

Potatoes Fact Sheet



1. Pennsylvania Crop Insurance Webinars

The objective of the Pennsylvania Crop Insurance Webinar series is to help Pennsylvania farmers and ranchers manage risk understand a variety of crop insurance products to make informed insurance decisions.

2. Pennsylvania Northern Potatoes – Scheduled for February 14, 2019

Webinar objectives:

- Review the Federal crop insurance structure and key basic provision tenets and forms.
- Discuss where coverage is available.
- Review types and practices insured and policy provisions and options available.
- Discuss documents and your duties when a loss occurs.

3. The Insured Crop

Potatoes, under the Northern Potato crop provisions, are grown for harvest as certified seed stock for the following year's crop, or human consumption (processed or whole). The insured potatoes are planted with certified seed potatoes. To insure potatoes under a processing quality endorsement, the potatoes must be under a processor contract, and that contract must be in place before the

acreage reporting date. To grow potatoes for certified seed, the potatoes must be grown under the certified seed program in Pennsylvania.

Potatoes are insured under the Actual Production History plan of insurance, which is based on your historic production and provides a yield-based guarantee in hundredweight.

4. Coverage Availability

For the 2019 crop year, processing sweet corn is insurable in Cambria, Clarion, Columbia, Crawford, Dauphin, Erie, Lancaster, Lehigh, Luzerne, Potter, Schuylkill, Somerset, and York counties in Pennsylvania. Insurance may be available in other counties through a written agreement if specific criteria are met.

Details of the coverage offered in each county, including types, practices, rates, prices, dates, options, coverage levels, and special provisions of insurance, are available through the Risk Management Agency's **Actuarial Information Browser** at <https://bit.ly/2NZo44f>. Work with a licensed crop insurance agent to explore your coverage options.

5. Select Policy Definitions

Buyer

A business entity that buys or processes potatoes and possesses all licenses and permits required in Pennsylvania, and has facilities to accept the potatoes purchased.

Certified Seed

Potatoes entered into the potato certified seed program that meet all requirements for production to be used to produce a seed crop for the next crop year or a potato crop for harvest for commercial uses in the next crop year.

Grade Inspection

An inspection in which samples of production are obtained by the crop insurance company or a third party your company chooses, before sale, storage, or disposal of any lot or portion of a lot of potatoes. Potatoes are evaluated and quality (grade) determinations made by the company, a lab approved by the company, or a potato grader licensed and certified in Pennsylvania or by the USDA. Potato deficiency determination is based on the potato type or end use using standards set by US standards bodies. The quantity and number of samples required are determined in accordance with procedures issued by the Federal Crop Insurance Corporation.

Potato Certified Seed Program

The state program administered by a public agency responsible for the seed certification process in Pennsylvania.

Tuber Rot

Soft, mushy, or leaky condition of potato tissue; a soft rot or wet breakdown as defined in the US Standards for Grades of Potatoes. Tuber rot includes, but is not limited to, a breakdown caused by Southern Bacterial Wilt, Ring Rot, or Late Blight.

Broker *(from the Certified Seed Endorsement)*

A business enterprise regularly engaged in buying and selling processing potatoes that possesses all licenses and permits required by Pennsylvania and, where required, has the necessary facilities with enough equipment to accept and transfer processing potatoes to the processor within a reasonable amount of time after harvest or after the typical storage period.

Processor *(from the Certified Seed Endorsement)*

A business enterprise regularly engaged in processing potatoes for human consumption that possesses all licenses and permits for processing potatoes in the state of Pennsylvania. This business possesses facilities, or has contractual access to such facilities, with enough equipment to accept and process potatoes grown under a processing contract within a reasonable amount of time after harvest or after the typical storage period.

Processor Contract *(from the Certified Seed Endorsement)*

A written agreement between the producer and processor, or between the producer and a broker, containing at a minimum:

- Producer's commitment to plant and grow processing potatoes and to deliver the potato production to the processor or broker;
- Processor's or broker's commitment to purchase all the production stated in the processing contract; and
- A price or pricing mechanism to determine the value of delivered production.

6. Insurance Period

Insurance on potatoes **begins** when the crop is planted using certified seed potatoes and **ends** the earliest of:

- Date the potatoes are destroyed, abandoned, or harvested;
- Final loss adjustment; or
- October 31.

7. 2019 Crop Year Important Dates

- Sales Closing Date = 3/15/2019
- Production Reporting Date = 4/29/2019
- Final Planting Date = 6/10/2019
- End of Late Planting Period = 7/05/2019
- Acreage Reporting Date = 7/15/2019
- Premium Billing Date = 8/15/2019
- Premium Due = 9/30/2019

8. Prices

The price election is a price published in the Federal crop insurance actuarial documents or your processing contract price, if applicable, capped at a maximum contract price also published in the actuarial documents.

2019 prices

- Conventional/Transitional established price = \$12.85/cwt
- Certified Organic established price = \$29.55/cwt
- Conventional/Transitional CAT price = \$7.07/cwt
- Certified Organic CAT price = \$16.26/cwt
- Transitional Organic max contract price = \$25.70/cwt
- Certified Organic max contract price = \$44.325/cwt

9. Coverage Levels and Premium Discounts

Coverage levels range from 50% to 85% of your average yield and are discounted as shown in the table below. For example, an average yield of 260 hundredweight per acre results in a guarantee of 195 at the 75% coverage level.

Item	Percent							
Coverage Level	50	55	60	65	70	75	80	85
Premium Discount	67	64	64	59	59	55	48	38
Your Premium Share	33	36	36	41	41	45	52	62

Catastrophic Risk Protection (CAT) coverage is fixed at 50% of your average yield and 55% of the price election. The 2019 cost for CAT coverage is an administrative fee of \$300.

10. Available Unit Structure

Potatoes can have a basic or optional unit structure.

A basic unit is always available and covers all acreage in a county you own/operate 100% and a Basic Unit for each share arrangement you have with another person or entity. Basic units offer an additional premium discount.

An optional unit is available by section, section equivalent, or FSA farm number.

11. Endorsements & Options

If you want one or more of the available endorsements or options on your potato policy, you need to select it by the sales closing date.

Quality Endorsement

Provides quality protection for production with internal defects that cannot be sorted from undamaged production, as well as external defects. In Pennsylvania, the Quality Endorsement uses U.S. No. 2 or better Grade Standards. Coverage on acreage grown for the production of seed is excluded. Production harvested or appraised by an insurance company adjuster prior to reaching full maturity that does not meet the U.S. Grade selected by an insured,

solely as a result of size, will be considered to have met the U.S. Grade.

Processing Quality Endorsement

This endorsement attaches to and amends the standard Quality Endorsement, and provides additional quality protection for unacceptable levels of specific gravity, sugar ends, as well as poor fry or chip color. You must have a processing potato contract with a broker or directly with a processor to elect this endorsement. Your insured processing potato acreage may be revised based on the contract structure. The endorsement uses a damaged crop value comparison to the maximum price election. Appraised and harvested production is adjusted in proportion to the crop's relative value of the Federal crop insurance price.

Certified Seed Endorsement

Covers loss of production and loss of certification. Certified seed coverage is limited to no greater than 125% of the average number of acres entered into, and passing, state certification during the three previous years (unless a written agreement allows more acreage to be insured). Rotation requirement and standards for parent seed are according to state certification regulations. An additional value of protection applies to seed producers with acreage within state-sanctioned seed management areas or isolation districts.

Storage Coverage Endorsement

Extends the discovery period for damage that occurs within the insurance period, but that does not become evident until a later time (up to 60 days, following harvest). Extension allowed if damage results in tuber rot; certain internal defects (*only available if you also elected Quality Endorsement*); or unacceptable specific gravity, sugar ends or poor fry or chip color (*only available if you also elected the Processing Quality Endorsement*).

Supplemental Coverage Option (SCO) is available for processing beans in some counties. If elected, SCO provides additional coverage for a portion of your underlying crop insurance policy deductible.

Actual Production History (APH) Yield Exclusion (YE) is available in some processing bean counties. YE allows you to exclude yields in exceptionally bad years from your production history when calculating yields used to establish your crop insurance coverage.

12. Perils Protected Against

You are protected against the following:

- Adverse weather conditions, including natural perils such as hail, frost, freeze, wind, drought, and excess precipitation;
- Failure of irrigation water supply, if caused by an insured peril during the insurance period;
- Fire, if caused by an insured peril during the insurance period;
- Insect damage and plant disease, unless due to insufficient or improper application of control measures; or
- Wildlife.

This policy does not cover any loss of production due to damage that occurs or becomes evident after the end of the insurance period, including, but not limited to, any damage that becomes evident in storage. Additionally, this policy does not cover causes, such as freeze after certain dates, if limited by the special provisions of insurance.

Other perils are included or excluded if you select one or more optional potato endorsements. For example, the Certified Seed Endorsement considers any loss on potatoes because the crop did not qualify as certified seed due to varietal mixing or failure to meet certified seed program requirements an uninsured cause of loss.

13. Acreage Reporting Requirements

An acreage report is a report of all potato acreage in the county, insurable and uninsurable, in which you have a share. A report and a copy of your processor contract(s), if applicable, must be submitted to your crop insurance agent on or before the acreage reporting date.

14. Losses

The potato policy covers replanting reimbursements, prevented planting payments, and production loss indemnities.

If you believe you have a loss, you should:

- Protect the crop from further damage by providing sufficient care;
- Notify your crop insurance agent within 72 hours of your initial discovery of damage but not later than 15 days after the end of the insurance period, even if you have not harvested the crop;
- Provide any documentation the adjuster needs;

- Allow the adjuster to access to your fields and perform a grade inspection; and
- As instructed by your adjuster, leave representative samples intact for each field of the damaged unit.

Your Adjuster's Actions

Your crop insurance adjuster will determine the loss using RMA Loss Adjustment procedures, and your crop insurance company will ensure timely payment after you and the company reach an agreement.

Your adjuster will:

- Set up an appointment to visit your farm location(s) to inspect the damaged acreage
- Take samples and plant counts from representative parts of the field to determine the amount of damage
- Consider different factors based on the crop and the stage of growth
- Identify any disease, consider if good farming practices were followed, and perform quality adjustment as applicable – this will include grade inspections
- Photograph the damage, often with a ruler or other measurable object in the picture for scale
- Your adjuster may request paperwork from you (contract, production records, and sales, etc.)
- Determine the causes of loss and how many acres are damaged by each
- Defer the loss adjustment if appropriate and revisit and reinspect after the deferral period
- Complete all needed paperwork
- Explain what he or she did and the findings and walk you through the adjustment worksheet
- You and the adjuster will sign documents in agreement of the loss adjustment findings

Basic Indemnity Calculation Components

- Acres
- Total production guarantee (in cwt)
 - Harvested and unharvested acreage determined separately, then summed
- Price
- Your share in the crop
- Production to count (PTC)

Indemnity Calculation

1. Total guarantee x price = value of guarantee
2. Total PTC x price = value of PTC
3. Value of guarantee – value of PTC = gross loss
4. Gross loss x your share = indemnity payment

Basic Indemnity Calculation Example

100% share in 160 acres of potatoes (not cert. seed)

All acres harvested

31,200 cwt total production guarantee for the unit

\$12.85 price per cwt

29,820 cwt harvested from the unit

1. $31,200 \times \$12.85 = \$400,920$ value of guarantee
2. $29,820 \times \$12.85 = \$383,187$ value of PTC
3. $\$400,920 - \$383,187 = \$17,733$ gross loss
4. $\$17,733 \times 1.00$ share = \$ 17,733 indemnity payment

15. Get Covered: Find an Agent

A crop insurance agent is your local expert and best resource on how, when, and what kind of crop insurance coverage to add to your risk management toolkit.

Crop insurance is available through independent crop insurance agents licensed in your state. Most Federal crop insurance agents also offer private crop-hail and other named peril policies. If you need an agent, review the Risk Management Agency's Agent Locator (<https://bit.ly/2sohz1f>).

16. View the Recorded Webinar

A recording of this Pennsylvania Northern Potato webinar will be viewable after the live presentation concludes. To view the recording, visit <https://cropinsuranceinamerica.org/pennsylvaniacrop-insurance-webinars/>