# Del. Extension offers crop insurance advice

NEWARK, Del. — Farming involves many kinds of risk. There are production risks, such as yield variability due to weather. These can be reduced by diversifying production or by irrigating. There are physical risks which can be reduced by safe farming practices. There are marketing risks which can be managed by using different marketing strategies (cash sales, forward contracting, commodity options or hedging on the futures market) to lock in a profitable price. And there are financial risks incurred when borrowing money. Failure to manage any of these risks effectively can put a farmer out of business.

Many farmers today are in serious financial trouble. Whether they stay in production through the end of this decade will depend on how well they manage their affairs over the next few years in order to remain on the land until times get better. This calls for skillful use of survival tactics.

Multi-peril crop insurance is one survival tactic producers can use to protect themselves from income loss because of low yields. According to University of Delaware assistant extension farm management specialist Mark Kooker, insurance can be a valuable risk reduction tool on farms that are prone to yield fluctuations.

"When you've borrowed money you're in great financial jeopardy if you can't pay your debts," Kooker says. "Crop insurance is the only federal program that deals with financial risk by allowing farmers to protect themselves against losses due to crop failure."

Multi-peril insurance provides coverage against the following production risks: adverse weather conditions such as drought, excessive rain, hail, wind, hurricanes, tornados or lightning; insect infestations; plant diseases; flood; wildlife damage; fire; earthquake or volcano damage.

Crop insurance does not cover poor farming practices, theft or low commodity prices.

Yield goals on eligible vegetables in 1985 will be established using either growers' production records or county records.

Under the grower yield certification (GYC) plan, says Kooker, if a grower has production records for the past five years, these figures will be used to certify yield averages for that particular farm. If the grower can document less than five years' yields, these will be combined with county records to determine yield goals for insurance purposes.

"The higher your production average, the lower your unit cost for insurance, so if your yields are routinely above the county average, it pays to be able to show this," Kooker says.

Three price levels and three coverage levels are available for each crop, the specialist says. Coverage level one, for 50 percent, protects the policyholder against more than 50 percent reduction in yield. Level two provides 65 percent coverage (against a yield loss of over 35 percent), and level three gives the grower 75 percent coverage (or protection against more than a 25 percent loss). In deciding how much coverage to buy, it is important to know the probability of a loss for a given crop.

When does it pay to have crop insurance? "Your financial position and yield variability are the major factors to consider," Kooker says. "This is my rule of thumb in advising farmers: Look back over your yields and see if you had more than 25 percent loss any year of the last five to ten years. If you did, consider using crop insurance.

"A second test," he says, "is to look at your farm's current financial position. Can you afford another major loss? If not, consider crop insurance."

According to Kooker, multi-peril crop insurance will eventually replace all ASCS/USDA crop disaster programs now in effect. The decision to go this route was made in 1980. The federal government's goal is to cover all U.S. commercial crops by 1987, using either GYC or actual production history (APH) to establish yield goals.

To cut costs, the government has changed the way it markets crop insurance. As in the past, all policies were underwritten by the Federal Crop Insurance Corporation. But in most parts of the country, in 1985 policies are being sold through private companies.

There are several ways farmers can find out about insuring their crops. They can contact an agent who sells crop insurance, the ASCS, or their county extension office. They can also call Kooker directly at 302-451-2511. He has prepared a fact sheet, "Multi-Peril Crop Insurance: A Management Tool," which is available at all Delaware extension offices.

# Planting of corn, soybeans, oats will increase

HARRISBURG — Pennsylvania farmers intend to plant more acres of corn, oats and soybeans than in 1984, according to the Pennsylvania Crop and Livestock Reporting Service.

Intended acreage to be planted and percent change from last year are as follows: corn, 1,870,000 acres, up five percent; oats, 360,000 acres, up [illegible] percent; barley, 70,000 acres, down seven percent; all hay, 1,980,000 acres, unchanged; soybeans, 200,000 acres, up 14 percent; and tobacco, 12,000 acres, unchanged.

United States farmers intend to plant more acres of corn, oats, barley and all hay, but fewer acres of tobacco and soybeans. Intended acreage to be planted and percent change from last year are as follows: corn, 82.02 million acres, up two percent; oats, 12.94 million acres, up five percent; barley, 12.38 million acres, up four percent; all hay, 62.28 million acres, up one percent; soybeans, 64.36 million acres, down five percent; and tobacco, 714,690 acres, down 10 percent.