

# Newsletter

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## *New COMBO Policy*

Beginning with the 2011 Crop Year, RMA introduced the Common Crop Insurance Policy, known as the COMBO policy, simplifying your coverage decision. No more choosing between RA and CRC. As a current policyholder, your carryover policies will renew and be converted automatically to the coverage most similar to the policy you had in 2010.

Yield Protection Plan: Provides coverage against a production loss due to a naturally occurring cause of loss. This plan of insurance will be provided for those who had an APH plan of insurance in 2010. The major change in this option is the determination of the price used to calculate indemnities and premiums. Historically, RMA has set the price based on their assessment of expected fall cash price. The price will now be the same as the price used for revenue products.

Revenue Protection Plan: Provides coverage against production loss, price decline or increase, or a combination of both. If you had a CRC or RA policy with the Fall Price Harvest Option for the 2010 crop year, the Revenue Protection Plan will be automatically provided to you for 2011.

Both the Revenue and Yield Protection Plans will use the Chicago Board of Trade to derive the projected price used to establish the insurance guarantee and premium for the crop and the harvest price used to value

production to count under the Revenue Protection Plans. The month of February will be used as the discovery period for all plans of insurance.

The COMBO policy is an excellent policy for production and price protection. Many policyholders use this coverage if contracting for fall delivery. Gill Insurance can calculate bushels guaranteed from your policy for the 2011 crop year!

**Remember March 15<sup>th</sup> is the deadline** to change levels should you want more bushels guaranteed for contracting!

## *Established Spring Base Prices*

The discovery period for spring crops is the month of February and the exchange used is the Chicago Board of Trade. RMA will announce the official base price by March 10<sup>th</sup>, but we will have a pretty good idea of what it will be towards the end of February.

### "Projected/Base" Prices:

Corn: February average of the December futures contract.

Soybeans: February average of the November futures contract.

### "Harvest" Prices:

Corn: October average of the December futures contract.

Soybeans: October average of the November futures contract.

As of February 16 (the day of writing this newsletter) the corn average is \$6.03 and the soybeans average price is \$13.71.

If you would like premium estimates for the 2011 crop year, please contact our office after March 1.

### *Claims Reminders*

In the event of a loss, you must give us notice within 72 hours of your initial discovery of damage (such as a hailstorm).

Production losses have to be reported within 15 days of harvest completion of that unit. Even if you have other units to harvest don't wait to let the agency know. Call us so we can set up a claim. If you suspect there will be a loss on a unit let us know and we can notify the company. If it turns out there is no loss we can have the claim withdrawn. Better safe than sorry!

Remember to always keep hard copy production records for each unit separately and report claim situations to us within the proper time frames!!

Should your yields be above the guarantee but a price decline creates a loss then you have 45 days after the final harvest price discovery period to submit a claim.

Should you for some reason decide not to harvest a unit we must have the company do an appraisal for that unit before you destroy, chop or graze that crop.

Call on replant claims so we can have an adjuster contact you before you replant. Be sure to give us your cell phone number for

the adjuster. Seed receipts will no longer be required for replant claims.

RMA has stipulated companies can only pay the percentage of interest that you have in the crop.

Planting dates have not changed:

Corn: Earliest plant date: 4/10  
Final plant date: 5/25  
Late plant period: 25 days  
after final plant date

Soybeans: Earliest plant date: 4/25  
Final plant date: 6/10  
Late plant period: 25 days  
after final plant date

Gsorg: Earliest plant date: 4/16  
Final plant date: 6/15  
Late plant period: 25 days  
after final plant date

If planted during the late plant period there is a 1% reduction in coverage for each day after the final plant date.

### *Compliance*

RMA seems to put more emphasis on this area each year. The company advised they now spend more time and money on verification that policyholders are keeping proper records, production verification, proper policy set up, etc. than they do for adjusting. Due to the high prices this year it will be much more likely we will have losses which exceed \$100,000 which has a mandatory compliance check! So I cannot stress enough the importance of maintaining records.

## *Good Records Protect Your Interests*

Here are just a few frequently asked questions about record keeping. The answers are not meant to be complete, definitive, nor legally binding. That language is found at the Risk Management Agency (RMA) website ([rma.usda.gov](http://rma.usda.gov)). For more information contact our office. It doesn't cost to ask!

### What is a farm management record?

A farm management record indicates total acres and production by crop year. It must conform to the unit structure that applies for the current insurance year (Basic units, Enterprise units, etc.) and it must include each Actual Production History (APH) year for which production reports are certified.

These records are acceptable for corn, soybeans, wheat, forage production, grain sorghum and several other crops, and must be substantiated by verifiable records if a loss occurs.

The following types of records may be used to separate and document the production from different units, and to account for total production for the crop year:

- 1) Field harvest records. These include production determined from truck or grain wagon-loads that is documented by weight tickets or by conveyance measurements, separate measurements of unit production when placed in farm storage structures, and/or livestock feeding records.
- 2) Precision farming and yield monitoring systems may be used if calibrated to manufacturers specifications for APH purposes if the farm, field ID, crop, acres, total yield, date of harvest, grower, and crop year are identified on a yield map or summary report.

### What are verifiable production records?

They are reports that are substantiated by records from a marketing outlet, processor, packer, first handler, etc., or measurements of farm-stored production by an authorized person from Approved Insurance Provider or FSA.

### If I plan to feed some of my production, are additional production records required?

Yes. Producers should determine the amount of production before feeding, if at all possible. However, if that is not possible, feeding records must be kept contemporaneously, usually for each feeding (daily, weekly, bi-weekly), thus accounting for the production fed to livestock during the time period feeding occurred.

### What if grain from prior year(s) is still in the bin, can I add the current year's production?

Yes, you can add production as long as the previous year's production is measured first by the AIP or FSA.

### Can I commingle production between different units and practices in the same storage structure?

Yes, you can commingle grain storage provided that separate measurements of unit production are taken when placed in the bin or load bags and the AIP has been notified.

## *Entity Changes*

Did you create a new Corporation? Partnership? Trust? Joint Venture? **Your crop insurance policy must match FSA and how your grain is sold.** For example, if the policy is John Doe Inc., you cannot sell the grain as John Doe the individual or Jane Doe the wife. These errors may kick you out of other Federal programs with the FSA office.

All changes must be made by the March 15<sup>th</sup> Sales Closing Date.

Prior to March 15<sup>th</sup> is a good time to review the policy SBI\* information for accuracy. If members of a corporation have been dissolved but still listed on the policy, it can affect payments at claim time.

\*SBI (Substantial Beneficial Interest) – Any person with at least 10 percent interested in the named insured.

### *Important Dates*

- March 15: Deadline for policy changes, applications and cancellations.
- April 29: 2010 production reporting deadline.
- June 30: 2011 acreage reporting deadline.

### *New Pilot Program For 2011: "Precision Ag"*

A pilot program is being introduced which allows the company to receive electronic data from the farmer via their "in-cab" precision technology and farm management service.

Insured must:

- Have a policy with ProAg
- Grow (corn/soybeans)
- Have a GPS system for planting
- Be willing to use company software approved by ProAg

The company will only allow limited numbers to enroll in Precision Ag, so let me know as soon as possible if you would like to look into the availability of this program.

### *Crop Hail Insurance*

Due to the increase in the value of your crops you need to update your coverage early as the 2010 carry-over coverage will be limited to coverage you had per acre last year. MPCI policyholders may want to look at "Production Hail" coverage for 2011, or you can continue with the same programs as you have had in the past.

In closing, remember that when in doubt please call us with your questions as it is much easier to address issues early in the year for hail coverage and prior to March 15<sup>th</sup> for MPCI.

We **thank you** for your business in the past, and look forward to 2011 as it seems to be shaping up to have potential for a great year for you.

**Mick Gill**