

Crop Insurance Worksheet Key

(to be used with powerpoint presentation)

1. Risk is exposure to a variety of outcomes that cannot be predicted or controlled; it is also the chance or probability of an unfavorable outcome.
2. Management is how we deal with risks and our approach to them by making decisions utilizing resources and skills available to us.
3. Risk management is making decisions based upon your goals, economic expectations and business survival skills with your willingness to assume risks.
4. Risks in agriculture can be grouped into seven major areas. Please complete the list of these areas.
 - a. production
 - b. marketing
 - c. financial
 - d. casualty loss
 - e. social
 - f. human
 - g. government
5. List the two major types of crop insurance.
crop hail and federal crop insurance
6. Hail was the first crop insurance.
7. Crop insurance has served as a risk management tool for over 100 years and continues today. It has evolved from “guestimates” and negotiating with farmers to the use of scientific data and established procedures.

8. Multi-peril Crop Insurance (MPCI) is government sponsored insurance with a goal to protect farmers from severe economic hardship and to support the national food production system.

9. What is the primary reason U. S. crops fail? Drought
What percentage of crops fail due to hail? 9 percent
List four other causes of crop failure.

- a. excessive moisture
- b. freeze
- c. heat
- d. plant disease

10. List the four key players in crop insurance.

- a. farmer
- b. agent
- c. company
- d. federal government

11. A farmer gets insurance by entering into a contractual agreement with the insurance company. This agreement is brokered by an insurance agent.

12. Insurance is a continual cycle that initially begins for a farmer by the application process and coverage and billing. What are the two other major components of the cycle?

- a. claims process
- b. program changes

13. List two of the five features of crop hail insurance.
Private product, no subsidy, sold by licensed insurance agents, premiums vary due to past loss experience, township or county rated

14. Identify these Federal Crop Insurance products:

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| MPCI <u>multiple peril crop insurance</u> | IP <u>income protection</u> |
| CAT <u>catastrophic risk protection</u> | GRIP <u>group risk income plan</u> |
| CRC <u>crop revenue coverage</u> | AGR <u>adjusted gross revenue</u> |
| RA <u>revenue assurance</u> | |