

An Analysis of Crop Insurance as a Risk Management Strategy for U.S. Peanut Producers from a Whole Farm Perspective.

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By nature, agricultural production is a risky venture facing uncertainty from multiple factors, many of which cannot be controlled. To ensure long-run viability, economic stability is vital to U.S. peanut producers. The 2018 calendar year provides a harsh example of the economic impact agriculture faces from uncertainty in production and marketing. Many producers utilize risk management tools to mitigate the economic impact of uncertainty.

Crop insurance is one risk management tool often regarded as providing a safety net for producers. This study investigates the effectiveness of crop insurance in providing a safety net for peanut producers. The groundwork for the study began as a doctoral project which considered limited scenarios for peanut production. This study expands to a whole farm scenario utilizing case study analysis of representative U.S. peanut farms. The study considers the impact of rotation, advances in technology and breeding, and resulting increases in productivity on expected yields and actual production history (APH). Relationships between expected, APH, and payment yields are considered to determine the impact on the whole farm budget and, ultimately, economic stability of peanut operations.