2015

What’s new with crop insurance in 2008

William Edwards

Iowa State University, wedwards@iastate.edu

Follow this and additional works at: http://lib.dr.iastate.edu/agdm

Part of the Agribusiness Commons

Recommended Citation


This Article is brought to you for free and open access by the Ag Decision Maker at Iowa State University Digital Repository. It has been accepted for inclusion in Ag Decision Maker Newsletter by an authorized editor of Iowa State University Digital Repository. For more information, please contact digirep@iastate.edu.
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)

Major funding for this research provided by the Agricultural Marketing Resource Center. Additional funding provided by Farmers Union Marketing and Processing Association Foundation, Co-Bank and Ag Ventures Alliance.

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.

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

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
The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.)


Permission to copy
Permission is given to reprint ISU Extension materials contained in this publication via copy machine or other copy technology; so long as the source (Ag Decision Maker Iowa State University Extension) is clearly identifiable and the appropriate author is properly credited.