Farmers offered new crop insurance coverage

Farmers can sign up for federal crop insurance featuring a new catastrophic coverage level (CAT) from Jan. 17 to Feb. 28, according to Drs. Daniel Robertson and Gerald Giesler, Extension economists with the LSU Agricultural Center.

Sign-up is at the local office of the Consolidated Farm Service Agency, formerly ASCS, or with a local crop insurance agency. The new CAT is a part of the Federal Crop Insurance Reform Act of 1994.

The Act requires farmers to purchase catastrophic insurance to be eligible to continue to participate in price support programs, target price deficiency payments, the Conservation Reserve Program, to receive Farmers Home Administration loans.

Robertson and Giesler explain that the new CAT coverage will be available to farmers of insured crops for an administrative fee of $50 a year per crop per parish with a cap of $200 per producer per parish up to a maximum of $600 per producer for all counties in which the producer grows insured crops. The fee may be waived for limited resource farmers.

Catastrophic crop insurance is intended to replace disaster payments which are approved by Congress on an ad hoc basis and are off-budget costs.

The Louisiana Cooperative Extension Service of the LSU Ag Center is conducting informational meetings in each parish to explain the new insurance program. For information on meeting dates and sites, as well as other information, farmers should contact their local county agent at the parish Extension office.

Farmers may purchase additional insurance coverage providing higher yields or protection levels. To encourage producers to buy to these higher levels, the new act provides incentives reducing out-of-pocket premium costs by 8 percent to 16 percent.

Federal officials anticipate required participation will result in raising crop insurance participation from 33 percent to about 80 percent.

Robertson says farmers may purchase CAT coverage either through a private reinsured company or through a U.S. Department of Agriculture county (parish) office. Insurance policies with coverage higher than the catastrophic coverage usually are sold only by private insurers.

The Crop Insurance Reform Act of 1994 also creates a Noninsured Assistance Program (NAP), a standing aid program for crops not covered by crop insurance. This program provides coverage similar to the 50/60 protection under CAT, but is triggered by a 35 percent area loss. Once this area loss threshold is met, farmers will be paid for their crop yield losses in excess of 50 percent at 60 percent of the average market price.

Additional information is available at any USDA Consolidated Farm Service Agency officer or from participating private insurers.