

Trend-Adjusted Actual Production History (APH) Option Available

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Farmers in Ohio purchasing certain types of crop insurance will be able to elect a new provision called Trend-Adjusted Actual Production History (TA APH). This provision will allow farmers the ability to raise their farm APH in line with current expected yields. If elected, this option would adjust the farm yield to reflect increases in yields through time in the county. Trend adjustments are made on each eligible yield within a qualifying APH database based on the county's historical yield trend, which is provided in the county actuarial documents. The approved APH yield is calculated using trend-adjusted yields, as well as any other applicable yields, within the APH database.

Many farmers feel that the 10-year average Actual Production History (APH) yields used to determine their multiple peril crop insurance guarantees do not accurately reflect their current yield potential, due to improved crop genetics and cultural practices that have been introduced in recent years. Trend-Adjusted APH has been approved by the Federal Crop Insurance Corporation (FCIC) Board for both corn and soybeans in most of the Corn Belt. In Ohio there are 69 counties where trend adjustments are available. These are displayed in Table 1. If a county does not appear in the list, there was no trend adjustment yield approved by FCIC for that county.

Table 1: Approved Trend Yield Adjustment for Ohio Counties.

County	Corn	Beans	County	Corn	Beans	County	Corn	Beans
Adams	1.43	0.37	Greene	1.79	0.38	Perry	1.57	0.38
Allen	1.65	0.38	Hancock	1.62	0.35	Pickaway	1.74	0.54
Ashland	1.48	0.52	Hardin	1.76	0.44	Pike	1.39	0.45
Ashtabula	1.41	0.49	Henry	1.62	0.37	Portage	1.33	0.38
Auglaize	1.78	0.45	Highland	1.61	0.37	Preble	1.82	0.49
Brown	1.65	0.39	Holmes	1.24	0.49	Putnam	1.59	0.45
Butler	1.76	0.41	Huron	1.69	0.56	Richland	1.54	0.36
Carroll	0.70	0.46	Knox	1.50	0.38	Ross	1.54	0.50
Champaign	1.84	0.45	Licking	1.65	0.53	Sandusky	1.73	0.40
Clark	1.86	0.38	Logan	1.83	0.50	Scioto	1.40	0.34
Clermont	1.71	0.39	Lorain	1.65	0.47	Seneca	1.70	0.37
Clinton	1.75	0.50	Lucas	1.66	0.41	Shelby	1.83	0.34
Columbiana	0.78	0.58	Madison	1.83	0.36	Stark	0.90	0.47
Coshocton	1.35	0.41	Mahoning	0.98	0.46	Trumbull	1.44	0.50
Crawford	1.75	0.49	Marion	1.79	0.50	Tuscarawas	0.88	0.49
Darke	1.87	0.39	Medina	1.57	0.44	Union	1.83	0.54
Defiance	1.62	0.48	Mercer	1.78	0.49	Van Wert	1.61	0.46
Delaware	1.74	0.37	Miami	1.88	0.46	Warren	1.77	0.39
Erie	1.72	0.50	Montgomery	1.81	0.46	Washington	1.41	0.38
Fairfield	1.72	0.41	Morrow	1.69	0.40	Wayne	1.31	0.55
Fayette	1.72	0.46	Muskingum	1.49	0.48	Williams	1.64	0.39
Franklin	1.75	0.37	Ottawa	1.72	0.54	Wood	1.64	0.35
Fulton	1.66	0.41	Paulding	1.58	0.35	Wyandot	1.73	0.38

In Ohio, the average trend adjustment is approximately 1.6 bushels per acre for corn. Using the average state yields for the past ten years the trend adjustment that would be calculated would increase the 2012 yield from 148.5 bushels per acre to 157.3 bushels per acre (Table 2).

Crop Year	Ohio APH Yield (bu/a)	Yield Adjustment (bu/a)	Trend-Adjusted APH Yield (bu/a)
2002	89	16.0	105.0
2003	156	14.4	170.4
2004	158	12.8	170.8
2005	143	11.2	154.2
2006	159	9.6	168.6
2007	150	8.0	158.0
2008	135	6.4	141.4
2009	174	4.8	178.8
2010	163	3.2	166.2
2011	158	1.6	159.6
Average	148.5		157.3

The question remains is this trend adjustment worth the extra effort and time needed. In speaking with some crop insurance agents, they are skeptical at best and many are advising their clients to wait one year to see if this works. In theory a farmer could simply purchase a higher percent guarantee and accomplish a similar outcome. However, if the same percent guarantee is chosen with the trend adjustment, the dollar value of coverage will be increased and the premium paid by the farmer will be slightly higher. Again in theory, if the producer elects a lower percent guarantee with the trend adjustment, the premium would be approximately the same dollars but the farmer's share of the premium would be smaller because the percent subsidy from the USDA is higher for lower percent guarantee levels.

The Trend-Adjusted APH is available for either yield protection or revenue protection policies, at all levels of guarantee except catastrophic (CAT) coverage (50 percent yield guarantee). Group policies, such as GRIP and GRP, have used trend adjusted county yields since they were introduced, and that procedure will not change. The Trend-Adjusted APH election must be made by the insured producer by the sales closing date each year, which is March 15 for soybeans and corn in Ohio.

For specific details on your farm, contact your crop insurance agent and have them run the numbers for you. Once you have the numbers for your farm, you can make the best decision to reduce risk related to crop production for 2012.