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Insurance summary shows 2014 indemnity decrease

Wyoming 2014 crop year insurance data shows a marked decrease in indemnities paid, even with an increase of almost 300,000 acres insured over 2013 levels.

The findings correlate with recent increased precipitation and fewer drought areas across the state.

In total, 2,031,408 acres were insured for a total liability of \$128,160,664 compared to the 2013 total of \$144,458,359.

The data (see Table 1) shows a 46.3 percent decrease in reported losses for the state (\$12,776,121) when compared to 2013 (\$23,781,018). The 2014 loss ratio of 0.71 (71 cents paid out for every premium dollar received) will be the lowest since 2011 (0.46).

This further reflects generally improved growing conditions and prices over the past crop year.

Crop Policies

Most crops producers can choose between Revenue Protection (RP, insuring against declines in price and yield) with or without harvest price exclusion (HPE); Yield Protection (YP, for declines in yield); and the conventional Actual Production History (APH)-based policies for crops where RP and YP are not available.

For the 2014 crop year, producers insured 424,205 of 778,661 total crop acres or 54 percent. This was similar to the insurance pattern in 2013, with little to no significant difference in either category.

Twelve different crops were insured; in terms of total acres, wheat was the largest at 123,262 acres, while potatoes were again the lowest with just 8 acres insured.

Forage production made a large jump in acres to 107,024 insured. Most of the major cash crops in the state (corn, sugar beets, wheat, alfalfa seed, and dry beans) saw over 80 percent of the total acres reported in the state insured.

Most crop loss ratios decreased significantly from 2013, including RP (0.43) and YP (0.76).

Forage and Livestock Programs

Available livestock insurance policies, including Livestock Risk Protection (LRP), available for fed cattle, feeder cattle, lamb, and swine, in addition to Livestock Gross Margin (LGM),

available for beef and dairy cattle and swine, remain the most under-used policies in Wyoming.

LRP Lamb continues to insure the highest dollar value, at \$6,044,066 in liability.

Pasture, Rangeland, Forage-Vegetative Index (VI-PRF) insurance showed growth over 2013 levels. Table 3 shows a 2012-2014 comparison.

Total liability grew from \$10,457,387 to \$13,689,302 between 2013 and 2014. Policies earning premiums totaled only 192, while total acres insured grew from 1,349,958 to 1,635,595.

Total indemnities decreased substantially from \$3,812,582 in 2013 to \$760,723 along with the loss ratio of 0.37.

Forage producers should note that, beginning with the 2016 crop year, Pasture, Rangeland, and Forage insurance coverage in Wyoming will switch from Vegetation Index to Rainfall Index. The sign-up date remains November 15 for 2016 coverage.

Contact a local crop insurance agent for more details on individual crop insurance policies or to develop a risk management strategy tailored to individual farm/ranch needs.

Important sign-up dates and information

VI-PRF insurance

- WY PRF coverage as Rainfall Index starting with 2016
- Sales closing and reporting deadline November 15

Policy sales deadline (most spring-planted crops)

- March 15

For more detailed state insurance profile information

- <http://bit.ly.wyosummary>

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Table 1. 2013 and 2014 Crop Year Federal Crop Insurance Summary

Crop Year	Number of Policies	Net Acres	Liability	Premium	Reported Losses	Loss Ratio
2013	2,521	1,792,684	\$144,458,359	\$18,501,592	\$23,781,018	1.29
2014	2,433	2,031,408	\$128,160,664	\$18,004,346	\$12,776,121	0.71

Table 2. 2014 Crop Year Federal Crop Insurance Data

Policy Type	Policies Sold	Policies Earning Premium	Policies with Indemnity	Net Acres	Liabilities	Total Premium	Indemnity	Loss Ratio
APH	2,488	951	239	184,546	\$58,261,778	\$8,242,170	\$8,135,562	0.99
RP	1,316	716	191	152,446	\$35,018,852	\$5,441,937	\$2,334,500	0.43
RP-HPE	6	3	1	163	\$50,580	\$7,251	\$14,343	1.98
YP	1,457	543	91	83,440	\$21,097,935	\$1,814,809	\$1,377,437	0.76

Table 3. 2012-2014 Pasture, Rangeland, Forage - Vegetation Index (VI-PRF) Insurance Comparison

Year	Number of Policies	Net Acres	Total Liability	Total Premium	Indemnity	Loss Ratio
2012	127	769,568	\$4,896,190	\$853,373	\$1,082,300	1.27
2013	224	1,349,958	\$10,457,387	\$1,754,261	\$3,812,582	2.17
2014	192	1,635,595	\$13,689,302	\$2,446,290	\$760,723	0.31

For more information

Numerous programs are available under current Federal Crop Insurance offerings; chances are there is a policy that fits your risk management strategy. For more information on crop insurance policy options and other extensive risk management planning resources including decision tools, calculators, and online courses, visit RightRisk.org.

Untrue niche marketing claims can bite beef business

Niche marketing is one of the topics I regularly address for livestock producers.

I am always interested in looking at innovative ways people are marketing beef to niche markets. Correctly done, beef can be successfully marketed to niche markets without adding to confusion or damaging the image of beef sold in the traditional commodity market.

Unfortunately, even when the supplier does a great job of niche marketing, the end seller confuses the message. This confusion can lead to a devaluing of the niche-branded product. I thought I would share a few recent examples.

I was shopping at a specialty meat market and saw two products I knew to be very similar. One product was labeled as Certified Angus Beef and one product was labeled as Sterling Silver Beef. Both of these products have very similar quality specifications. Yet, when I asked the manager about the two products, he proceeded to inform me how different they were in color, flavor, and texture.

While shopping at another specialty meat store, I saw some Wagyu steaks. Although I could see they were high-quality steaks, they did not look to have sufficient marbling to have come from a full-blood Wagyu program. I asked the clerk assisting me with my purchasing decision and was assured that

it was in fact pure Wagyu and was offered a pamphlet from the supplier. The pamphlet I was handed came from a supplier I am familiar with and knew to be a 50 percent Wagyu/50 percent Angus program.

This last example may be my favorite. After entering a specialty hamburger restaurant, a large sign greeted me that explained the origins of the beef I would be eating.

The sign discussed how the beef was locally grown and grass finished on the hills around the restaurant. I was intrigued by this and was going to ask them about their local grass finishing suppliers when I noticed the next sign further down the menu wall. That sign said "All of our beef is Certified Angus Beef." I explained to the manager that, while both products are good products (local grass finished beef and Certified Angus Beef), they are in fact separate products.

To make both marketing claims on the same piece of meat is not accurate.

These examples illustrate one of the key points I share in all of my niche marketing presentations. When marketing a product like beef, especially when you are willing to put your own brand on the product, market a product and the attributes you truly believe in.

Don't just market product attributes because you know them to be popular "buzz words." In the long run, this just adds to confusion and is not good for the beef business.

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