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What's new with crop insurance in 2008

William Edwards

Iowa State University, wedwards@iastate.edu

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Value-added business success factors -- the role of financial structure and performance, continued from page 5

were either a LLC or a corporation. Some were organized as LLCs, while others had started as a closed cooperative and had since converted to a LLC or corporation. One chief executive officer we interviewed cited the need for a stream-lined decision making process as critical in the decision to convert from a closed cooperative to a corporation.

Several lenders questioning the wisdom of siting processing facilities in remote rural areas. They expressed concern that the facility's potential for resale may be less than if it were located in or near a regional trade and service center.

(Next article – Strategic Planning and Implementation)

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What's new with crop insurance in 2008

by William Edwards, extension economist, 515-294-6161, wedwards@iastate.edu

Both traditional yield insurance (APH) and several varieties of revenue insurance will again be offered to crop producers in 2008. Last year 89 percent of Iowa's corn and soybean acres were covered by some form of crop insurance. Revenue insurance has become the dominant type of coverage, accounting for over 85 percent of the insured acres.

losses were equal to only about 4 percent of the premiums that farmers paid in.

Last year's high indemnity prices of \$4.06 per bushel for corn and \$8.09 per bushel for soybeans allowed many producers to lock in very attractive guarantees. Indemnity prices for 2008 may go even higher, especially for soybeans. The down side, of course, is that higher prices mean higher premiums. And, despite the high value guarantees that were purchased in 2008, payouts for

The newest innovation in crop insurance is a premium discount for planting certain biotech corn hybrids. The Biotech Yield Endorsement (BYE) is available to corn growers in Iowa, Illinois, Indiana and Minnesota. To be eligible for a discount, farmers must plant at least 75 percent of the corn acres in an insurance unit to hybrids that contain the YieldGuard VT Triple or YieldGuard Plus with Roundup Ready Corn 2 technologies. These hybrids can be purchased from more than 250 companies that license the technology. Discounts are expected to average about 14 percent on revenue insurance policies.

Updates, continued from page 1

Internet Updates

The following updates have been added to www.extension.iastate.edu/agdm.

Motor Vehicle Cost – A3-40

Livestock Production – Specializing While Retaining Income Diversification – B1-76

Farmer-owned Processing Business Business Success Factors – C5-225

Decision Tools

The following decision tools have been added to www.extension.iastate.edu/agdm.

Corn Stover Pricer – Use this decision tool to estimate a price for corn stover standing in the field or harvested and stored.

Motor Vehicle Cost Analyzer – Use this decision tool to calculate ownership and operating costs for a vehicle per mile and per year.

... and justice for all

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