

2015

Fall harvest prices and indemnity payments

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Fall harvest prices & indemnity payments, continued from page 1

work with the grain merchandiser on a strategy to make up the shortfall in bushels or pay the replacement value of those bushels.

To illustrate how indemnity payments are determined, an example of Revenue Protection (RP) coverage for corn is featured.

2012 Revenue Protection (RP) Example:

A loss occurs when the bushels of corn produced for the unit fall below the production guarantee as a result of damage from a covered cause loss. This example assumes 175 bushels per acre APH yield, 75 percent coverage level and basic unit coverage.

175 bushels per acre X .75 = 131.3 bushel guarantee*

100 bushels per acre actually produced

131.3 bushels – 100 bushels = 31.3 per acre loss

31.3 per acre loss X \$7.50 per bushel (harvest price determined in October) = \$234.75 net indemnity*

* Figures shown on a per acre basis. Guarantees and losses are paid on a unit basis. See individual policy provisions.

Summary

As long as the farmer did not commit to delivery of more than the 131.3 bushels per acre, he or she should have adequate fund to make up the shortfall in bushels or pay the replacement value of those bushels.

Delaying settlement beyond early November leaves farmers in a speculative position for those bushels that they were unable to deliver. Should the futures price move even higher beyond this time frame, the replacement cost would increase. Regardless, the need to work with the grain merchandiser is critical should you fall short on contracted bushels.

Adapted from USDA RMA's 2012 COMMODITY INSURANCE FACT SHEET, Corn—Crop Revenue Coverage, January 2012.



Farm employee management: Getting the new employee off to a good start on day one

by Melissa O'Rourke, extension farm and agribusiness management specialist, 712-737-4230, morourke@iastate.edu

Farm employers spend a good deal of time carefully recruiting candidates, interviewing, checking references, evaluating and selecting a new employee.

All that effort can quickly go down the drain if an effort isn't made to get that new employee off to a good start on the very first day.

When the employment offer has been accepted, a start date should be agreed upon as soon as possible. Inform the employee of what will happen on the first day of work. Clearly communicate when he or she is expected to arrive.

While it may seem fundamental to the employer, help the new employee by providing the answers to some basic questions common among new employees. Send the employee a letter by U.S. mail or an e-mail with the answers to what might seem like basic questions to the employer:

- (1) What should I wear? Provide guidelines on footwear, gloves or other appropriate attire. More and more, new farm employees do not have farm backgrounds and need guidance so that they arrive for the first day of work appropriately attired. Particularly in dairy and other livestock operations, there are biosecurity