

Changes Coming for 2009 Crop Insurance

Illinois farmers will have new considerations as they evaluate crop insurance options for 2009. Growers will find both upsides and downsides to the 2009 crop insurance program changes made by the federal government.

First the Bad News

GRIP premium subsidies are decreasing 5%. While GRIP continues to be a popular plan with Illinois producers, the government's subsidy at the 90% level will decrease further from 48% (in '08) to 43% (in '09) of the total. Two years ago, the GRIP subsidy was 55%. The net result is that farmers will pay more for GRIP in 2009.

CAT fees triple. The policy fees per crop on CAT are going from \$100 to \$300 while fees per crop on other plans are still only \$30. Some farmers will find better ways to spend the additional \$270.

SURE eligibility restrictions. To qualify for the new disaster program from FSA (known as SURE), producers must buy crop insurance on all crops of significance. Producers insuring just corn may now need to buy coverage for soybeans and wheat also.

RA now has a limit on Harvest Price. (see below under "Expanded harvest price limits.")

And Now the Good News

New EU subsidy reduces CRC and RA costs. Farmers choosing enterprise units for CRC and RA plans receive reduced premiums in exchange for combining all acres of a crop in a given county. Previously, premium subsidies were the same percent regardless of unit choice. So producers choosing EU actually received a smaller dollar subsidy than those with basic or optional units. But in 2009, the EU subsidy amount is to be the SAME dollar amount as for basic units. Depending on levels chosen, this effectively lowers the producer premium for EU by as much as 10 to 15%.

Expanded biotech endorsement discounts. Illinois corn growers planting seed with triple stack traits (available from Monsanto, Dow, and Syngenta) will qualify for crop insurance premium discounts in 2009. The 2009 BYE provides the same discount for any qualifying seed and is designed to require less paperwork and red tape for growers and seed companies.

Expanded harvest price limits. CRC and GRIP will no longer have change limits from base to harvest price. Previous limits were: \$1.50 for corn; \$2.00 for wheat; and \$3.00 for soybeans. The new limits on all revenue plans (including RA) will allow the harvest price to be up or down by the full amount of the base price.

New ACRE program at FSA. Producers will have a new option in FSA's ACRE program. ACRE is designed to provide benefits when state yields and prices fall to certain levels. Final details on implementing ACRE are pending. The ACRE program is NOT a replacement for crop insurance.

For More Information

Contact a Farm Credit Services Crop Insurance Specialist or go to:
http://fcsillinois.com/PDF/What_Is_New_2009.pdf