

Crop Insurance Newsletter

FedCrop Insurance Newsletter

September 2017

Chemical Drift

Is it covered by my crop insurance policy?

With a new herbicide tolerant soybean trait in fields this summer and the label approved for application of that herbicide, the buzz in the agronomy world in recent months has been chemical spray drift. First released in 2016, soybeans with the dicamba tolerance trait made their way into fields through out the US. They gained more acres in 2017, now with the herbicide labels approved for application in most states. The strict application guidelines for the chemical did not prevent a large number of claims that the chemical drifted into a neighboring field, causing damage to soybeans without the dicamba tolerance trait. The question then becomes, was the application of the dicamba done correctly according to the label instructions? With all the variables that need to be accounted for in applying these herbicides, the cause for spray drift can be charged to anyone from the applicator, scientist who developed the guidelines, or even mother nature. With all these options to lay the blame, the only real question in the mind of a producers is, "Who is going to make it right financially?"

Federally subsidized MPC I crop insurance will NOT pay claims caused by spray drift from a third party. This falls into a part of the policy known as Unavoidable Uninsured Fire/Third Party Damage (UUF). Any spray drift caused by a third party will be considered negligence on their part and the affected producer must seek damages from the third party. Although no claim will be paid, you must notify us of the damage. We will send an adjuster to measure the damaged area so it can be removed from the historical yield average for that field. Our adjuster can also make an appraisal of the soybeans surrounding the damaged area to give you an unbiased yield potential for seeking damages from the third party. The UUF provision in your policy also protects your fields historical yields from other uninsurable damage such as field fire started by a third party, unwanted livestock damage, or vandalism.

In the case of spray drift or misapplication by you or one of your employees, the UUF provisions do not apply. Acts of negligence by you or your employee fall under the Bad Farming Practices provisions. Losses caused by bad farming practices will not be paid and the yields resulting from those bad farming practices will be used in your historical yield calculations. If you contract a custom applicator to apply chemicals and they cause spray drift or misapply a field, this does qualify as UUF. You still must seek damages from the custom applicator, but the yields from affected acres will not be used in your historical yield calculations for that field.

If you have had any trouble this year with spray drift or misapplication of chemicals, give us a call to discuss your options and responsibilities for crop insurance purposes.

Upcoming Deadlines

September 30th, 2017
2018 Wheat/MPP Sales Closing Date

November 14th, 2017
2017 Wheat Production Reporting Date

November 15, 2017
PRF/Apiculture Sales Closing Date

December 10th, 2017
Corn/Soybean End of Insurance

Fall Wheat Price Discovery

The base price for fall wheat is currently in discovery on the CBOT. The discovery period runs from August 15th—September 14th. The daily closing price for September 2018 wheat futures are used from every trading day in the discovery period to calculate an average for use in establishing revenue coverage for wheat planted this fall.

Projected Price
(Average through 8/29)
\$5.03 per bushel

Silage Appraisals

If you will be chopping any corn for silage please call us to report a silage appraisal if you have not done so already. All corn that is chopped for silage needs to be appraised by a company adjuster for a dry bushel yield. The dry bushel yield will be used in your actual production history (APH) for any field that is chopped. The same goes for any corn that will be shelled above 30% moisture or any soybeans that will be harvested or destroyed for any reason before mature dry harvest.

Margin Protection Plan (MPP)

A new product offering for the 2018 crop year is Margin Protection Plan (MPP). This insurance plan must be applied for by September 30th, 2017 for the 2018 crop year. The plan can be purchased to insure up to 95% of the expected margin in your county. MPP offers coverage for the margin between the expected commodity value (CBOT price x County Expected Yield) and the following costs: Diesel, Urea, DAP, Potash, and Interest. The coverage is calculated now based on the CBOT commodity price of corn, soybeans, or wheat established between August 15th and September 14th. The county expected yield established by NASS is used for expected yield. The costs are calculated using CBOT and NYMEX prices for the costs listed above from August 15th through September 14th. These prices and yields are used to establish an expected margin going into the 2018 crop year for your county. The actual margin for 2018 is then calculated using prices for the costs in the month of April, Commodity prices in October, and the actual county yields collected by NASS for 2018. If the margin narrows because of cost increase, commodity price decline, or yield decline below your selected coverage level, a payment is issued.

MPP Facts to Remember

- This is an area based plan of insurance, similar to ARPI (formerly GRIP). Your actual yields are not used in the calculations. County expected and actual yields are used to formulate guarantees and payments.
- Prices for commodities and costs are derived from CBOT and NYMEX, not local sources.
- You can purchase up to 95% coverage. That is 10% higher than the greatest RP policy available at 85%.
- Payments for 2018 policies will be made automatically (no adjuster visit) after the 2018 NASS yields are released in April of 2019. (18 Months after you applied for the policy)
- No replant or prevented planting coverage offered with MPP.
- You can purchase both MPP and an underlying RP or YP policy. If you purchase an underlying RP or YP policy, there will be a premium credit toward your MPP policy. If there is a claim in 2018, you will receive the greater of the RP or YP harvest claim payment or the MPP payment, but not both.
- Your MPP policy and any underlying RP or YP policy must be purchased from the same insurance provider by September 30th, 2017. If both policies are not with the same insurance provider on September 30th, your RP or YP policy will be cancelled.

For detailed quotes on MPP, call us today. (888) 791-3530.

Pasture, Rangeland, and Forage (PRF)

Pasture, Rangeland, and Forage (PRF) is designed to provide coverage for producers grazing livestock or producing forage for livestock consumption. The coverage is based on historical rainfall indices established for 17 square mile grids that overlay the entire United States. Each grid has an expected rainfall that can be covered in producer selected two month intervals throughout the entire calendar year. Claims are triggered if the actual rainfall during your selected interval falls below 90% of the historical average. Contact us before November 15th for more details or to apply for PRF coverage.

Winter Wheat Applications

Included with this newsletter is a winter wheat application if you currently have a winter wheat policy with us. You can use this application to make any changes to your current policy, coverage level, unit structure, or options. If you need to add another county for wheat coverage or if you would like to insure wheat for the first time, give us a call for a quote and a new application for wheat. If you have not evaluated the Trend Adjustment (TA) option for wheat, or you would like a quote for another coverage level, give us a call.

Fall Claims Reminders

With harvest just around the corner it is time to refresh our memories on the steps to take during harvest to ensure any crop insurance claim adjustments will go smoothly and claim checks get to you timely.

- Notice of Loss**—One of your responsibilities as an insured is to report all losses to us within 72 hours of discovery, and no later than 60 days after the completion of harvest. Crop insurance is unlike other lines of insurance in the fact that the amount of claims you submit does not affect your ability to obtain insurance, or the rate you are charged for it. So, if you have any indication that you may have a loss, we suggest that you call us to turn in a claim immediately. If there ends up not being a payable loss, the claim is withdrawn by the adjuster, and it has no effect on your policy.
- Quality Issues**—If you notice fungal or mold problems in the field, or if you are docked at the elevator for low test weight, kernel damage, or toxins, please report a claim immediately. In some cases, a sample must be obtained from the grain prior to it entering on farm or commercial storage.
- Old Crop**—If you still have old crop in the bin and you intend to store new crop on top of it, call us now to have the old crop measured. We will send an adjuster out to measure the old crop in storage so all new crop storage measurements are accurate.
- Production Records**—To verify the amount of grain you harvested, an adjuster is going to need the following: All scale tickets and settlement sheets, bin measurements for all stored grain, and bin markings, a load log, or yield monitor records to allocate production back to each crop insurance unit.
- Bin Markings**—If grain from multiple crop insurance units (farm serial numbers or sections) is being combined in one bin, bin marking can be used to indicate production from separate units. When a complete unit is in the bin mark the grain height on the outside of the bin using tape. Write on the tape with permanent marker where the grain came from. Repeat for every additional unit stored in the bin.
- Load Logs**—Another option to keep production separate is the use of documented load logs. Load logs can be used to record the total number of loads coming from each unit. Loads can be recorded from any conveyance the grain enters between the field and the first point of storage. Conveyances can include combine hopper, grain cart, gravity wagon, truck or semi trailer, etc. Documentation must indicate the conveyance, total bushels held, and location from where the bushels were harvested. Printed grain cart scale records or hand written load logs are accepted. Load logs will be used in conjunction with sold production records and/or bin measurements, so the exact weight or bushels in each load is not necessary.
- Yield Monitor Records**—If you have the ability to print yield monitor records or yield maps, these can also be used to allocate post harvest measured production back to the field or unit. Yield maps or records alone will not meet the requirements for loss adjustment. These records must be accompanied by sold production records and/or adjuster bin measurements.
- Revenue Losses**—Losses resulting from the decline in commodity prices can be calculated as soon as the harvest price is released and you are complete with harvest. The harvest price period for corn and soybeans runs the entire month of October. Keep an eye on CBOT prices for Dec Corn (ZCZ17) and Nov Soybeans (ZSX17) in the month of October to follow the harvest price discovery. Base prices were calculated in February at \$3.96 Corn and \$10.19 Soybeans. All revenue losses will be calculated using CBOT prices, NOT the price you receive locally.
- End of Insurance Period**—The end of insurance for corn and soybeans is the date of harvest completion or December 10th, whichever is later. If crops are still in the field on December 10th, no damage after that date will be covered. Please call us if you still have crops standing on December 10th to have them appraised by a company adjuster.

Apiculture

Available for the first time in 2018 is apiculture crop insurance. This policy is indented for beekeepers whose primary source of income is derived from pollen collection, honey, wax, or breeding stock. The policy is very similar to PRF in which the coverage is based on rainfall indices determined by NOAA for 17 mile by 17 mile grids across the entire United States. Rainfall Index (RI) - is based on weather data collected and maintained by NOAA's Climate Prediction Center. The index reflects how much precipitation is received relative to the long-term average for a specified area and timeframe. The coverage can be broken down into two-month intervals when rain is required to sustain productivity of your colonies and their intended purpose. Contact us by November 15th to get a quote or apply for Apiculture Insurance.

Crop Insurance Billing

You should have recently received your MPCl crop insurance bill. This bill is for all federally subsidized crop insurance policies with reported acres. Other bills for crop hail and/or named peril policies will follow later this fall. The deadline to pay your MPCl bill and not receive interest charges is September 30th. Your payment must be received by the insurance company by that date. Payments postmarked on the 30th, but received October 1st or after will be charged interest. After September 30th, an interest charge of 1.25% per month will be incurred each month that a bill is not paid in full. Final payment must be made prior to March 15th, 2018 or your policy will be terminated for 2018.

Thank You!

Once again we have completed another Summer of acreage reporting. All of us at FedCrop would like to thank you for your cooperation with us and your local FSA office to complete this task. Our #1 goal is to make sure you are insured correctly, so when a disaster happens your claim adjustment and payment will be smooth and fast. If you have any friends or neighbors who have been through a rough claims process filled with corrections and delays, pass our number along. We would love the opportunity to serve them as a FedCrop Insurance customer. Thanks Again! Have a plentiful and safe harvest! And as always, give us a call anytime!

Contact Us

FedCrop Insurance

345 Calloway White Rd
Winchester, Kentucky 40391
Office: (859) 744-3530
Toll Free: (888) 791-3530
Fax: (859) 744-3544
info@fedcrop.com

Eddie Gilkison

(859) 749-0033
eddie@fedcrop.com

Brennan Gilkison

(859) 621-9799
brennan@fedcrop.com

Susan Tebbs

(859) 229-3047
susan@fedcrop.com

Julia Newman

(859) 749-2822
julia@fedcrop.com

Wyatt Schroder

(937) 302-8320
wyatt@fedcrop.com

Randy Barnes

(859) 806-4762