

Voting members of the Michigan Farm Produce Insurance Program

Representing producers from the largest Michigan organization representing general farm interests:

Carmen Cousino, Temperance, MI
Derek LeCronier, Freeland, MI
Carl Bednarski, Caro, MI

Representing producers from the largest Michigan organization representing interests of soybean producers:

Lyle LeCronier, Freeland, MI

Representing producers from the largest Michigan organization representing interests of agricultural lenders:

Mark Stoeckle, Cass City, MI

Representing producers from the largest Michigan organization representing interests of corn producers:

William Uphaus, Manchester, MI

Representing producers from the largest Michigan organization representing interests of dry bean producers:

Gene VanDriessche, Bay City, MI

Non-voting members:

Arthur Loeffler, Frankenmuth, MI
Michigan AgriBusiness Association

Dan Wyant, Director
Michigan Department of Agriculture
Chairperson, Michigan Farm Produce Insurance Fund Board

MICHIGAN DEPARTMENT OF AGRICULTURE
PRODUCERS SECURITY SERVICES SECTION
CONSTITUTIONAL HALL – 6TH FLOOR
P.O. BOX 30017
LANSING, MI 48909

MICHIGAN FARM PRODUCE INSURANCE PROGRAM



**Securing your investment.
Protecting your future.**

Michigan Farm Produce Insurance Program

The Michigan Farm Produce Insurance Program was created to protect you in the event of a farm produce dealer's financial failure. It secures your investments and protects your future by establishing a fund to pay you if a farm produce dealer fails.

Farmers protecting farmers

The Michigan Farm Produce Insurance Program is made up of premiums equaling just two-tenths percent (.002) of the gross sale price of each producer payment. Beginning January 1, 2005, farm produce buyers in Michigan will be required by law to collect two-tenths percent (.002) from each producer's payment. These farmer-paid premiums are used to protect you from the loss of your investment should a farm produce dealer fail. Under the program, farm produce includes:

- Dry edible beans
- Soybeans
- Corn
- Small grains
- Cereal grains

The Michigan Farm Produce Insurance Program Board consists of 9 members (7 voting) who represent farmers and grain, feed and banking interests. The Board administers the Farm Produce Insurance Program.

Protection that counts

If a farm produce dealer fails and you have paid into the fund, as required, you are entitled to 100% payment on your farm produce that has been stored under warehouse receipt in Michigan licensed warehouses, or 90% payment on all other financial losses from farm produce delivered to the buyer.

What is your cost and coverage?

EXAMPLE

If a producer has delivered farm produce valued at \$25,000 to a farm produce dealer that does not pay the producer, the cost to the producer would be:

- $\$25,000 \times .002 = \50 producer premium

The coverage provided would be:

- 100% coverage on stored farm produce = \$25,000

OR

- 90% coverage on other farm produce = \$22,500

The \$50 premium will provide \$25,000 of coverage to the producer on farm produce stored under warehouse receipt or \$22,500 of coverage to the producer on other farm produce such as price later agreements less any usual and customary charges associated with the sale.

Premium security

You can receive a refund of the premiums you paid into the fund (within 12 months of payment) by submitting a completed form and proper documentation. To receive the form, contact the Michigan Department of Agriculture, Producer Security Services Section at (517) 241-2865. If you requested a premium refund, regardless of the crop or buyer, you are **not** protected by the fund.

However, you may petition the Board for re-entry at its annual meeting. Upon acceptance, all refunded premiums are required to be repaid, with interest, for you to be fully covered. If you do not repay premiums before a failure that causes you to lose money, you are **not** eligible to receive payment from the fund. The premiums secure your investment and protect your financial future.

Keep your records

The Board may request some proof of the payment of premiums to the fund during the claims validation process. **Producers should keep records of all their transactions in case of a failure.**

Building a foundation

Protecting the future starts with building a foundation. The foundation in this case is the fund. It is established such that after reaching \$5 million, premiums will no longer be collected. If the fund dips below \$3 million, premium collection will be reinstated.

It is estimated that assessments under this program will generate sufficient funds to reach the \$5 million dollar cap on the Michigan FPIA within about 4 years, assuming no losses are paid out during the period.

Crop	5yr. Avg. Value	% Sold to Lic. Elev. (X)	Assessment Rate (X)	Annual \$ to FPI (=)
Corn:	\$356 ml	55%=\$196 ml	.2%	\$392,000
Soys:	\$352 ml	70%=\$274 ml	.2%	\$493,000
Wheat:	\$86 ml	65%=\$56 ml	.2%	\$112,000
Dry beans:	\$78 ml	75%=\$59 ml	.2%	<u>\$117,000</u>

Total estimated annual contribution to FPIA: \$1,114,000

If you have any questions or would like more information about the Michigan Farm Produce Insurance Program, call (517) 241-2865 or visit <http://www.michigan.gov/mda> under Licensing, Certification and Registration.