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Will SURE Include Prevented Planting as a Peril?¹

Dear Art:

In 2008 over half of my corn acres were prevented planting. I also had acres of soybeans and a few wheat acres. This is important, as I did not have NAP coverage for some of the uninsurable wheat acres, and have the opportunity to purchase that coverage by the 18th of May. I have been on SURE CALCULATOR websites and none of these satisfy me in how they treat those acres. If I plug them in as planted and use the yield for the total acres, I show a significant payment. However, if I only show the actual planted acres, with their yield and then the crop insurance indemnity for the prevented plant acres, I have no SURE payment, and actually it immediately pops up saying that there must be at least a 10% yield loss for at least one crop to trigger a payment. Has there been any clarification as to how the prevented plant acres are treated?

Corn Belt Farmer

Dear Farmer,

For 2008, I am still suggesting paying the \$100 fee for Noninsured Crop Disaster Assistance Program (NAP) on uninsurable crops, assuming you are located in a county that was approved by the Secretary as a Farm Service Agency (FSA) disaster county. My best information (guess) suggests SUPplemental REvenue (SURE) will include prevented

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planted acres, revenue insurance prices for revenue insured farmers, a SURE adjusted aph that will drop all of the crop insurance yields replaced with 60% of T thus increasing the SURE aph, and no Average Crop Revenue Election (ACRE) to consider for 2008.

The only fact I am sure about is no ACRE consideration for 2008 because the ACRE program does not start until 2009. ACRE payments will reduce 2009 SURE payments, however because SURE is a farm guarantee and ACRE is a state guarantee, it is possible that SURE would trigger payments when ACRE does not trigger payments. This case is more likely for a farmer in Southern Illinois than one in Delaware, because ACRE is nearly a "county" program in Delaware; but this is only a consideration for 2009, and not 2008.

Cost of being wrong is the loss of the \$100 NAP fee with a maximum of \$300, unless there were multiple entities or multiple counties. In your case we know you have 2008 yield losses and combined with a 20%-30% decline in prices, SURE should pay in this case. The key number for 2008 is the use of revenue prices and for wheat using the higher harvest price that paid 2008 losses. Because SURE is whole farm, in your case the wheat may not have much of an impact on the SURE payment if FSA doesn't use the revenue harvest price for calculating SURE wheat payments.

As a result of the stimulus Bill, the 2008 SURE coverage was increased for insured crops from 115% to 120% coverage. The 2008 SURE coverage was increased for NAP crops from 120% to 125% coverage. These increases in SURE coverage apply to 2008 only, but are another reason to believe you are likely to receive SURE payments. However, the FSA is not expected to publish SURE rules until December, and I am sure there will be surprises in the final rules.

If it were me, I would pay the \$100 FSA fees because I would be very surprised if SURE does not include prevented planting as a peril. If your farm is located in a county that was approved by the Secretary as an FSA disaster county, **the deadline is this Monday, May 18, 2009 to pay FSA fees** that are required to maintain eligibility for 2008 SURE disaster protection. If SURE doesn't pay in this situation you have described then politics will become interesting because there are Iowa farmers with 2008 flood losses that are in a similar situation.

Thanks for the questions. I cannot answer the question if prevented planting will be a SURE peril? But if you don't pay the fees and prevented planting is included as a SURE peril, then you will have a lost a very "large" payment. The odds of you collecting SURE are better than the odds in Las Vegas, but until FSA publishes the rules, there is no absolute answer to your question. Because of the price declines, the 2008 SURE revenue guarantee will require smaller yield losses to trigger payments than most farmers expect. One final point, the SURE guarantee changes every year because it is based on crop insurance prices and Marketing Year Average (MYA) prices, therefore the 2008 results may not apply to 2009.

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