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EXTENSION

Crop Insurance and Disaster Programs for Growers

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Two new names to share with you

- **Brian Mills** focuses on farm management, production economics, and precision agriculture. His efforts are centered around developing decision tools for producers to determine farm management strategies.
 - Stoneville
- **Will Maples** will focus on row crop marketing where he aids producers in the decision-making by providing information on market conditions and on risk management strategies. In addition to commodity marketing, Maples' interests includes farm management practices.
 - On Campus



Other MSU Ag Econ Updates

- 2020 planning budgets
- Farm Bill sign up information

<https://www.agecon.msstate.edu/whatwedo/budgets.php>

- 2020 Ag and Rural Outlook Conference
 - January 7 8:30 am in Bost Building
 - Market and financial outlook

<https://www.agecon.msstate.edu/workshops/2020outlook/>



Masters of Agribusiness Management



- On campus and Online
 - Increase student enrollment for both
- Focus on improving program
 - adding value for students – especially non-agecon majors
- New Economics of Precision Agriculture
 - On-line
 - On Campus



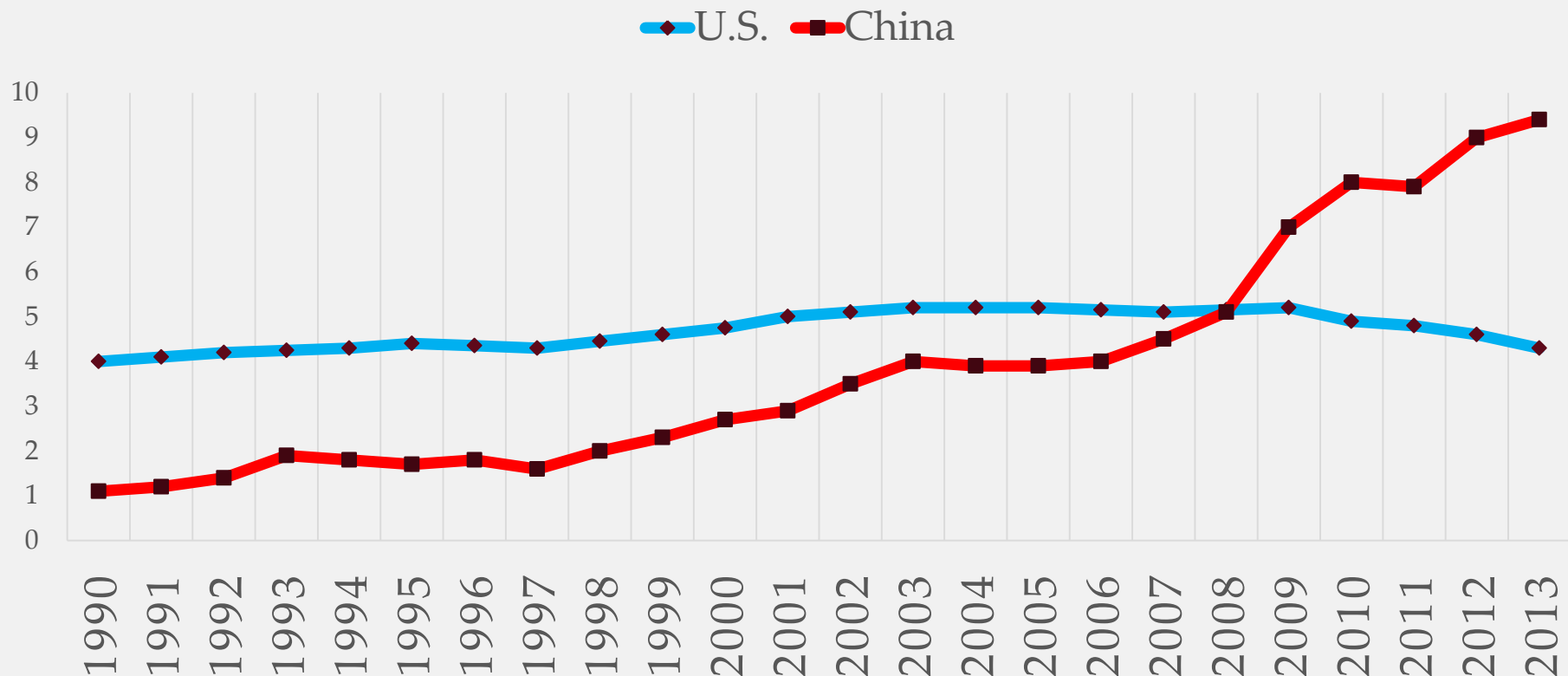
So what is happening in farm policy?

- Chinese trade war
 - Trade compensation
- Flooding/Late planting/replanting
- NAFTA renegotiation
- Disaster funding
- Farm Bill implementation



A Note on the US/China trade war

PUBLIC SECTOR FUNDING FOR AG RESEARCH

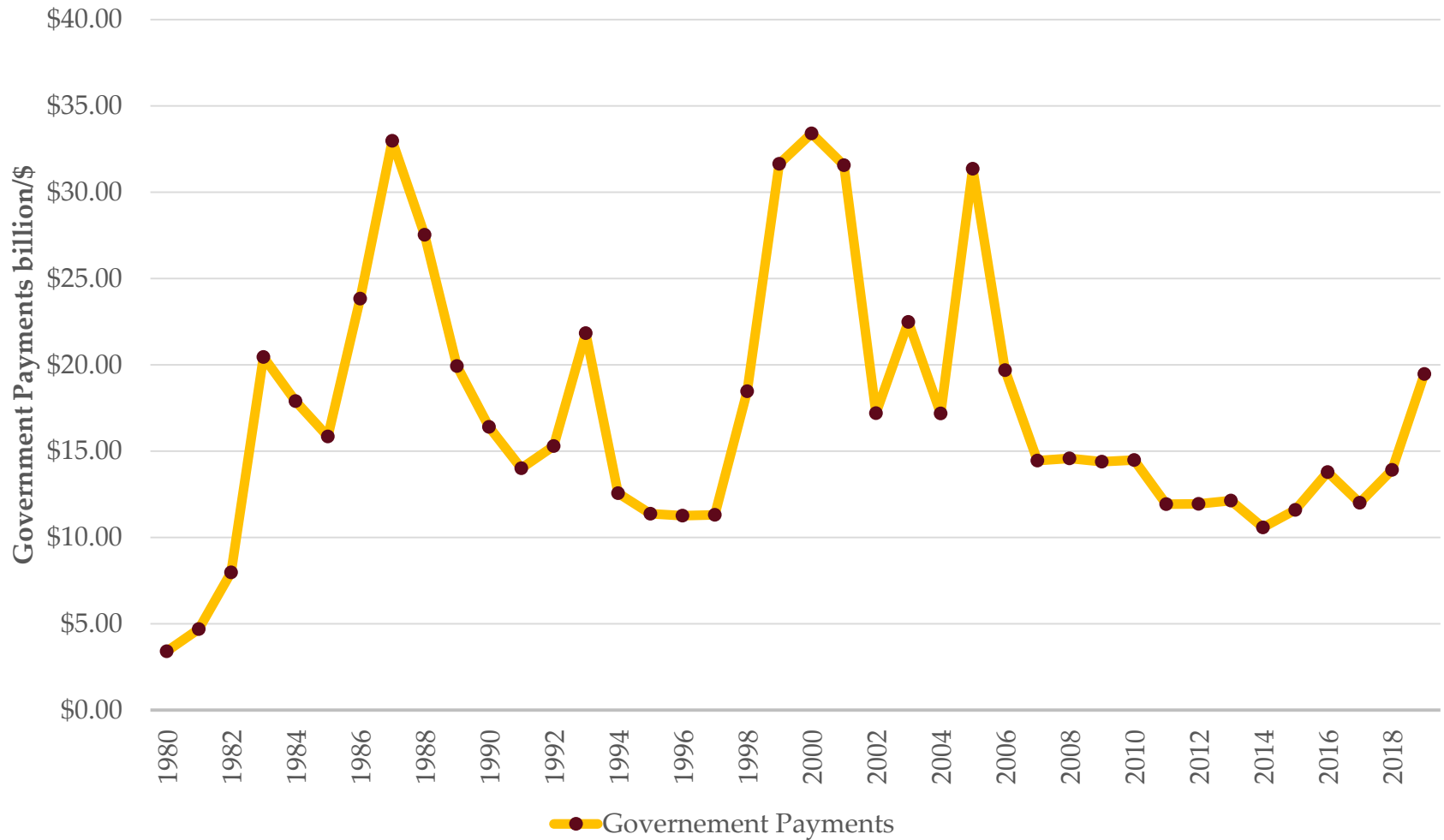


Source: USDA ERS



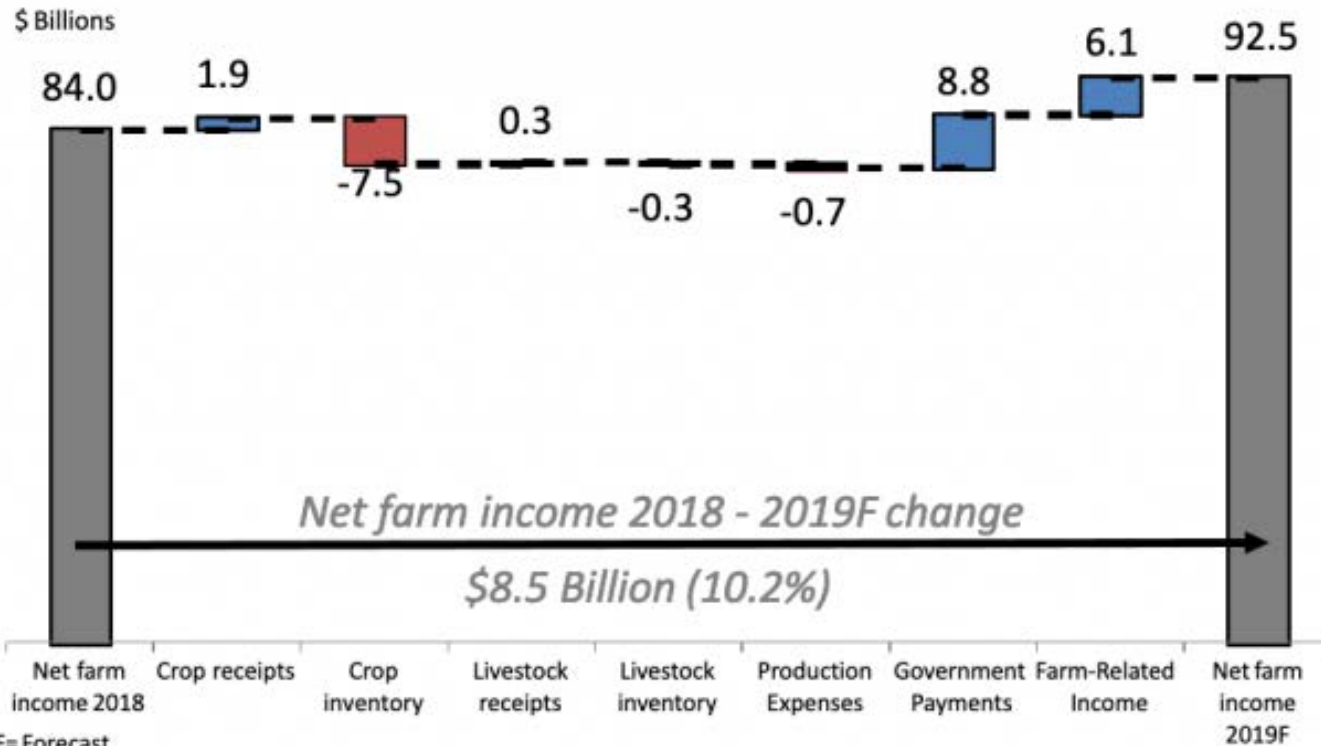
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GOVERNMENT PAYMENTS





Increase forecast for net farm income driven by government payments and farm related income



Higher government payments and farm-related income are the large contributors to rising income.

Sales from crop inventories tempering growth somewhat.

F= Forecast.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics

Data as of November 27, 2019





CROP INSURANCE



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Big Changes for Crop Insurance in the Farm Bill

- 1.
- 2.
- 3.
- 4.

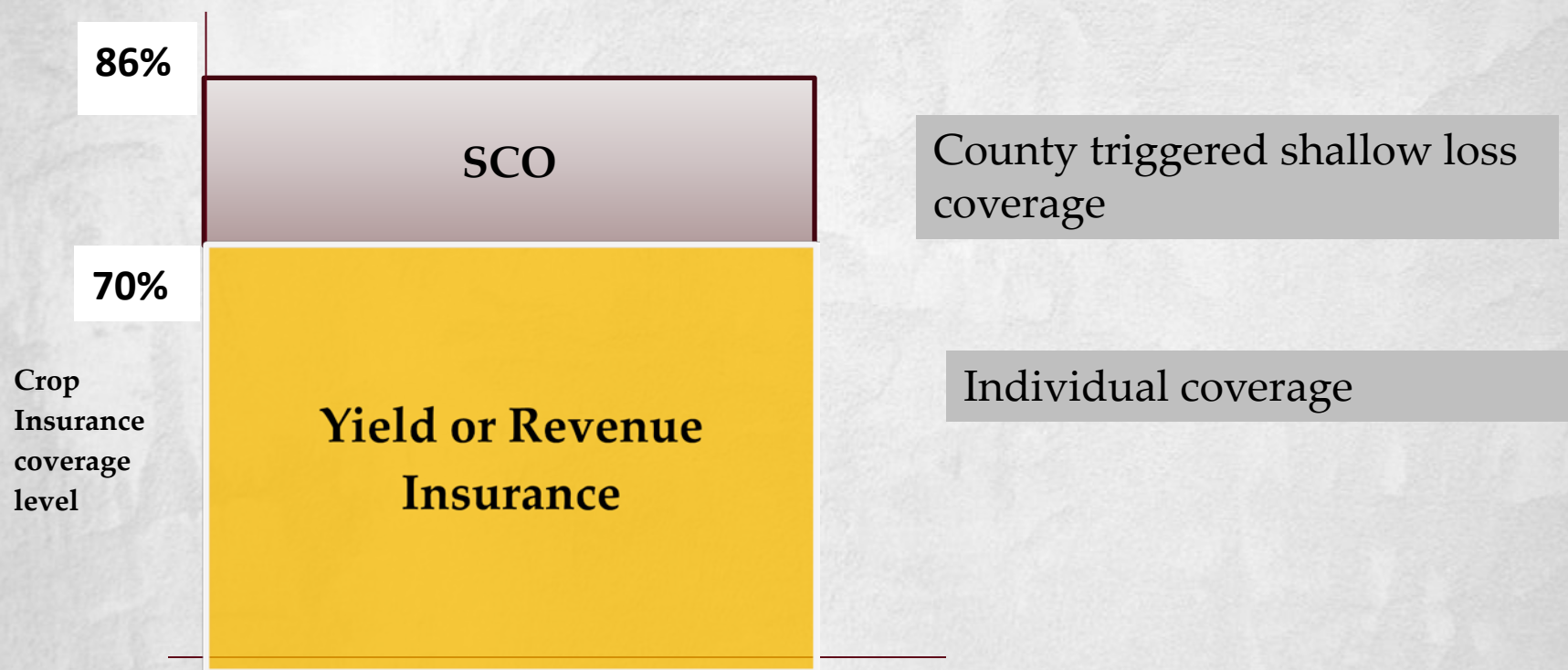


What did not happen to crop insurance?

- Capping subsidy at \$40,000
- Applying AGI limits
- Removing or unsubsidizing Harvest Price Option (HPO)
- Reducing subsidy percentages



If PLC is chosen one may also purchase Supplemental Coverage Option Shallow-loss insurance

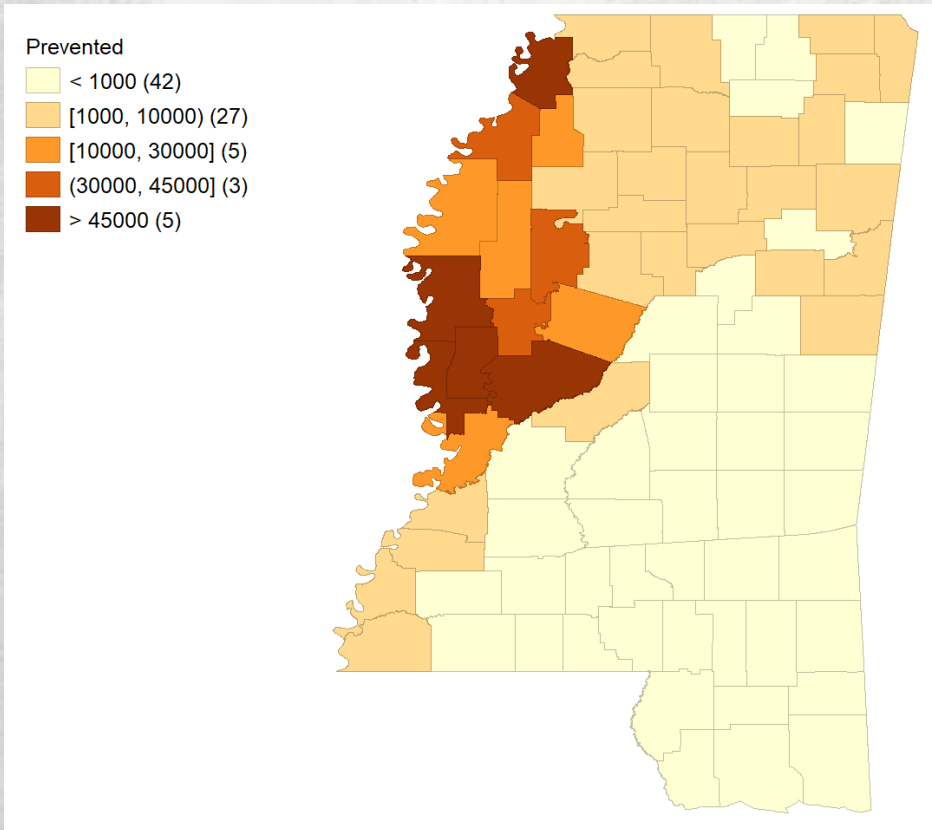


Prevented Planting

- Pays a percentage of insured guarantee
- Premium does not change
- Can affect qualification for enterprise units
- Sufficient crop acreage and ability to show planting would have occurred in a normal year.
 - Twenty acres or twenty percent of the unit is prevented from planting.
- Any PP acreage within a field that contains planted acreage will be considered to be acreage of the same crop, type and practice that is planted in the field unless:
 - The acreage that was prevented from being planted constitutes at least 20 acres or 20 percent of the total insurable acreage in the field and you produced both crops, crop types, or followed both practices in the same field in the same crop year within any one of the four most recent crop years.
 - Acreage must be on your Acreage Report by the Acreage Reporting Deadline.
 - Notice of Loss must also be reported within 72 hours following the end of the Late Planting Period or the Final Plant



Prevented Planting Acres in Mississippi, 2019

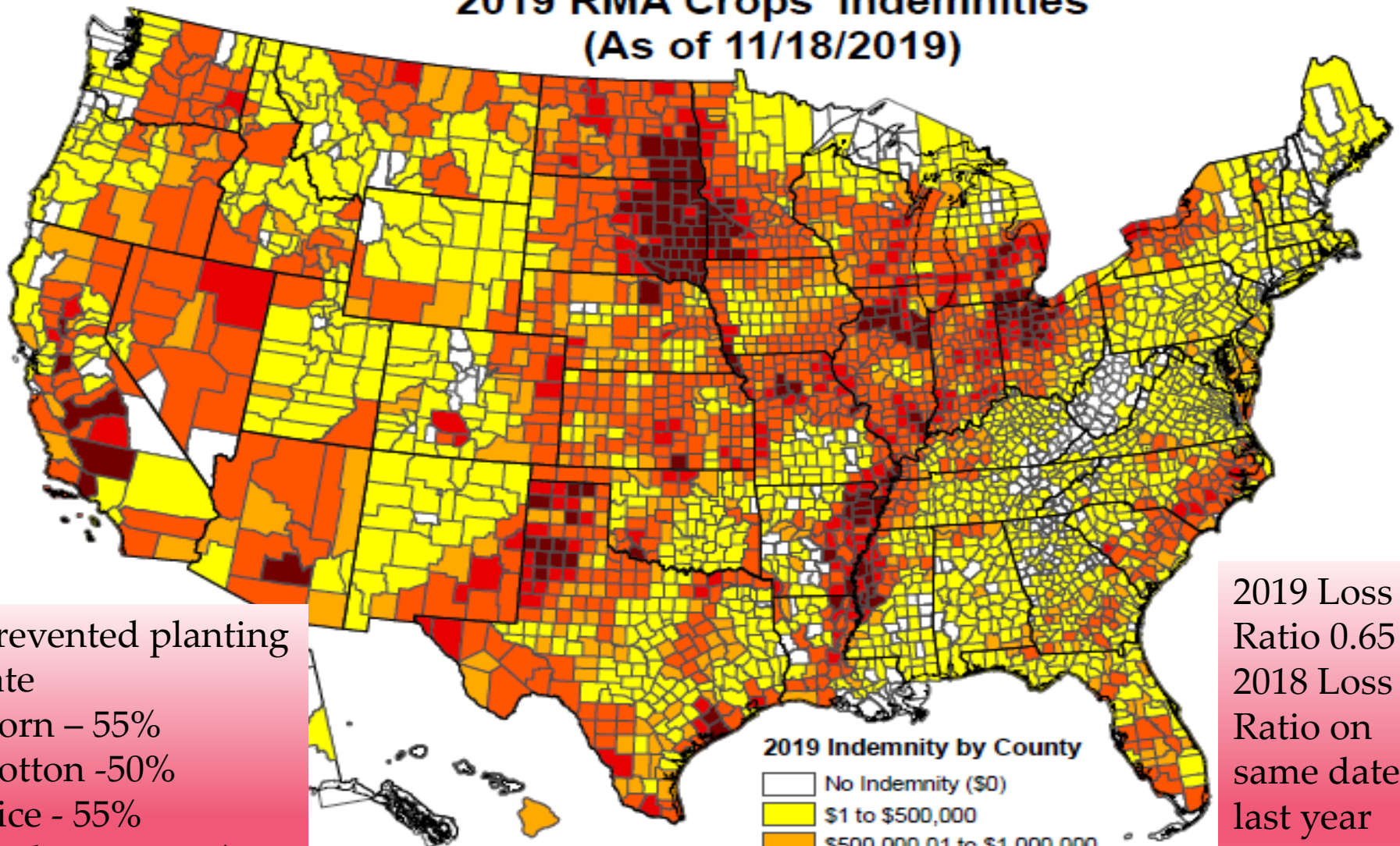


Prevented Planting Payment Rates

- Corn – 55%
- Cotton -50%
- Rice - 55%
- Soybeans – 60%
- Example: Soybean
- Liability = \$9.55 price x 50 bu. APH x 75% coverage = \$358/acre
- Prevented planting
- $60\% \times \$358 = \215



2019 RMA Crops' Indemnities (As of 11/18/2019)



Prevented planting rate
 Corn - 55%
 Cotton - 50%
 Rice - 55%
 Soybeans - 60%

2019 Loss Ratio 0.65
 2018 Loss Ratio on same date last year 0.73

2019 Indemnity by County

- No Indemnity (\$0)
- \$1 to \$500,000
- \$500,000.01 to \$1,000,000
- \$1,000,000.01 to \$5,000,000
- \$5,000,000.01 to \$10,000,000
- over \$10,000,000.01

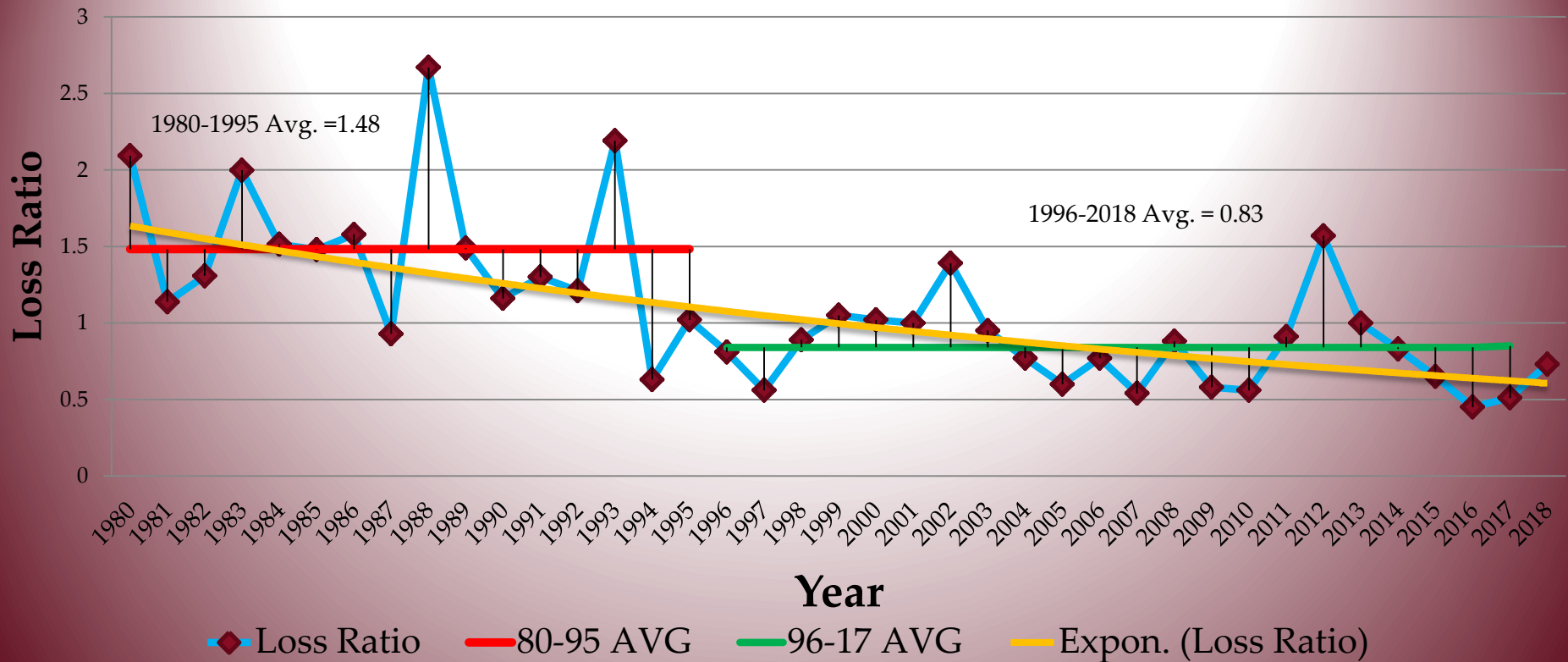
RMA USDA Risk Management Agency



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Why good loss experience? Good weather, risk pool, production systems, or better crop insurance program

RMA Aggregate Loss Ratio 1980-2018



Five Questions for Your Crop Insurance Agents

1. What about enterprise units across county lines?
2. May I qualify for trend adjusted yields?
3. May I qualify for APH yield exclusions?
4. What is the premium for different coverage levels?
5. What about separate coverage levels by practice?





THE INTERACTION OF FARM PROGRAMS AND CROP INSURANCE



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Market Revenue w/o & with Insurance

Yield	90	\$270	\$360	\$450	\$540	\$630	\$720	\$810	\$900	\$990	\$1,080	Ranges	
	80	\$240	\$320	\$400	\$480	\$560	\$640	\$720	\$800	\$880	\$960	0	150
	70	\$210	\$280	\$350	\$420	\$490	\$560	\$630	\$700	\$770	\$840	150	250
	60	\$180	\$240	\$300	\$360	\$420	\$480	\$540	\$600	\$660	\$720	250	350
	50	\$150	\$200	\$250	\$300	\$350	\$400	\$450	\$500	\$550	\$600	350	450
	40	\$120	\$160	\$200	\$240	\$280	\$320	\$360	\$400	\$440	\$480	450	550
	30	\$90	\$120	\$150	\$180	\$210	\$240	\$270	\$300	\$330	\$360	550	650
	20	\$60	\$80	\$100	\$120	\$140	\$160	\$180	\$200	\$220	\$240	650	750
	10	\$30	\$40	\$50	\$60	\$70	\$80	\$90	\$100	\$110	\$120	750	1100
	0	0	0	0	0	0	0	0	0	0	0		
Yield		\$3.00	\$4.00	\$5.00	\$6.00	\$7.00	\$8.00	\$9.00	\$10.00	\$11.00	\$12.00		
	90	\$264	\$344	\$434	\$524	\$614	\$704	\$794	\$884	\$974	\$1,064	Ranges	
	80	\$264	\$304	\$384	\$464	\$544	\$624	\$704	\$784	\$864	\$944	0	150
	70	\$264	\$264	\$334	\$404	\$474	\$544	\$614	\$684	\$754	\$824	150	250
	60	\$264	\$264	\$284	\$344	\$404	\$464	\$524	\$584	\$644	\$704	250	350
	50	\$264	\$264	\$264	\$284	\$334	\$384	\$434	\$484	\$534	\$584	350	450
	40	\$264	\$264	\$264	\$264	\$264	\$304	\$344	\$384	\$424	\$464	450	550
	30	\$264	\$264	\$264	\$264	\$264	\$264	\$299	\$334	\$369	\$404	550	650
	20	\$264	\$264	\$264	\$264	\$264	\$264	\$299	\$334	\$369	\$404	650	750
	10	\$264	\$264	\$264	\$264	\$264	\$264	\$299	\$334	\$369	\$404	750	1100
0	\$264	\$264	\$264	\$264	\$264	\$264	\$299	\$334	\$369	\$404			
		\$3.00	\$4.00	\$5.00	\$6.00	\$7.00	\$8.00	\$9.00	\$10.00	\$11.00	\$12.00		



With RP and ARC or PLC

Yield	90	\$304	\$344	\$434	\$524	\$614	\$704	\$794	\$884	\$974	\$1,064	Ranges	
	80	\$304	\$328	\$384	\$464	\$544	\$624	\$704	\$784	\$864	\$944	0	150
	70	\$304	\$304	\$334	\$404	\$474	\$544	\$614	\$684	\$754	\$824	150	250
	60	\$304	\$304	\$324	\$344	\$404	\$464	\$524	\$584	\$644	\$704	250	350
	50	\$304	\$304	\$304	\$324	\$334	\$384	\$434	\$484	\$534	\$584	350	450
	40	\$304	\$304	\$304	\$304	\$304	\$328	\$344	\$384	\$424	\$464	450	550
	30	\$304	\$304	\$304	\$304	\$304	\$304	\$339	\$374	\$383	\$404	550	650
	20	\$304	\$304	\$304	\$304	\$304	\$304	\$339	\$374	\$409	\$444	650	750
	10	\$304	\$304	\$304	\$304	\$304	\$304	\$339	\$374	\$409	\$444	750	1100
	0	\$304	\$304	\$304	\$304	\$304	\$304	\$339	\$374	\$409	\$444		
		\$3.00	\$4.00	\$5.00	\$6.00	\$7.00	\$8.00	\$9.00	\$10.00	\$11.00	\$12.00		

Price

Yield	90	\$494	\$531	\$579	\$626	\$674	\$721	\$794	\$884	\$974	\$1,064	Ranges	
	80	\$494	\$491	\$529	\$566	\$604	\$641	\$704	\$784	\$864	\$944	0	150
	70	\$494	\$451	\$479	\$506	\$534	\$561	\$614	\$684	\$754	\$824	150	250
	60	\$494	\$451	\$429	\$446	\$464	\$481	\$524	\$584	\$644	\$704	250	350
	50	\$494	\$451	\$409	\$386	\$394	\$401	\$434	\$484	\$534	\$584	350	450
	40	\$494	\$451	\$409	\$366	\$324	\$321	\$344	\$384	\$424	\$464	450	550
	30	\$494	\$451	\$409	\$366	\$324	\$281	\$299	\$334	\$369	\$404	550	650
	20	\$494	\$451	\$409	\$366	\$324	\$281	\$299	\$334	\$369	\$404	650	750
	10	\$494	\$451	\$409	\$366	\$324	\$281	\$299	\$334	\$369	\$404	750	1100
	0	\$494	\$451	\$409	\$366	\$324	\$281	\$299	\$334	\$369	\$404		
		\$3.00	\$4.00	\$5.00	\$6.00	\$7.00	\$8.00	\$9.00	\$10.00	\$11.00	\$12.00		



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2019 MARKET FACILITATION PROGRAM



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Market Facilitation Program

- 2019 Market Facilitation Program provide \$14.5 billion in direct payments to specific commodities hurt by trade disruptions
- Total payment-eligible plantings are based on the lesser of total 2019 plantings or 2018 plantings and prevented plantings.
- Eligible non-specialty crops include corn, soybeans, wheat, cotton, rice, peanuts, and sorghum plus others
- Single payment rate for a county, between \$15 - \$150 per acre
 - County Payment Rate x farm's total plantings of eligible crops
- Payments will be made in three portions, the first in late July/early August, November, and early January if needed



Market Facilitation Program (MFP)

Payment Limitations

- \$250,000 per person payment limit.
- MFP payments do not count against other program payment limitations.

Eligibility

- To be eligible for payments, a person or legal entity must either:
 - have an average adjusted gross income for tax years 2015, 2016, and 2017 of less than \$900,000; or
 - derive at least 75 percent of their adjusted gross income (AGI) from farming or ranching.
- Acreage of non-specialty crops and cover crops must have been planted by **Aug. 1, 2019** to be considered eligible for MFP payments.
- **Sign-up Period – July 29 – December 6, 2019**



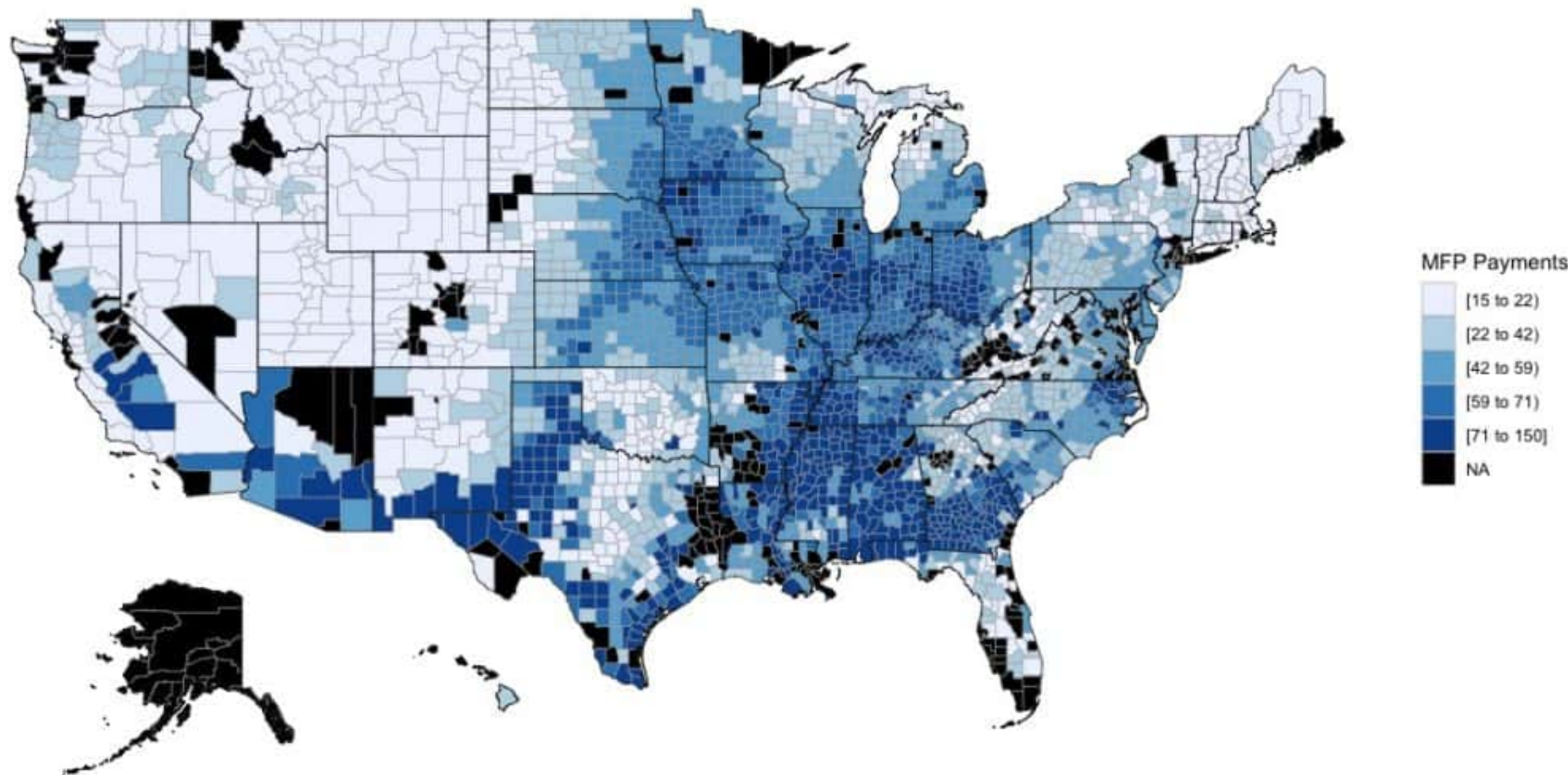
Market Facilitation Program Payment

Commodity	2018	2019
Alfalfa	--	\$2.81/ton
Chickpeas	--	\$1.48/cwt
Corn	\$0.01/bu	\$0.14/bu
Cotton	\$0.06/lb	\$0.26/lb
Cranberries	--	\$0.03/lb
Dairy	\$0.12/cwt	\$0.20/cwt
Dried Beans	--	\$8.22/cwt
Ginseng	--	\$2.85/lb
Grapes (fresh)	--	\$0.03/lb
Lentils	--	\$3.99/cwt
Peanuts	--	\$0.01/lb
Peas	--	\$0.85/cwt
Pork	\$8.00/head	\$11.00/head
Rice	--	\$0.63/cwt
Sorghum	\$0.86/bu	\$1.69/bu
Soybeans	\$1.65/bu	\$2.05/bu
Sweet Cherries (fresh)	--	\$0.17/lb
Tree Nuts*	--	146.00/acre
Wheat	\$0.14/bu	\$0.41/bu

*Pistachios, Almonds, Walnuts, Pecans,
Hazelnuts, Macadamia Nuts



2019 MFP Payment Rates by County



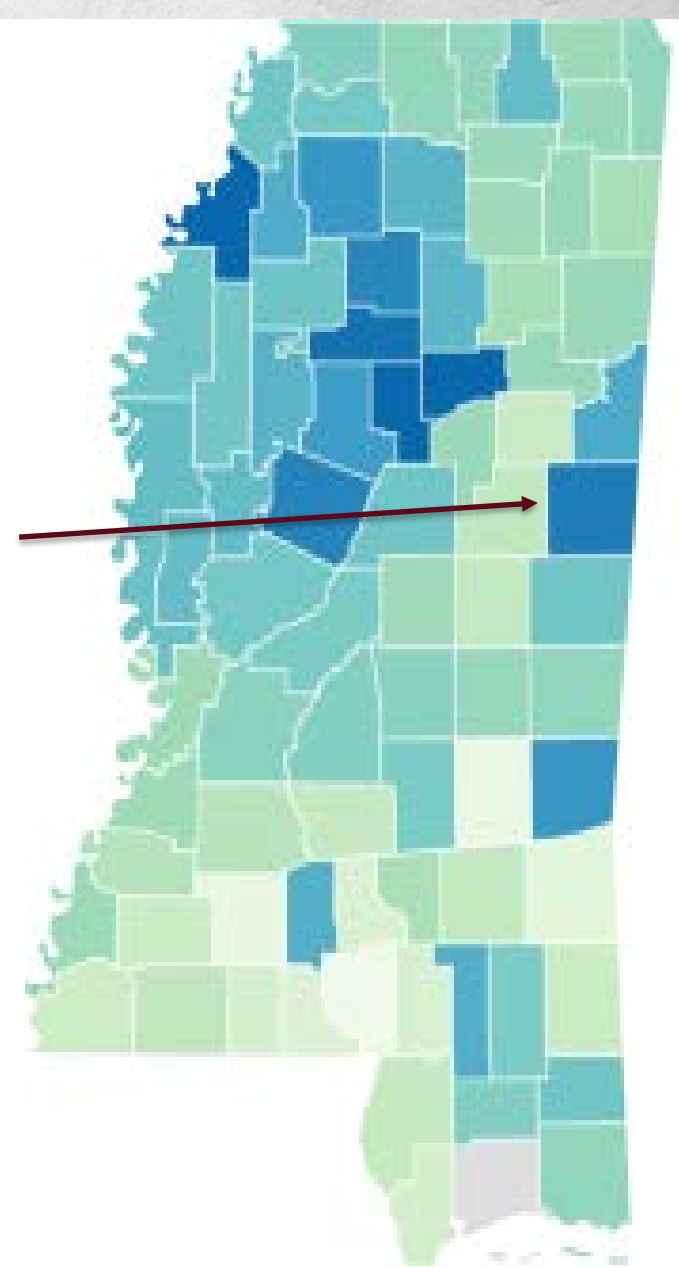
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2019 MFP County Payment Rates

Noxubee County Example

2019 MFP County Per Acre Payment Rate = \$141

Crop	<i>ESTIMATED</i>	Payment Rate	Per acre	<i>ESTIMATED</i>
	2015-2017 NASS Yield (not FSA)			2015-2018 NASS County Acreage Weight (not RMA)
Corn	160.5	\$0.14	\$22.47	42%
Cotton	1262.7	\$0.26	\$328.30	33%
Soybeans	44.6	\$2.05	\$91.43	25%



Wildfire and Hurricane Indemnity Program Plus (WHIP+)

- Ad hoc disaster assistance in the supplemental appropriations bill - \$3 billion to assist with crop losses in 2018 and 2019
- Provides disaster payments to producers to offset losses from hurricanes, wildfires, and other qualifying natural disasters that occurred in the 2018 and 2019 calendar years.
- Enrollment for WHIP+ began on September 11, 2019.



Ad hoc for 2020

- MFP
 - China trade war settlement?
 - Election year
- Disaster programs
 - Weather
 - Where damage occurs





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Thank You



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