

Crops

Weather insurance covers the gap in federal coverage

By FRAN O'LEARY

HIGHER corn, soybean and wheat prices certainly are great news for crop producers. But as crop values increase, the risk involved in losing part or all of a crop increases, too. If you experience a drought in 2011, for example, or a late spring due to heavy rains and cold weather, losses due to lower yields will be a lot higher.

In mid-November, a new insurance became available to crop producers to insure against bad weather during the growing season. Total Weather Insurance, by WeatherBill, is not designed to replace federal crop insurance, according to Greg Smirin, vice president of marketing and product development for WeatherBill.

"Federal crop insurance is based on yields averaged over the past 10 to 20 years," Smirin explains. "If you have a 160-bushel yield, you will likely have just 120 bushels of the yield covered. Growers who target a higher yield — say 200 bushels



Key Points

- Total Weather Insurance first became available Nov. 15.
- Growers can sign up for the insurance now and pay for it after harvest.
- The insurance is designed to cover the federal crop insurance gap.

— will look at the gap, and they will find that they are covered for just 60% of their revenue. If a grower's current production level is ahead of their production history, then they would want this coverage."

Here's how it works: Sophisticated and free weather tracking and forecasting technology, developed under the leadership of David Friedberg, CEO and former founding member of Google's Corporate Development team, is available online at www.weatherbill.com. Growers plug in some metrics, such as location, acreage, crops, target yield and total input cost. The technology helps determine to what degree the farmer and crop is exposed. Total Weather Insurance is available through ag insurance agents who help growers lock in personalized coverage.

"We have a free weather-risk report available online on our website," Smirin says. "You input your key production variables. What the weather risk report can do is provide a look at what part of their production is covered and how much true risk per acre they are carrying."

WeatherBill shows how growers can map those key risks with a multi-peril weather insurance program.

"The reason we have focused on weather is 90% of the value of production loss is due to weather, as opposed to pests or non-weather perils," Smirin explains. "Total Weather Insurance is tailored to a specific grower's operation and location. Weather is a major determinant to yield."

The insurance pays out automatically for certain weather events:

- drought throughout the growing season
- excessive rainfall during key planting dates
- cool weather throughout the season

Drill deeper into drainage options

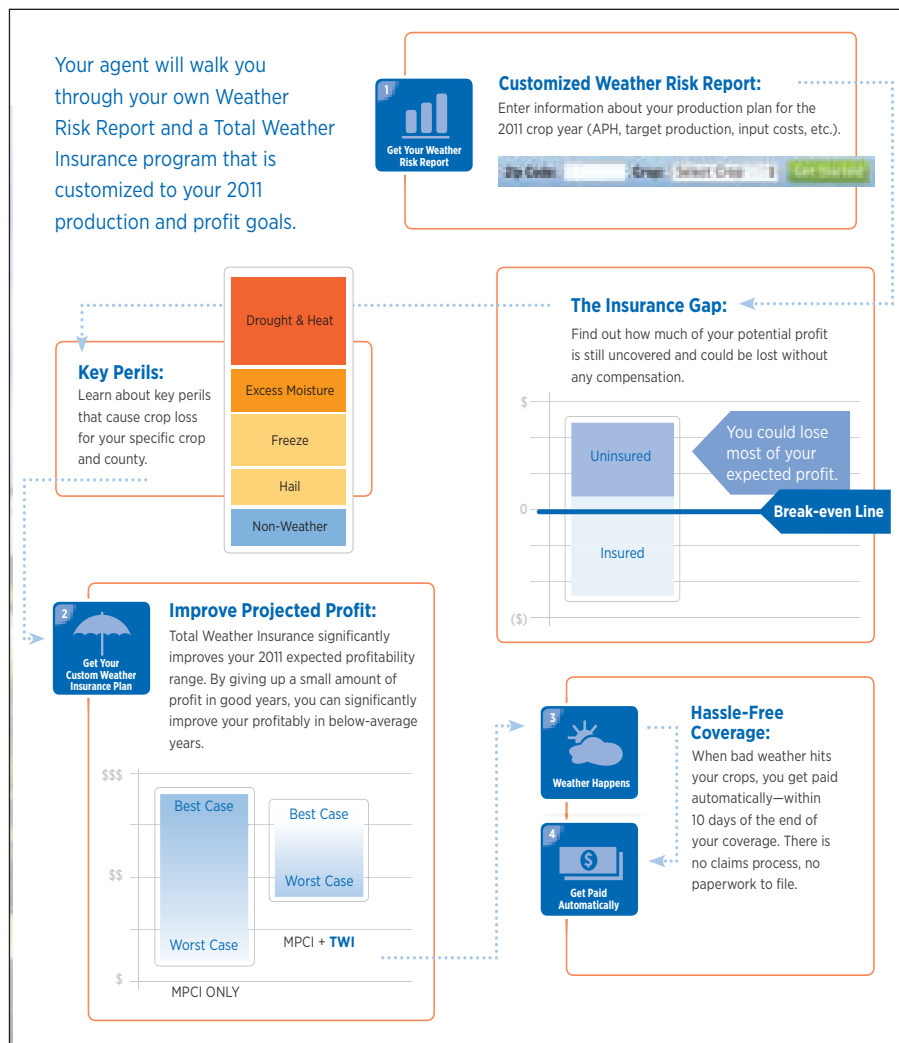
A DRAINAGE Design Workshop will be held in the Tech Center, Room 87, on the campus of the North Dakota State College of Science in Wahpeton on Feb. 23-24. The workshop is a collaborative effort by the University of Minnesota Extension, North Dakota State University Extension Service and South Dakota State University Extension Service.

The workshop is intended for farmers, landowners, consultants, drainage contractors, government agency staff, water resource managers or anyone interested in a more complete understanding of the

Key Points

- Drainage workshop to cover siting, design and legal issues.
- The workshop will be held in Wahpeton, N.D., Feb. 23.
- Space is limited, and preregistration is required.

design principles and practices of tile drainage systems. The two-day event will start at 8:30 a.m. Wednesday, Feb. 23, and end at 4:30 p.m. Thursday. The workshop



LIMITING RISK: Weather insurance helps limit a farmer's risk of investing hundreds of dollars per acre in a crop that may be damaged or devastated by severe weather.

- heat stress during pollination
- killing freeze before harvest
- frequent rains that delay harvest

"If you have this coverage, we pay out when one of those events occurs," Smirin notes. "Producers could get four or five checks during the growing season if it's a really bad year. There is no claims process. The coverage is paid out automatically based on weather conditions."

Producers can lock in the price now and then pay for it after harvest.

"You take it out in addition to your federal multi-peril insurance, which is subsidized by the government," Smirin says. The insurance costs about 5% of a grower's profit, or between \$20 and \$40 per acre. It can pay out between \$200 and \$500 per acre.

"We're a fully regulated, private insurance company. Our value proposition is straightforward: You pay a small premium in good years in exchange for us sup-

porting your profitability in bad and below-average years. Even if you have prevented planting, the insurance pays out," he says.

"Payments from this insurance do not impact the federal insurance and vice versa," Smirin notes.

Who carries it?

Agents who carry Total Weather Insurance are independent crop insurance agents who provide federal crop insurance.

"We just started qualifying and certifying agents to sell this weather insurance," Smirin explains. "Growers are finding out about this insurance through meetings with their agents and through our partnerships with ADM and Great American Crop Insurance — we're doing grower meetings throughout the winter."

For more information on Total Weather Insurance, call your local crop insurance agent or visit WeatherBill's website, www.weatherbill.com.

will focus on the planning and designing of tile drainage systems for farm fields and will be taught in a hands-on manner.

Planning topics include legal aspects of drainage, basics of drainable soils, agronomic considerations, what to think about if considering doing your own tiling, land evaluation tools and regional rainfall trends.

The design topics begin with basic design considerations and progress through small-team projects. There will be several hands-on problem-solving examples covering basic design and layout

principles, water-flow calculations, tile spacing, sizing and tile grades. Design factors for lift stations and conservation drainage practices also will be discussed.

The registration fee is \$225, which includes lunch, course materials and refreshments. Class size will be limited to 50 participants, so preregistration is required. Register online at www.regonline.com/2011Subsurface, or contact Thomas Scherer at 701-231-7239 or thomas.scherer@ndsu.edu, or Chris Hay at 605-688-5610 or christopher.hay@sdstate.edu.

Source: NDSU Extension Communications