

Crop Insurance News Release

Will Your 2012 Risk Management Plan Ensure You'll Be Farming Next Year?

As you look to the future, you need to seriously evaluate the adequacy of your risk management plan for the farm. A whole farm business focus is critical, being certain to account for production and marketing risks associated with primary crops and products.

Time was when government programs almost automatically provided a pretty good safety-net and about all producers had to do was to enroll, and perhaps, idle a few acres. *But times have changed.* Today, the major safety-net is determined by individual proactive producer decisions. Principal crops need to be insured or covered by NAP just in order for producers to be eligible for disaster payments under certain USDA programs (such as SURE). Furthermore, if adequate amounts of crop and/or revenue insurance protection are not selected, these programs will not perform up to expectations and, when disasters occur, payment levels will be inadequate to cover necessary operating costs. It's time to recognize that risk management planning is as important as general production and market planning.

For the coming year, expectations are that risk exposures will increase in the form of greater price volatility, higher input costs, tighter credit requirements, and higher family living costs. Add to those expectations an aging farm population and the need for many operators to recover from 2011 losses and it's clear that farmers' investments in their operations are at risk of further eroding. Does it make sense to for farmers to manage risk by self-insuring? Just how much protection is needed for 2012?

First, consider how much protection you have carried in past years. Then, assess how much will you need in 2012 from whole farm revenue insurance programs such as Adjusted Gross Revenue, commodity specific crop insurance such as the one for corn, and the noninsured disaster assistance program (NAP). What other types of risk management tools, such as upgrading your irrigation system or entering into marketing contracts, should be incorporated in your 2012 plans?

How will you protect crop values, minimize the rise in input costs and recover prior losses? Will you be able to secure needed operating loans and meet family living expenses? Is your current risk management plan adequate for 2012 to ensure you'll be farming in the future?

Crop insurance agents now have 2012 rates and rules and are prepared to help you to complete a free Risk Management Checklist and to discuss coverage and cost control options that can strengthen your farm business plan and minimize the risk of an interruption in income. Agents can be located at: www.rma.usda.gov/tools/agent.html

Managing risks may result in improved peace of mind for you and your family in the year ahead. A risk management checklist is available at:
www.rma.usda.gov/pubs/2011/risk_management_checklist.pdf