Questions to Ask Yourself Before Buying Crop Insurance for Grapes
Roderick M. Rejesus, Assistant Professor and Extension Specialist

1. Potential Causes of Loss
   • What are the major risks for my vineyard?
   • What is the likelihood of them occurring?

2. Objectives
   • What do I want my crop insurance to do in a BAD year?
     - Cover production costs?
     - Security to make marketing decisions even with low/no crop to harvest?
     - Peace of mind?
   • What do I want my crop insurance to do in a GOOD year?
     - Guarantee loan collateral?
     - Provide security to make marketing decisions?
     - Add confidence to my farming decisions?
     - Increase my opportunity for profit?

3. Financial Considerations
   • What is my variable cost of production?
   • Does my operating loan include enough money to cover my crop insurance premium?
   • Can I afford to pay/suffer/bear the deductible on my present insurance policy/ies?
   • What is my risk-bearing Capacity?
     - How much can I afford to lose and still stay in business?
     - What size of loss can I experience and still meet my cash flow requirements?
     - How much damage can I withstand without affecting my ability to do business?

4. Lending Related Questions
   • Does my lender require some level of insurance (i.e. collateral) before funds are provided?
   • Does my lender provide operating loan money for insurance?

5. Additional Business Considerations
   • Does my landlord/partner/etc. have adequate insurance coverage on their portion of the exposure?
   • What will be the impact on my net worth if I don’t have adequate crop insurance coverage?
   • How much money will I need to hold in cash reserves if I don’t buy crop insurance?
   • How much of the crop do I want to forward contract before harvest?
6. Record Keeping
   • Have I identified reliable sources of outlook information (e.g. crop production, utilization, and price forecasts)?
   • Do I have five or more years of production records to calculate my average yields?
     - By block and/or location
     - By type and variety of grapes
     - Do I have accurate acreage data – planting date, number of acres, spacing?
     - Can I associate my production with specific block and location?

7. Insurance Products
   • What crop insurance products are available in my county/state?
   • Have I considered an APH policy or Written Agreement?
     - What coverage level do I need?
     - Do I insure at the basic or optional unit?
     - Do I have relatively stable production from year-to-year?
   • Do I qualify for AGR?
     - Do I have the necessary records?
     - Is my operation diversified?

For More Information Contact:

Roderick M. Rejesus
Dept. of Ag. and Resource Economics
NC State University
P.O. Box 8109
Raleigh, NC 27695
Tel. No. (919)513-4605
FAX: (919)515-1824
Email: rod_rejesus@ncsu.edu
Visit the NC State Crop Insurance Website:
(http://www4.ncsu.edu/~rmrejesu/ncsu_crop_insurance_extension_page.htm)