultural Risk Management



### America Relies on Crop Insurance

In 2014, farmers invested more than **\$3.8 billion** to purchase more than **1.2 million** crop insurance policies, protecting **128 different crops**.

Crop insurance policies protected almost **90 percent** of planted cropland in 2014.

Farmers have spent more than **\$41 billion out of their own pockets** to purchase crop insurance since 2000.



## Whole Farm Revenue Protection Finds Favor with a Surging Number of Producers

Whole Farm Revenue Protection (WFRP), created in the 2014 Farm Bill, has suddenly become very popular and the reasons are clear. The decrease in commodity prices following several years of above normal commodity prices means that average farm revenue is likely to be higher than this year's farm revenue. Add that to premium subsidies as high as 80 percent and you have a product providing real protection at a reasonable price.

It is even possible to experience no yield loss and yet trigger an insurance payment because your current revenue is well below the prior year's average revenues.

### Here are some things you should know about WFRP:

- It has an \$8.5 million liability limit.
- You can insure from 50 to 85 percent of historical revenue (80 to 85 percent requires at least three crops are grown).
- Premium subsidies range from 50 to 80 percent (80 percent requires at least two crops are grown).
- Premium discounts progressively increase for added diversification (up to seven different crops).
- Coverage is available for both crops and livestock.
- There is inclusion of some incidental processing expenses.
- There is replant coverage available if replanting is feasible.
- You continue to have the option to insure individual crops under separate buy-up crop insurance policies. 



## How to Evaluate Crop-Hail Insurance

Hail is the one catastrophe that is most likely to totally destroy a part of your crop and leave the rest looking fine. The portion of your acres 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. 🍀

## Increase Coverage Levels with Yield Exclusion

The Actual Production History (APH) Yield Exclusion (YE) option allows producers to exclude an actual yield for a crop year when the Risk Management Agency (RMA) determines the county per acre yield for a crop year was at least 50 percent below the simple average for the previous 10 consecutive crop years.

You get to keep a higher APH average than you would have averaged in that one disaster year. That means you have the potential for increased crop insurance coverage.

Eligible crops include corn, soybeans, wheat, cotton, rice,

grain sorghum, barley, canola, sunflowers, peanuts, alfalfa seed, cultivated wild rice, dry peas, forage production, oats, onions, rye and popcorn. Eligible insurance plans are Yield Protection, Revenue Protection, and Revenue Protection with Harvest Price Exclusion policies.

You must elect the YE option on a crop insurance application or policy change form by the sales closing date to qualify.

Talk with your crop insurance agent to learn more about YE and if it's available in your area. 🍀

## Harvest Price Option Under SCO

Revenue Protection (RP) policies have a "harvest price option." Under Supplemental Coverage Option (SCO) only those producers with revenue protection underlying policies may see their crop value increase if the harvest price is higher than the projected price.

The projected price is the price used to determine the expected per-acre revenue and the per-acre revenue guarantee at the time of sale. The actual harvest prices may be higher, in which case, with revenue protection and the harvest price option, if elected, will

lift the income you are protecting to the higher level.

The harvest price option allows you to use the greater of the fall harvest price or the projected price to determine your revenue guarantee. This is especially helpful if your yields or prices fall below your expectations. The projected and the harvest prices are based on Board of Trade prices.

Ask your crop insurance agent for more information on the harvest price and the supplemental coverage options.

## Risk Management Checklist

### Crop, Revenue, and Livestock Insurance Deadlines

If you do not know all the dates in this section, you should contact your crop insurance agent for help.

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 current year's crop:

\_\_\_\_\_

10. Debt termination date – insurance coverage for next year will be canceled if payment is not made by: \_\_\_\_\_