

Risky business

And the magic number is 555—as in \$5.55 per bushel. That's the price the Risk Management Agency of the U.S. Department of Agriculture established as the base price for Crop Revenue Coverage in the Pacific Northwest for the 2010 crop year. Which means a grower might ask if it's worth it to pay the additional premium to buy CRC this year as opposed to the less expensive APH or "Yield Based Insurance"? Dave Paul, director of the regional RMA, says it is important to remember that CRC provides both upside and downside price protection. "In 2008, we had nearly a \$2 price increase which meant the growers who had yield losses were compensated greater under CRC coverage than those who bought yield only coverage. In that case, CRC was still real attractive," he said. In 2009, the opposite has occurred. A price decline means growers with CRC policies will be paid the \$4.09 difference between the RMA's August-announced \$4.89 harvest price and last September's \$8.98 base price (calculated according to actual production history and revenue coverage level).

Steve Hair, chairman of the Washington Association of Wheat Growers Risk Management Committee, reminds growers and landlords to consider the impact of their MPCl purchase decisions on the ACRE and SURE programs. Higher levels of coverage under MPCl typically have a positive impact on the FSA programs. Hair also suggests growers talk to their crop insurance agents about additional premium subsidies on "enterprise units" which could result in reduced premium costs. Under enterprise units, all acres of the insured crop in the county are considered one unit. Finally, Hair said growers whose crop insurance losses exceed \$100,000 for the 2009 crop year will face an automatic audit. To make the process go as smoothly as possible, have hard copies of production records and FSA 578 forms (which include seeding dates and legal descriptions of the farm for three previous years) at the ready.