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### **Crop Insurance Results from 2002**

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mproved corn and soybean prices from February 2002 to harvest time coupled with good yields in most of the state resulted in minimal crop indemnity payments to Iowa farmers in 2002. The ratio of payments to total premiums was under 10 percent, the lowest in several years.

The biggest surprise in 2002 was the shift in market share from Crop Revenue Coverage (CRC) to Revenue Assurance

#### **Handbook Updates**

For those of you subscribing to the *Ag Decision Maker Handbook*, the following updates are included.

**2003 Iowa Crop Production Cost Budgets** — File A1-20 (13 pages)

Please add these files to your handbook and remove the out-of-date material. (RA). The harvest price option RA policy gives essentially the same coverage as CRC, but in most Iowa counties RA premiums were lower than CRC premiums last year. For corn, the market share for RA increased from 7 percent to 47 percent. For soybeans, it increased from 7 percent to 26 percent.

Over half the insured soybean acres were covered by traditional yield (APH) insurance, though, due to the APH indemnity price of \$5.00 per bushel compared to only \$4.50 for CRC and RA coverage. Soybean loan rates of over \$5.00 per bushel provided additional price risk protection.

#### **Revenue Insurance**

The February 2002 futures prices that were used to calculate the guarantees for Crop Revenue Coverage and Revenue Assurance were \$2.32 for corn and \$4.50 for soybeans. The fall futures prices used to calculate the actual revenue in 2002 were \$2.43 (\$2.52 for RA) for corn and \$5.45 for soybeans. Thus, the increasing coverage feature of CRC and **RA-harvest price optional** policies was in effect this year. Producers who purchased these policies will receive an indemnity payment only if they suffered a yield loss below the level of guarantee that they chose. For example, a farm with an 80 percent CRC policy and an APH soybean yield of 50 bushels per acre will receive a payment if the actual yield was below 40 bushels. Where losses did occur, the payment rate per bushel will be higher than in past years.

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Performance and Structure Between 1997 and 2002 ...... Page 2

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