

Wheat Fact Sheet



National Crop Insurance Services®

1. Crop Insurance Webinars

The objective of these webinar sessions is to help Pennsylvania farmers and ranchers manage risk by understanding crop insurance products sufficiently to make informed purchase decisions.

2. Wheat (Small Grains Crop Provisions) – Scheduled for August 6, 2019

The objectives for this webinar are:

1. Provide participants with information on wheat to help manage their risk.
2. Present general crop insurance basic information to better understand the expectations of a crop insurance policy.
3. How to contact and engage the services of a crop insurance agent.

3. Wheat Statistical Overview

Based on the latest 2019 Risk Management Agency (RMA) statistics, in Pennsylvania, 1006 wheat policies were sold with a total premium amount of \$796,096. The liability carried on wheat totaled over \$9,954,758 with a 1.20 loss ratio.

4. Crop Types

Wheat is insurable if:

- Premium rates are provided by the actuarial documents
- It is a type listed in the actuarials
- It is adapted to the area
- Grown on insurable acreage and planted for harvest as grain

Specifically, for wheat; insurable practices include irrigated, non-irrigated as well as certified organic. Certified organic includes transitional and buffer zone acreage.

For types or practices not insurable in a county, consult a crop insurance agent about the availability of coverage through a written agreement.

5. Crop Usage

Wheat has many uses and it is most commonly used to make bread. Winter wheat has a higher gluten protein content than other wheats. It is used to make flour for yeast breads or blended with soft spring wheats to make the all-purpose flour used in a wide variety of baked products.

Wheat is also used for cattle, poultry and other livestock feed. This grain also forms the base for certain alcoholic drinks.

6. Types of Coverage Available

Four types of coverage are available for wheat in Pennsylvania:

1. Yield Protection
2. Revenue Protection
3. Revenue Protection – Harvest Price Exclusion
4. Whole Farm Revenue Protection

The Yield Protection (YP) plan protects against a loss of production. This plan works the same as the APH plan but the price is established according to the crop's commodity board of trade/exchange.

Revenue Protection provides protection against a loss of revenue caused by price increase or decrease, low yields or a combination of both. This coverage guarantees an amount based on the farmer's APH and the greater of the projected price or harvest price. Both prices are established using the applicable board of trade/exchange.

Indemnities may be due when the calculated revenue (farmer's production times the harvest price) is less than the revenue protection guarantee for the crop acreage.

An additional revenue plan excludes the harvest price. The producer does not receive the benefit of upward price movement with the Revenue Protection with Harvest Price Exclusion plan. Again, like the Revenue Protection plan, this product provides protection against low yields; however, protection is only provided against price decreases.

Whole-Farm Revenue Protection (WFRP) is the final individual plan of insurance. All farm revenue is insured together under one policy. Individual commodity losses are not considered, it is the overall farm revenue that determines losses. Revenue from all commodities produced on the farm during the insurance year is covered. This includes animal and animal products and commodities purchased for resale. Premium subsidy is available and depends on farm diversification.

This product is well-suited for:

- Highly diverse farms
- Farms with specialty commodities
- Farms selling to direct markets, specialty markets, regional or local markets, and farm-identity preserved markets

Upon enrollment farmers will need to turn in five years of farm tax forms, supporting records such as organic certification, inventory or accounts receivable information

along with beginning inventories of stored commodities and livestock.

7. Important Dates

Deadlines must be adhered to, otherwise a farmer's coverage may be jeopardized. In Pennsylvania, the sales closing date for wheat is September 30. Production as well as acreage information must be reported by the following dates:

- Production reporting date – November 14
- Acreage reporting date – November 15

The final planting date is October 31 and for farmers who need additional time related to weather issues, the end of the late planting period is November 15. Although there is a loss of guarantee should your crop be planted during the late planting period. It is important to consult with your agent to discuss the importance of dates and deadlines so as to not jeopardize your coverage.

8. Relationship between RMA, AIPs, Agents and the Insured

The Federal Crop Insurance Corporation's (FCIC) role is to establish provisions, rules, regulations, and rates. The Risk Management Agency (RMA) oversees the crop insurance programs, administers premium discounts and provides support and outreach.

Approved Insurance Providers (AIP) contract with licensed agents to market crop insurance and the agent receives commission. AIPs sign a reinsurance agreement with RMA to sell and service the crop product.

Crop Insurance agents provide product and premium information to the insured. Their responsibilities include collecting information pertaining to the application, production and acreage report. Each agent is required to attend mandatory training every year for updates to the crop insurance program.

The insured (farmer) must report required information as contained in the contract. Premiums and fees must be paid by set deadlines. It is important that farmers follow appropriate farming practices and timely notify the AIP in the event of a loss.

9. Finding a Crop Insurance Agent

It is important to establish a relationship with a crop insurance agent to discover how to best manage your risk.

All crop insurance products, including CAT endorsements, are available from private crop insurance agents.

A list of crop insurance agents is available on the RMA website. Go to the RMA website, www.rma.usda.gov/, and click on 'Find an Agent' on the top of the screen. Click on the highlighted [RMA Agent Locator](#). The user may choose to filter their choices by distance, specialty, language, and agent name.

Contact a local crop insurance agent before September 30 and discuss:

- Crop insurance plans and how they fit your risk management needs
- Calculating coverage and cost to determine the coverage that is right for you
- Completing an application

10. Basic Provision Highlights

The Basic Provisions, generally known as the Common Crop Insurance Policy, details the rules and regulations set forth by the RMA. Policyholders should read the policy thoroughly to understand the requirements and the policy language.

11. Reporting Requirements for Application, Production Reporting and Acreage Reporting

The farmer is required to file certain paperwork with the agent by the deadlines discussed earlier. September 30 is the sales closing deadline and an application must be completed by that date to secure coverage for the crop year. The application is fairly detailed and must include coverage plan, county/crops, coverage level, price, entity type and other pertinent information.

The farmer must report past production and acres by the earlier of the acreage report or 45 days after sales closing date. It is important to have acceptable production evidence to support the information on the production report. Measurements from farm stored production are also acceptable for certain crops. Separate measurements of production, by unit, when placed in farm storage structures are required.

Generally, the acreage reporting deadline for wheat in Pennsylvania is November 15. A report of planted and any prevented planted acreage must be filed with your agent by the deadline. The number of acres for each insured crop/county and any prevented planted acreage, share in the crop, acreage location, farming practice and

types/varieties are also needed in order for the acreage report to be submitted.

12. Additional Wheat Requirements

The end of the insurance period is the date the insurance coverage ceases for the crop. This date is determined based on the earliest of the following events:

- Total destruction of the insured crop;
- Harvest of the insured crop;
- Final adjustment of a loss on a unit; or
- The calendar date contained in the crop or special provisions

Duties in the event of damage or loss are part of the Small Grains Crop Provisions for wheat and the farmer must protect the crop from further damage by providing sufficient care, notify the agent within 72 hours of initial discovery of damage (but not later than 15 days after the end of the insured period), and leave representative samples intact for each field of the damaged unit.

For revenue protection coverage, if there is no damage or loss of production, a revenue loss should be reported no later than 45 days after the latest date the harvest price is released.

13. Summary

It is important to contact a crop insurance agent before September 30 and discuss:

- Wheat coverage
- Calculate coverage and cost to determine the coverage that is right for you
- Complete an application

14. Wheat Webinar: Scheduled for August 6, 2019

A recording of the webinar will be viewable after the live date

at <https://cropinsuranceinamerica.org/pennsylvaniacrop-insurance-webinars/>