

February 4, 2005

Dear Producer:

**CROP INSURANCE NEWS – Information to Improve Your 2005 Risk Management Plans**

**PA Crop Insurance Premium Assistance Announced:** \$2 million in crop insurance premium assistance is available to Pennsylvania producers to make crop insurance more affordable in the 2005 crop year. The assistance applies to all 2005 policies and will pay approximately 5 percent on the total crop insurance premiums, which translates to nearly 10 percent of the net producer premium. The PA Crop insurance Assistance is automatic when a producer purchases a policy or renews with a crop insurance agent. A new law passed in November directs all the annual funding to help pay the farmer premiums (policy fees will be paid for 2005 crops with an enrollment date of 11/30/04 or earlier). Crop insurance can help producers withstand crop disasters and return to profitability. Since the Commonwealth took the historic action to begin the Crop Insurance Assistance Program, producers in aggregate received about \$125 million in loss payments compared to \$31 million in net producer premiums. This amount calculates to \$4 in loss payments for each dollar of producer paid premiums. (Majority of loss payments have been received by producers with higher levels of coverage, i.e. in 2003, 90 percent of corn and soybean loss payments were received by producers with 70 percent or higher levels of coverage.) The PA Department of Agriculture has paid nearly \$10 million of producers' premiums over the past five years.

**Managing Production Risk – Soybean Rust:** Crop insurance can provide protection from natural disasters, including uncontrollable plant diseases such as soybean rust. There are many unanswered questions regarding minimizing damage from soybean rust. It is your responsibility to do timely crop scouting and applying recommended treatments. Your county cooperative extension office can help you determine the recommended actions. Therefore, losses to soybean production below the crop insurance guarantee due to soybean rust disease is an insurable cause of loss. The policyholder must verify that the loss cause was natural and that recommended control measures that are available were timely and properly applied (keep written records). Production losses will not be covered if there are sufficient treatment measures available, but the producer elects not to use them. Also, remember that the crop insurance policy requires written Notice of Damage by crop by farm to your agent within 72 hours of discovery (keep a copy for your records).

**Crop Insurance Deadline:** When finalizing your insurance decision, consider the superior performance of higher levels of coverage, even if you must use a lower price election to keep them affordable. Contact a crop insurance agent for details. A listing of crop insurance agents and additional insurance information can be located at [www.rma.usda.gov](http://www.rma.usda.gov). The enrollment/policy change deadline is March 15, 2005, for most spring crops.

Sincerely,

Dennis C Wolff

*Mailing done in cooperation with the USDA Risk Management Agency.*