

Nutrient BMP Endorsement

A Risk Management Tool

Nutrient BMP Endorsement

- A new pilot insurance plan for corn growers
- The plan promotes the adoption of Wisconsin extension service agronomic recommendations for corn
- The plan is designed to protect corn growers from the risk that the extension service fertilizer recommendation fails to produce an optimum yield

Endorsement Overview

- 3 different endorsements are available:
 1. Nitrogen Endorsement
 2. Phosphorus Endorsement
 3. Nitrogen and Phosphorus Endorsement

Endorsement Overview

- All acres covered by the endorsement will follow extension recommendations for the nutrient chosen
- Check strip will have the same management practices as the insured acres except for the nutrient endorsement chosen
- The insured nutrient can exceed the extension recommended rate on the check strip

Endorsement Overview

- If a loss in corn yield is suspected, the yield from acres following the recommended rate will be compared to that of the check strip
- Policy has a 5% deductible
- Indemnity is paid if the yield in the field is less than 95% of the yield in the check strip

Wisconsin Selected as a Pilot State for Nutrient BMP Endorsement

- Policies will be available in 2003 for Minnesota, Wisconsin, Iowa and Pennsylvania
- Pilot Project for 3 Years
- Project will promote adoption of state extension service recommendations and Best Management Practices

USDA Federal Crop Insurance Corporation

- USDA-Risk Management Agency will underwrite the policy
- Nutrient BMP is an endorsement to:
 - Multi-Peril Crop Insurance (MPCI)
 - Crop Revenue Coverage (CRC)
- The endorsement may be added to all or only a portion of the acres covered by MPCI or CRC

How Does the Policy Work

- Farmer must sign up by March 15th along with crop insurance (MPCI or CRC)
- Farmer will choose one of the 3 endorsements
- Farmer will work with a certified crop consultant
 1. Consultant will determine the recommended rate for nitrogen or phosphorus (BMP Plan) and help set up the check strip

How Does the Policy Work

- All insured acres including the check strip must have the same farming practices
 1. Only one corn hybrid can be planted
 2. The same tillage practices and pesticide program
 3. The same previous crop and manure history
 3. The same commercial fertilizer rate (except for the check strip)

Approved Crop Consultant

- The person must have received professional certification and continuing education from:
 1. American Society of Agronomy Certified Crop Advisor Program
 2. National Alliance of Independent Crop Consultants
 3. ARCPACS in a discipline applicable to the area of Crop Science

Crop Consultant

- Will help establish check strip
- Will develop Nutrient BMP Plan
- Must be an individual who is approved by insurance provider who has no financial or personal interest in farming operation other than producer-client relationship
- May be provided by insurance provider or insured

Check Strip

- Crop consultant will help determine location of the check strip
- Farmer can apply the insured nutrient on the check strip at a level that he believes will insure an optimum yield
- Check strip can be used to compare yield production between the recommended rate and exceeded rate

Check Strip

- One 40 to 60 foot wide strip running the length of the field, excluding the end rows
- Directly adjacent and equal in proportions are two BMP strips that follow the recommended rates
- Check and BMP strips used in the yield comparison

Check Strip

- Crop consultant must establish check strip using the following procedures:
 1. Confirm with farmer what fields will be insured;
 2. Utilize appropriate tools (aerial maps, soil survey maps, personal observation, soil tests,) to assess physical characteristics to determine productive capabilities of insured acres;

Check Strip

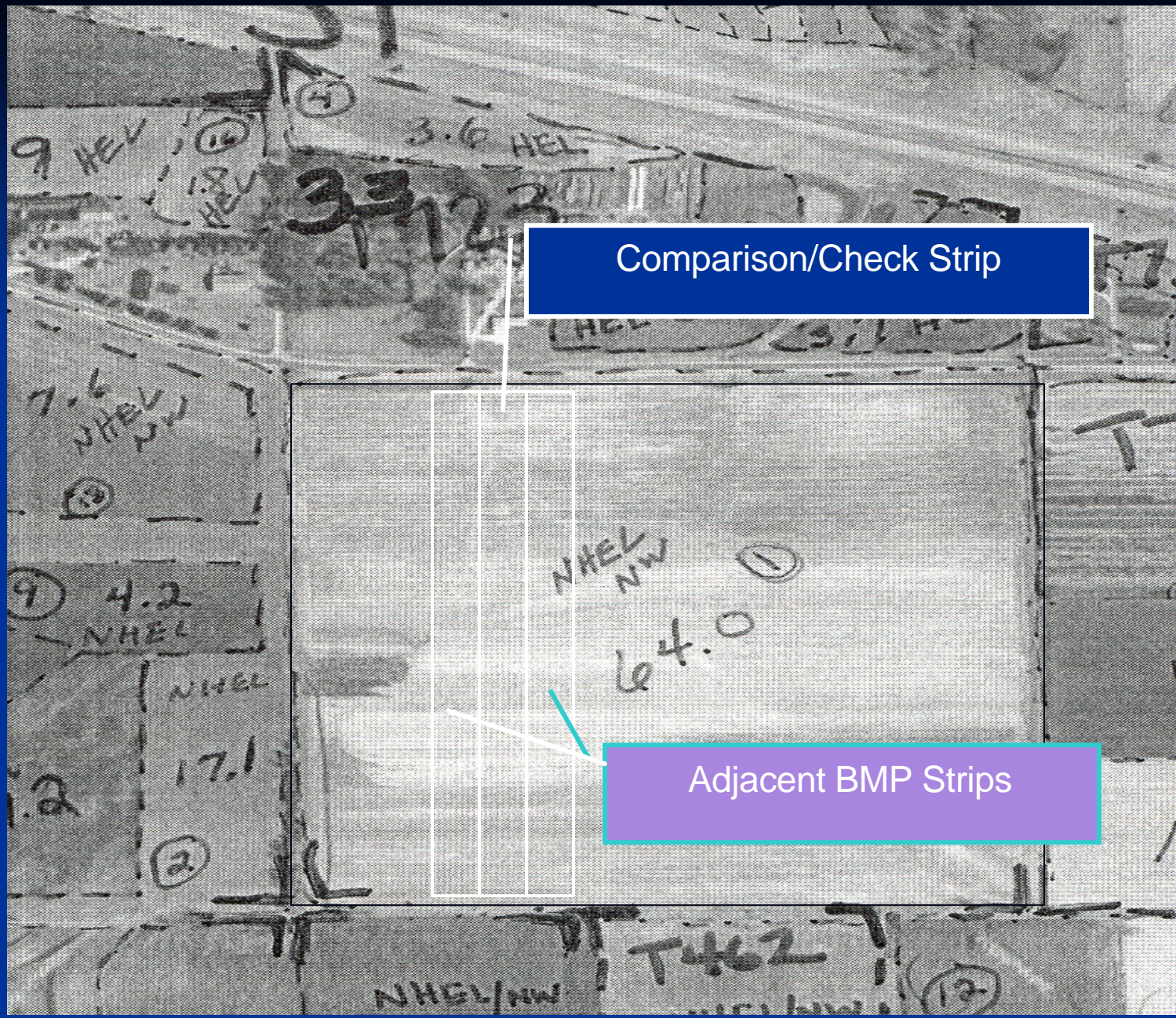
- Check and BMP strips shall be located in uniform portion of insured acres
- If possible, consultant shall avoid area that have variable soil types, slopes, irregular boundaries, variable fertility and/or title lines running parallel to the row

Check Strip

- Consultant will travel to location of insured acres and:
 1. Identify actual physical location of check strip with GPS coordinates and/or measurement from identifiable landmark; and
 2. Mark check strip locations with flags or other applicable markers
 3. Mark strip location on aerial photograph

Check Strip

- Farmer may plant his fields prior to placement of check strip
- Check strip can be set out until acreage reporting date for MPCCI or CRC for corn
- Check strip should be established with sufficient time left to make all required fertilizer applications to check strip and field
- All information concerning check strip must be submitted to the insurer



Comparison/Check Strip

Adjacent BMP Strips

Nutrient BMP Plan

- Plan must be prepared by approved crop advisor
- Plan must follow University of Wisconsin Extension recommendations
- Plan will describe the manner in which nutrients will be applied to the insured acres
- Plan summary must be submitted with the application

Nutrient BMP Plan

- Farmer may choose to insure nitrogen or phosphorus or both
- If farmer elects to insure only one nutrient, uninsured nutrient must be applied equally to the check strip and the remainder of the insured acres

Nutrient BMP Plan

- The following information will be listed on an endorsement application
- Manure N and/or P contribution
- Legume N contribution
- Starter N and/or P₂₀₅ contribution
- Commercial N and/or P₂₀₅ contribution
- Soil test results for phosphorus

Nitrogen BMP Plan

- Approved Nitrogen BMP Plan is designed to:
 1. Provided sufficient nitrogen for crop; and,
 2. Provide nitrogen application plan taking into account all possible sources of nitrogen:
 - Commercial fertilizers
 - Preceding crops
 - Manure
 - Starter fertilizer

Nitrogen BMP Plan

- State specific documents of endorsement must be referenced to determine:
 1. Amount of nitrogen to be credited from previous crops;
 2. Amount of nitrogen to be credited from manure applications; and,
 3. Recommended amount of nitrogen to be applied to the corn crop

Nitrogen BMP Plan

- Only spring applications of commercial nitrogen fertilizer (after March 1) are considered an Approved Nitrogen BMP
- Manure applied after the previous harvest may be counted towards the nutrient credits recommended by BMP plan
- Manure does not have to be tested for nutrient content

Nitrogen BMP Plan

- Variable rate technology, or applying amounts of fertilizer according to site-specific soil tests, is not permitted under the Endorsement
- Entire field, except for the check strip, must have the same amount of fertilizer applied

Phosphorus BMP Plan

- Approved phosphorus soil test must be submitted
- Designated phosphorus soil test appropriate for soil type in state and county where insured acreage is located
- Soil sample taken no earlier than the autumn preceding the insured crop year

Phosphorus BMP Plan

- An Approved Phosphorus BMP will be insurable under this policy only if the available soil phosphorus level indicated by the soil test is in a soil test category of High or Excessively High for the insured acres
- State specific documents of the endorsement must be referenced when determining soil test categories

Reference Documents

- Information on determining soil test categories:
 1. University of Wisconsin Extension Publications
 - A3030 *Optimum Soil Test Levels for Wisconsin*
 - A3340 *Corn Fertilization*

Reference Documents

- Information about nitrogen fertilization recommendations for Wisconsin:

1. University of Wisconsin Extension
Publication:

- *A2809 Soil Test Recommendations for Field, Vegetable and Fruit Crops*

How is a Claim Adjusted?

- Producer contacts insurer if a yield loss greater than the 5% is suspected
- An adjuster will visit the insured field and supervise harvest
- Weigh wagon or portable scales will be used to compare yields

Cost of the Policy (Based on 100 acres)

- Three different options available
- Full Service Option - \$9.13 per acre
 - Insurance company contracts with crop consultant to set up check strip and develop nutrient plan
- Producer Arranged Check Strip - \$7.88 per acre
 - Producer already working with consultant

Cost of the Policy

- Smaller acreage – less than 100 acres
- Rate per acre varies, check with your agent
 - Minimum charge of \$125 test strip set-up
 - Minimum charge of \$115 for harvest adjustment
- If the producer does not believe an adjustment is warranted he or she will receive a credit of \$2.00 per acre

Endorsement Qualifications

- Only for corn grown for grain is insurable (No sweet corn, popcorn, seed corn, etc.)
- Corn planted where corn was grown the previous year will not be eligible
- Corn that is irrigated will not be eligible
- Fall applied nitrogen is not permitted
- Variable rate fertilizer applications will not be permitted

Why Purchase BMP Endorsement

- The goal of a corn grower is to maximize yield while minimizing costs
- Wisconsin extension service has developed nutrient recommendations to maximize net return and minimize environmental impact
- Now the corn grower can adapt these nutrient input rates with a lower risk to income loss due to decreased yields

Hiawatha Valley Resource Conservation & Development

- All programs and services of Hiawatha Valley Resource Conservation & Development Council are offered on a nondiscriminatory basis, without regard to race, color, national origin, religion, gender, age, disability, sexual orientation, marital or familial status, or handicap

For more information contact:

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