

# Newsletter

Gill Insurance Service, Inc.

Issue Number 1

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## *2010 Spring Crop Insurance*

Over the past several years Gill Insurance has had an annual meeting for our crop insurance policyholders to update changes and to focus in on areas of importance. We have decided to try using this newsletter rather than our meeting. I felt by using this letter we would get updated information to all of our insureds rather than just people who would attend our spring meeting.

Our biggest change comes from our decision to change companies we are using for our crop insurance. Wheat policies for 2010 will continue to be with Great American and we will change those policies for 2011 to Pro Ag before Sept. 30<sup>th</sup> of this year. All 2010 row crop policies have been transferred to Pro Ag.

Crop Insurance for 2010 row crops did not have a lot of changes, but there are always some changes so we'll go through those.

2010 spring prices have been finalized and are:

Corn:	RA & CRC	\$3.99
	MPCI	\$3.90
Soybeans:	RA & CRC	\$9.23
	MPCI	\$9.15
Gsgorg:	CRC	\$3.90
	MPCI	\$3.81

Planting dates did have changes in initial planting dates and final planting dates. **For corn, the initial plant date for Nebraska is April 10 and the final plant date is May 25. Soybean initial date is April 25 and**

**final date is June 10. Grain Sorghum initial date is April 16 and final plant date is June 15.** Planting before an initial plant date would negate any replant payment. Planting after the final plant dates would reduce your guarantee 1% for each day you plant after the final plant date, up to 20 days.

## *High Yields*

With the extreme precipitation that was experienced in some areas of the country, we are noticing some high production yields being turned in by producers. There are 4 different types of reviews that these yields may trigger:

- 1) Excessive Yield – The yield per acre is greater than 2.3 times the county T-yield and less than the Maximum yield for the county. These yields need to be verified by the agent that the yield was reasonable for the crop in the county for the current year. We will ask for the production records and acreage verification to be sent to the company on a random basis.
- 2) Maximum Yield – The Maximum yield for the crop in the county is set by RMA. If the producer's yield is greater than the Maximum yield, then the producer must provide production records, acreage verification and a valid basis to support the production that was turned into the company. The company may then submit this information to RMA and request that the maximum yield be raised in this county.

- 3) Inconsistent Yield – This procedure involves both high yields and acreage planted in the following year. Each approved yield is compared to 1.15 times the simple average of all databases or the applicable county t-yield if there is only 1 database. Any database that is greater than the 1.15 times the average is then subject to acreage limitations for the following year. If the acreage planted the following year on this database is greater than 400% of the average acreage on this database **or** there are 2 or more APH crop years within the database that are less than 10% of the insurable acreage planted the following year, then it is considered as inconsistent. The producer must then submit an explanation as to why the acreage and yield patterns occurred and may also have to submit production records and acreage verification.
- 4) APH Tolerance Review – An RMA Quality Standards & Control procedure that is stated in the Appendix IV of the SRA. Each company must review a minimum of ten percent of insured units that have a newly certified yield equal to or greater than 150 percent of the prior year's approved APH yield. The producer must provide production records and acreage verification for all databases for the crop that was selected in this process.

As always the insured is responsible to have production and acreage reports available for the 3 years after the end of the crop year. This requirement can be found in the Company Crop Insurance Policy – Section 21 (b).

If you are turning in yields that could possibly trigger any of the above reviews, we strongly urge you to come in and visit with us and make sure you have the appropriate records to support your crop production. If you want to bring in your records we can scan them and send them to the company for electronic storage for the policy.

### *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.

*Tidbits About Enterprise Units*

Once the Enterprise Unit (EU) option is selected on a MPC1 policy, it is continuous. To cancel the EU option, an application form will need to be signed by the insured by the applicable Sales Closing Date.

CRC – Qualifying for EU – 50 or more acres, 2 or more basic units in 2 or more separate sections, section equiv., etc. Or 2 or more optional units established by separate sections, section equiv., etc.

RA – Qualifying for EU – 1 or more basic units in 2 or more separate sections, section equiv., etc. Or 2 or more optional units established by separate sections, section equiv., etc.

At least 2 of the sections, section equiv., etc. must have planted acreage of at least the lesser of 20 acres or 20% of the insured acreage in the enterprise unit.

*Risk Management Checklist*

Do you know all critical dates and sign-up deadlines?

Sales closing date – last date to apply for coverage: March 15.

Cancellation date – give notice if I do not want insurance next year: March 15.

Production reporting date – actual production history must be reported by: April 30.

Final planting date – if unable to plant, I must contact my agent by: Corn - May 25; Soybeans – June 10; Milo – June 15.

Acreage reporting date – I must report my acreage planted to my agent by: June 30.

Payment due date – interest charges will be incurred after: Due October 1, interest if not paid by November 1.

Final date to file notice of crop damage – any perceived damage must be reported no later than: 72 hours after initial discovery or 15 days after harvest of the unit.

End of insurance period – latest date of coverage for current year's crop: December 10.

Debt termination date – insurance coverage for next year will be cancelled if payment is not made by: March 15 of following year.

### *It Doesn't Cost To Ask*

Crop insurance policies are tools that can help producers accomplish a wide variety of jobs. Ask Gill Insurance how a crop insurance policy can help you . . .

- \* Protect against crop disasters
- \* Market more profitably
- \* Improve access to credit
- \* Guarantee a minimum level of income
- \* Reassure partners and family
- \* Provide peace of mind

What most producers need is enough information to ask their crop insurance agent good questions. Gill Insurance will be able to answer those questions and help you choose the right tools for the job you want done. It doesn't cost anything to ask!

### *Crop Hail Insurance*

Our hail season is once again here, so remember to get your coverage in place early to avoid getting caught with a storm and no coverage. Carry-over coverage this year would not apply when switching to a new company, so place coverage early! Pro Ag rates are actually running less than Great American rates from last year. Hail insurance is a very inexpensive way to gain a lot of coverage for your crops. We can get coverage in place with only a two hour waiting period.

In closing we would welcome your input on the newsletter and feel free to make suggestions on how Gill Insurance can better serve our crop customers.

We **thank you** for your business as it is very much appreciated, and we look forward to working together for 2010 and in future years.

**Mick Gill**