Additional Subsidies Announced for Buy-up Coverage

February 17, 2004 - New Jersey producers who obtain crop insurance prior to September 30, 2004 will benefit from an additional cost share incentive which Congress recently authorized. The federal funds will be used to pay 5 to 15 percent of the producer's net premium depending on the coverage level chosen. Only buy-up levels of protection are eligible for the additional subsidy. Catastrophic (CAT) level of protection does not qualify. Crops with March 15 closing dates are: corn, fresh market sweet corn, processing beans and tomatoes, soybeans, spring oats and winter squash.

Toll Free Information Line for Crop Insurance Issues

Call the Garden State Crop Insurance Education Initiative at

800.308.2449

Ask for Kim Linonis or Dave Lee
### 2003 Loss Experience for Crops Closing on March 15th

<table>
<thead>
<tr>
<th>Crop</th>
<th>Plans</th>
<th>Policies</th>
<th>Policies</th>
<th>Net</th>
<th>Liabilities</th>
<th>Total</th>
<th>Subsidy/</th>
<th>Producer</th>
<th>Indemnity</th>
<th>Loss</th>
<th>Producer Cost/Benefit</th>
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<tr>
<td></td>
<td></td>
<td></td>
<td>indemnified</td>
<td>Acres</td>
<td></td>
<td>Premium</td>
<td>Cost Share</td>
<td>Premium</td>
<td></td>
<td>Ratio</td>
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</table>
| **BEANS (PROCESSING)**       | APH   | Buy-Up  | 7         | 4       | 581         | $105,789  | $18,797  | $14,246  | $4,551    | $21,285| 1.13                  | 4.68
|                              | APH   | CAT      | 5         | 0       | 244         | $33,286   | $1,367   | -        | -         | -    |                       | -
| **CORN**                     | CRC   | Buy-Up  | 87       | 20      | 15,582      | $2,316,973| $452,633 | $347,744 | $104,689  | $235,807| 0.52                  | 2.25
|                              | APH   | Buy-Up  | 120      | 39      | 18,344      | $2,497,138| $344,920 | $262,955 | $81,865   | $336,856| 0.98                  | 4.11
|                              | APH   | CAT      | 171      | 14      | 26,944      | $1,676,493| $111,432 | $111,432 | -         | $32,397 | 0.29                  | -
| **SWEET CORN (FRESH MARKET)**| DOL   | Buy-Up  | 3         | 1       | 25          | $15,137   | $3,160   | $2,450   | $736      | $7,531 | 2.37                  | 16.32
|                              | DOL   | CAT      | 47       | 1       | 2,030       | $480,898  | $59,433  | $59,433  | -         | $2,295  | 0.14                  | -
| **NURSERY FIELD GROWN & CONTAINER** | DOL | CAT | 27 | 0 | 0 | $34,290,326 | $458,831 | $458,831 | - | - | 0 | -
| **OATS**                     | APH   | Buy-Up  | 4         | 1       | 173         | $100,118  | $654     | $507     | $147      | $3,785 | 5.8                   | 25.82
|                              | APH   | CAT      | 9         | 0       | 671         | $14,031   | $447     | $447     | -         | -      | 0                    | -
| **SOYBEANS**                 | CRC   | Buy-Up  | 64       | 12      | 14,283      | $1,643,357| $256,445 | $157,148 | $55,297   | $123,065| 0.47                  | 2.02
|                              | APH   | Buy-Up  | 123      | 39      | 18,489      | $2,001,316| $256,383 | $154,828 | $61,754   | $185,521| 0.72                  | 3.00
|                              | APH   | CAT      | 127      | 18      | 29,245      | $1,301,100| $86,019  | $86,019  | -         | $55,149 | 0.65                  | -
| **SWEET CORN (PROCESSING)**  | APH   | Buy-Up  | 2         | 0       | 1,076       | $240,840  | $11,029  | 0        | 0         | -    | 0                    | -
|                              | APH   | CAT      | 3         | 1       | 325         | $340,990  | $22,549  | $10,123  | $6,426    | $29,211 | 0.08                  | 3.73
| **TOMATOES (PROCESSING)**    | APH   | Buy-Up  | 1         | 0       | 65          | $218,951  | $1,113   | $1,113   | -         | -      | 0                    | -
|                              | APH   | CAT      | 5         | 0       | 86          | $60,108   | $10,683  | $8,161   | $2,532    | -      | 0                    | -
| **WINTER SQUASH**            | DOL   | Buy-Up  | 17        | 5       | 682         | $193,022  | $22,153  | $22,109  | -         | $21,022 | 1.09                  | -
|                              | DOL   | CAT      | 169      | 160     | 126,735     | 47,859,749| 2,119,663| 1,784,978| 324,885   | 1,952,035| 0.56                  | 3.24

**Please note:**

1. Processing Sweet Corn is covered by written agreement only in NJ. In order to obtain coverage, a producer must have at least three (3) years of their own production records.

2. Buy-up coverage is more likely to indemnify a producer for losses and indemnifies at higher rates (see chart next page).
Using 2003 Crop Insurance Data for 2004 Coverage Decisions

Crops with a March 15, 2004 Closing Date

In 2003 New Jersey farmers purchased over 800 policies covering 126,735 acres for 7 crops with the March 15th closing dates. Including nursery (with a closing date of May 31st) farmers insured for $47.9 million in liability coverage. The cost for this coverage was $2.1 million of which USDA paid $1.8 million and producers paid $324,685. In 2003 crop insurance companies paid to producers just over $1 million for crop losses.

For Corn, 378 policies were written on 58,870 acres with liability coverage for $7 million. Indemnity payments for losses on corn totaled $605,160 in 2003 with buy-up policies accounting for nearly 95% of these payments. The average return for each $1.00 of premium paid by farmers was $2.25 for policies with crop revenue coverage (CRC) and $4.11 for actual production history (APH) policies.

For Soybeans, 320 policies were written on 61,947 acres with liability coverage for $4.9 million. Indemnity payments for losses on soybeans totaled $361,736 in 2003 with buy-up coverage accounting for 84% of these payments. The average return for each $1.00 of premium paid by farmers was $2.02 for CRC and $3.00 for APH policies.

For Sweet Corn - fresh market, 50 policies were written on 2,055 acres with liability coverage for $496,035. The total premium for this coverage was $61,613 of which $60,883 was paid by USDA. Indemnity payments totaling $15,826 were made to producers in 2003. The majority of the policies were for Catastrophic Crop Insurance (CAT) that costs producers an administrative fee of $100. CAT policies insure losses in excess of 50% of APH yields. Indemnities are paid at 55% of the USDA Risk Management Agency projected market price. For Sweet Corn – processing, 2 policies were written for $249,546 in liability coverage on 1,076 acres. For 2004, coverage levels for sweet corn have been increased over 2003 levels to provide improved protection.

For Winter Squash, 23 polices were written on 768 acres with liability coverage for $259,310. The total premium for this coverage was $32,802 of which $30,270 was paid by USDA. Indemnity payments of $24,022 were paid by insurance companies on 5 of the 23 policies purchased by growers.

For Processing Beans (snaps and limas), 12 policies were written on 785 acres with liability coverage for $138,865. The total premium was $20,794 on which USDA paid $16,243. For buy-up policy coverage, indemnity payments totaled $21,285 at a premium cost to producers of $4,551. The loss threshold was not reached for the 5 policies insured under CAT.

For Processing Tomatoes, 4 policies were written on 390 acres with liability coverage for $362,241. The total premium was $24,661 on which USDA paid $19,236. For the $5,425 in buy-up coverage paid by producers, $20,211 was paid in indemnity.

For Oats 4 policies were written on 173 acres with liability coverage for $10,018. The total premium was $654 on which USDA paid $507. For the $147 in buy-up coverage, $3,795 was paid in indemnity.
**Prevented Planting**

Basic prevented planting coverage is incorporated into eligible crop provisions without extra charge, including CAT plans. Coverage amounts are specified in the crop provisions and are determined as a percentage of the final production guarantee. Additional coverage can be obtained (except on CAT policies) for an additional premium charge. Additional coverage must be selected by the sales closing date; however, additional coverage is not available when a probable cause of loss is already evident (e.g. flooded land still under water at sales closing date).

<table>
<thead>
<tr>
<th>CROP</th>
<th>BASIC</th>
<th>ADDITIONAL</th>
<th>CROP</th>
<th>BASIC</th>
<th>ADDITIONAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processing Beans</td>
<td>40%</td>
<td>45%, 50%</td>
<td>Oats</td>
<td>60%</td>
<td>65%, 70%</td>
</tr>
<tr>
<td>Beans, Dry</td>
<td>60%</td>
<td>65%, 70%</td>
<td>Corn</td>
<td>60%</td>
<td>65%, 70%</td>
</tr>
<tr>
<td>Green Peas</td>
<td>40%</td>
<td>45%, 50%</td>
<td>Wheat</td>
<td>60%</td>
<td>65%, 70%</td>
</tr>
<tr>
<td>Processing Sweet Corn</td>
<td>40%</td>
<td>45%, 50%</td>
<td>Barely</td>
<td>60%</td>
<td>65%, 70%</td>
</tr>
<tr>
<td>Soybeans</td>
<td>60%</td>
<td>65%, 70%</td>
<td>Onions</td>
<td>45%</td>
<td>Not Available</td>
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<tr>
<td>Grain Sorghum</td>
<td>60%</td>
<td>65%, 70%</td>
<td>Potatoes</td>
<td>25%</td>
<td>30%, 35%</td>
</tr>
</tbody>
</table>

EXAMPLE: Assume your production guarantee is 80 bu/ac. Due to wet weather, 100 acres of corn cannot be planted. The basic prevented planting guarantee would be 48 bu/ac (60% x 80 bu/ac).