



A summary of federal crop insurance options

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Crop insurance can be an effective way for producers to manage risk. In addition to the U.S. Department of Agriculture program crops, insurance options are available for forages, certain types of livestock, and rangeland. Knowing which insurance policies fit a specific operation can help producers better plan for the coming production year.

All federal crop insurance products operate in about the same manner: the producer pays a premium to insure crops or livestock against some type of loss. The loss can be yield-based (such as weather disasters), price-based (caused by changes in market prices), or a combination of the two. These are available as either individual or group policies.

Yield-based contracts utilize a producer's actual production history (APH). This history is based on four to 10 years of a producer's production records for the crop. If a producer has enough years of acceptable yield data, APH yield is calculated as the simple average. Indemnities are paid where actual yields are lower than the production guarantee.

Multiple Peril Crop Insurance (MPCI) policies insure against yield loss for either a whole farm or a specific unit basis. To establish an MPCI policy, the producer selects a yield coverage level for the acres insured, usually 50 to 85 percent of the APH yield and the price election percentage from 60 to 100 percent. MPCI policies do not pay indemnities if prices change, only where a yield loss occurs.

Where MPCI policies protect against specific yield losses, revenue insurance insures against changes in price as well as yield fluctuations. These policies tend to carry higher premiums than MPCI contracts due to their more extensive coverage. Crop Revenue Coverage (CRC) policies utilize APH yields. Yield elections range from 50 to 85 percent of APH. A minimum revenue guarantee is established by multiplying the yield level by a price election. Indemnities are paid if either yield or price causes total revenue to drop below the minimum revenue guarantee. Revenue Assurance (RA) policies are similar to CRC policies, but they allow producers the option to take advantage of price increases at harvest time. Income protection (IP) policies are similar but are less specific in their coverage and are only available for basic units.

Group insurance policies operate on a different premise than other policies. Group Risk Protection (GRP) is insurance that provides protection against yield loss by insuring a percentage of a county average yield. GRP and Rangeland GRP policies pay indemnities for yield losses, whereas Group Risk Income Protection (GRIP) pays indemnities for revenue losses. As with APH policies, the producer selects the percentage level of coverage of the county yield (usually from 66 to 90 percent). Rangeland GRP policies are relatively new and available only in certain areas but can be a welcome risk-management tool for livestock producers.

Livestock Risk Protection Insurance (LRP) is a price insurance policy available for producers of feeder or fat cattle and market swine. Livestock are insured for a certain price determined daily by the USDA's Risk Management Agency and a coverage level from 70 to 95 percent of expected value. An indemnity is paid if the actual sale price drops below the target price level.

Where federal crop insurance products are unavailable, the Noninsured Crop Disaster Assistance Program (NAP) may provide insurance coverage. This program is administered through the USDA's Farm Service Agency and may cover yield losses on otherwise non-insurable crops and forages.

A wide array of federally subsidized insurance options are available for both crop and livestock producers. They may help producers manage yield, price, and/or income risks associated with production agriculture as part of a total risk-management strategy. For more information on insurance products discussed in this article, visit the Western Risk Management Library at <http://agecon.uwyo.edu/RiskMgt>

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Ag Smart Security

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Traditional emergency responders are well recognized as the first line in responding to potential terrorist events, but farmers and ranchers and everyone involved in agriculture may hold the true first line of defense to prevent, detect, or respond to acts of terrorism on agriculture or "agroterrorism."

A variety of targets are abundant within agriculture terrorists could use to disrupt or adversely affect our safe food supply. Even giving the impression our food supply is poisoned by pathogens or diseases could cause economic chaos and mistrust of food safety.

Potential agroterrorist targets and threats are known to be ranches, feedlots, auction barns, fairs, feed storage facilities, ag chemical facilities, slaughter plants, food processing plants, and grain elevators—any place where large numbers of animals or quantities of crops are brought together throughout the food production, manufacturing, and distributions systems.

The goal of everyone involved in agriculture should be to implement sound security or biosecurity measures to minimize the introduction or spread of dangerous pathogens and diseases onto or between farms or ranches.

Every farm/ranch should implement sound "Ag Smart" security/biosecurity components

- Isolation and infection control
- Isolate new animals for at least 14 days
- Control ferret animals, birds, and animals that carry unwanted pathogens or diseases.
- Clean and disinfect livestock facilities when different groups of livestock use the same facilities.

Traffic Control and Safety

- Control who enters your farm and ranch and never allow unknown people access to the operation.
- Lock gates.
- Eliminate unneeded access roads.

Farm/Ranch Sanitation

- Remove all dead animal carcasses.
- Remove all blood, saliva, urine, and manure from sick or dead animals
- Insist all visitors wash their hands and arms if they handle your animals.
- A wise policy may be for employees to shower when they come on shift and when they leave at large confinement swine units, feedlots, or areas where animals are held in large numbers in close quarters, as a disease could spread quickly.

Facility Security

- Do a background check of all employees.

- Verify that all hired vendor employees are employees of that vendor.
- Keep a written record of all farm and ranch visitors for six to 12 months. If there is a disease outbreak, you will know who has been there and when.
- Insist all employees monitor signs of sabotage or terrorist acts.

Inventory and Keep Valuables Locked

- Lock all building and home entry doors.
- Inventory all potential hazardous chemicals and keep them locked.
- Ensure the water supply is secured and safe. Use locks if needed.
- Restrict movement of all non-employees to areas that cannot allow contamination of food or feed products.

Colonel Vroegindewey, assistant chief of the U.S. Army Veterinary Corps in San Antonio, Texas, tells us it is not if a terrorist hits our food supply, it is when. Everyone in agriculture can play an important part in protecting and preventing such a horrific event.

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On the Web: www.agrosecurity.uga.edu

Distillers grain an excellent protein and energy supplement for cattle

By Wayne Tatman, University of Wyoming Cooperative Extension Service educator Goshen, Laramie, and Platte counties

Continued expansion in the ethanol industry will mean rapid growth in the supply of distillers grain, a co-product of ethanol production.

Distiller co-products offer beef producers an opportunity to decrease their unit cost of production while maintaining similar levels of performance as distillers grain provides an excellent source of protein and energy in both growing and finishing diets.

In the past five years, ethanol production in the United States has increased about 132 percent, from 1.47 billion gallons in 1999 to 3.41 billion gallons in 2004, using about 1.325 billion bushels of corn in the 2004-2005 crop year.

In 2005, Wyoming Ethanol of Torrington, Wyoming's only ethanol plant, used 1.8 million bushels of corn and, with current projections, may soon be up to 4.6 million bushels.

Co-products of the distilling process are carbon dioxide (from the fermentation), wet distillers grains, and distillers solubles, the liquid portion remaining after the ethanol has been distilled. The byproducts that can be potentially marketed are the wet distiller's grains (WDG), dehydrated, or dried distiller's grains (DDG), condensed distillers solubles (CDS) or, in some cases, the condensed solubles may be added back to the distillers grains to produce wet or dry distiller's grains + solubles (WDGs or DDGs). All have their own unique feeding qualities.

On the average, the wet distillers grain from Wyoming Ethanol is about 30- to 35- percent dry matter, 35- to 38-percent crude protein, 75- to 80-percent Total Digestible Nutrients (a measure of the amount of energy in feed) and about 12-percent fat. Added benefits are that distillers grain is more efficiently digested by cattle as about 50 percent of the protein is digested in the rumen and 50 percent is bypass protein, which is digested in the small intestine.

The fiber and fat contained in the product are also highly digestible, resulting in a similar energy value to corn grain. Nebraska studies suggest that distiller's grains can replace corn, up to 40 percent of the diet, in growing and finishing rations for cattle.

In cattle diets, the optimum level of distillers grain is about 25 percent of the diet on a dry-matter basis.

Paul Miller, owner of Miller Cattle Company in Torrington, incorporates wet distillers grain at 22 percent in the diets of his feeder cattle and finishing cattle. Distillers grain also works well in the diets of weaned calves, replacement heifers, and cows as virtually all the starch is removed. The process leaves a product concentrated in protein, provides high energy levels, aids in the control of acidosis in finishing diets, and does not depress fiber digestion.

The availability of distillers grain is presently limited in Wyoming; however, it may become more available in the future and could provide an economical source of protein and energy for livestock producers.