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Will crop insurance cover Asian soybean rust in 2005?
by William Edwards, extension economist, (515) 294-6161, wedwards@iastate.edu

Multiple peril crop insurance (MPCI) has been available to grain farmers in the United States since the 1930s. It covers a wide range of damages caused by weather, pests and other natural causes. Asian soybean rust is just the latest of many hazards that fall under causes of insurable losses. All of the current MPCI policies contain the same basic language regarding the insured farmer’s responsibilities, including both the basic yield insurance and the various revenue insurance products.

Good farming practices
Coverage is not extended in the case of “failure to follow recognized good farming practices for the insured crop.” Good farming practices are defined as “…production methods utilized to produce the insured crop and allow it to make normal progress toward maturity and produce at least the yield used to determine the production guarantee or amount of insurance.” and those “…generally recognized by agricultural experts for the area.” In other words, farmers must make a good faith effort to combat crop pests when crop consultants and Extension specialists recommend it.

When a new pest emerges, the definition of good farming practices may not be well established. Limitations that arise due to weather conditions or availability of products to combat pests will be taken into account. The Risk Management Agency of the U.S. Department of Agriculture states: “Therefore,
losses to soybean production due to soybean rust disease is an insurable cause of loss provided the insured can verify that the cause was natural and available control measures were properly applied. If there are no effective control measures available or there are insufficient amounts of chemicals available for effective control, resulting loss of production would be covered.” For the complete text of the RMA statement, visit the following web site: http://www.rma.usda.gov/news/2004/07/715soybeanrust.html

**Group risk policies**
In many cases, the actions of an individual farmer are measured against the most common responses in a particular area. For example, not treating for a certain pest would more likely be acceptable if many farmers in a county were unable to do, instead of only one. Producers who purchase a group risk policy, such as Group Risk Protection or Group Risk Income Protection, will have their indemnity payments determined by county average yields, not individual yields. Policyholders who are certified as organic soybean producers would not have to follow any non-organic cultural practices.

The best advice for any new pest such as Asian soybean rust is to be alert for its appearance, follow recommendations of pest management specialists, document conditions in your own crop, and communicate with your crop insurance agent.

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**Wildlife recreation: Rural America’s newest billion dollar industry**

*By: Jason Henderson, Economist, Center for the Study of Rural America, Federal Reserve Bank of Kansas City, jason.henderson@kc.frb.org*

In today’s search for the next billion dollar industry to revitalize Main Streets, many rural leaders are again pinning their hopes on nature. New opportunities are not arising from traditional sources commodity industries like agriculture or mining. Tomorrow’s opportunity may well be wildlife related recreation—already a $108 billion industry nationwide.

In many rural places, hunting, fishing, and wildlife watching have boosted rural tourism, spurred business growth, and contributed to strong land value gains. The brightest prospects though, still lie ahead. Rural communities fortunate enough to have other amenities to complement their natural resource base are in the best position to reap new economic benefits from this booming industry.

According to the U.S. Fish & Wildlife Service, 82 million people participated in wildlife-related recreation activity in 2001, the latest data is available in chart 1. The largest number, roughly 66 million people, took part in wildlife watching. Millions more engaged in fishing and hunting. A significant number of outdoor enthusiasts participated in two or more types of wildlife recreation.

**Recreational expenditures**
Wildlife recreationers spent $108 billion on wildlife-related recreation expenditures in 2001. To put that in perspective, that amount was more than the total cash receipts of the U.S. livestock industry in the same year.

While wildlife watching was the most popular activity, anglers and hunters still spent the most on wildlife recreation. They spent roughly $70 billion in 1991, compared to $38 billion by wildlife watchers. During the 1990s, hunting dollars surged 29%, while wildlife watching dollars rose 16%.