

Using the RMA Crop Insurance Decision Tool – Part II

The Crop Insurance Decision Tool (CIDT) available from the Risk Management Agency allows crop producers to compare the different crop insurance options available.

Producers can view alternative scenarios for prices and yields.

Our Example Operation

In a previous installment, we described how John and Marcia Smith, example Platte County producers, used the CIDT to outline potential crop insurance coverage for their irrigated corn in the coming production year. We assumed the Smiths surpassed their actual production history (APH) yield of 155 bushels per acre with an actual yield of 175 bushels per acre, that the county average yield was 135 bushels, and actual harvest price was \$3.25/bushel.

Because the actual revenue per acre (\$569) exceeded the total revenue guarantee (including Supplemental Coverage Option coverage) of \$513, there was no insurance indemnity payment. The Supplemental Coverage Option (SCO) coverage in this example provides a payment of \$5.97 per acre at all yield levels.

Consider now that the Smiths do not meet their average yield and their actual yield is 105 bushels per acre; this scenario is similar to one of their low average yield numbers from their APH.

We will assume the same coverage of 85 percent, projected price of \$3.85/bushel, and actual harvest price of \$3.25/bushel. The tool calculates a crop return per acre of \$341, an indemnity payment of \$165.99 per acre, and the same SCO payment of \$5.97 per acre (Figure 1).

For more information

The Crop Insurance Decision Tool from the USDA Risk Management Agency gives producers the option to quickly review how their potential crop insurance options fit into an overall risk management plan as well as consider alternative scenarios for yield and price fluctuations. Visit www.rma.usda.gov and select "Crop Insurance Decision Tool" from the "Quick Links" menu. For more information on individual crop insurance policies and other online decision tools, visit RightRisk.org.

Because the Smiths chose a high guarantee level and revenue insurance, they are recouping their revenue guarantee (\$513).

If the Smiths had instead chosen Yield Protection (YP) coverage, their result in the same situation would have been considerably different. By selecting the Yield insurance option in the tool and leaving all other variables the same, we can show the resulting payments are significantly lower per acre (\$69 less, \$444 total income). Further, there would be no SCO payment under the YP coverage option (Figure 2).

Premium Costs and Coverage Level Options

The CIDT also allows users to compare premium costs for the different insurance plans available. The results screen provides premium costs by available coverage levels. Figure 3 outlines the Smiths' premium costs at \$62 per acre for Yield Protection (YP), \$75 per acre for Revenue Protection (RP), and \$65 for Revenue Protection with the Harvest Price Exclusion (RP-w/HPE). For \$13 per acre over the cost of YP coverage, the Smiths gain an additional \$69 in revenue under the described reduced yield scenario.

The CIDT provides users the opportunity to better understand the cost of alternative coverages as well as the benefits possible under alternative yield and price scenarios.

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Figure 1. Per Acre Returns at 105 Bushel Yield Level

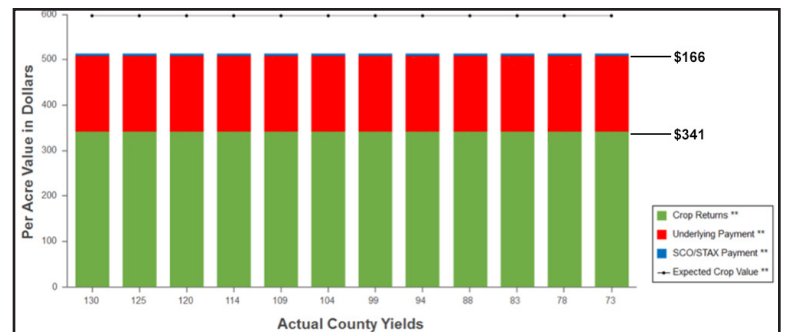


Figure 2. Yield Protection Coverage with Reduced Yield Example

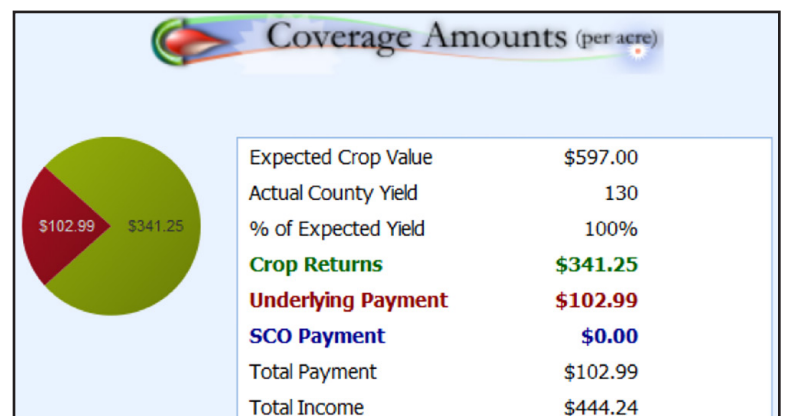
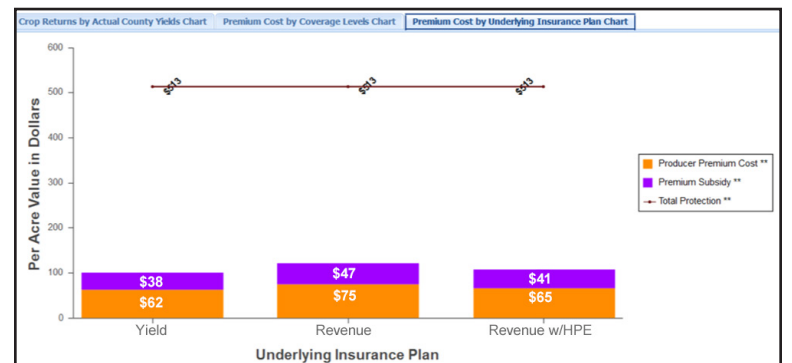


Figure 3. Insurance Plan Premium Cost



Follow livestock board's rules for traveling with livestock

Livestock owners, especially first-time owners, don't always understand the rules and regulations of how to travel with livestock in the state.

Livestock transportation rules and regulations may seem perplexing; however, understanding why the regulations are in place makes understanding and complying easier; they ensure the safety of and deter theft of livestock and limit the possibility of the spread of contagious diseases.

An easy rule of thumb for livestock owners questioning what they will need to travel is to remember:

- Health requirements to come in.
- Brand requirements to get out.

Owners need to consider two main requirements when traveling: proving ownership (brand inspection) and certifying the health of an animal (health inspections).



A livestock owner meeting those two requirements can travel legally in the state.

Travel rules for Wyoming livestock are governed and enforced under the Wyoming Livestock Board. Brand inspection and health requirement information is at <https://wlsb.state.wy.us/public>. Click on the Brand Inspection and Animal Health links.

Some general guidelines from the website include: "The Wyoming Livestock Board would like to remind everyone that when any Cattle, Sheep, Horses, Mules or Asses in Wyoming change ownership, a brand inspection is required. A brand inspection is also required when moving across county lines within Wyoming or moving livestock out of Wyoming to another state."

The website lists brand inspector districts, contact information, an inspection guide, and other information.

When an animal is changing hands, whether branded or not, a change of ownership inspection is required. Whoever is transporting the animals will need to have the proper animal ownership papers.

A question I get asked frequently is how to purchase a horse out of state and bring the animal home. The guidelines under Chapter 8 livestock board rules are here bit.ly/horserules. The examples are from sections 6 and 21. See right.

If animals are taken out of state, Wyoming's brand inspection laws would need to be followed as well as the health and brand laws of the state to which the animal is being taken. There are areas and situations within the state that may require additional or different types of requirements, such as testing for disease. One example would be the brucellosis-designated area on the west side of Wyoming.

Make sure to check out the Wyoming Livestock Board website or visit with a brand inspector if you have questions. Remember, rules are in place to protect owners and animals and are not that hard to learn and follow for safe and easy travel.

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Section 6. General import requirements.

(a) All Animals imported into Wyoming shall be accompanied by a Certificate of Veterinary Health Inspection, and an Import Permit or Shipping Number when required, issued in compliance with these Rules and all applicable state and federal Animal health regulations...

Section 21. Requirements for the importation of Horses.

(a) A Certificate of Veterinary Health Inspection is required on all Horses entering Wyoming, unless excepted in Section 6(a)(i) or (ii).

(b) A negative Equine Infectious Anemia test performed within twelve (12) months prior to importation is required, except for foals six (6) months of age and less, not yet weaned from their birth mothers.

(c) Horses moving pursuant to an Interstate Livestock Health Movement Permit or an Adjacent State Border Property Movement Permit are not required to be tested for Equine Infectious Anemia.