

Getting the Full Benefits From Your Crop Insurance Policy

Record numbers of PA growers enrolled in federally sponsored crop insurance for 2002. The increase of about 2,500 new policies brings the total to 14,600 and is the fourth consecutive year of increased enrollment. Sixty seven percent of the policies are for Buy-Up coverage. The attached table provides county level information.

If you are an owner of one of the 14,600 crop insurance policies in effect in PA in 2002, now is a good time to do a few double checks to make sure that you receive the maximum benefits. Since this a federally sponsored program, it has many very rigid rules and regulations in exchange for the premium cost sharing. Therefore, it is critical that you timely fulfill all of your responsibilities required by the policy.

You made the first round of decisions when you enrolled in the program. At that time you decided what crops to insure, county (s) in which coverage applies, coverage level (% of APH yield), coverage plan (i.e. corn choices: CRC, APH, IIP, GRP), and provided your actual yield history for each farm.

The next set of decisions involved filing your acreage report as soon as planting was completed. This activity included reporting, by farm by crop, your planted acreage, acreage that you were prevented from planting, location, crop ownership share, name of other persons sharing in the crop, practice (i.e. dry land or irrigated), and the date planting was completed. It's really critical that you accurately reported this information because your protection is limited to what you report timely. For example, if a grower under-reports their acreage by ..say 50% on one of the farm units and a low yield occurs, the guarantee will be based on the acreage reported but the production to count to calculate a loss claim will be the total production from all of the acreage (reported and unreported). If you farm in more than one county, make doubly sure that the information is correct for each county, otherwise, you could wind-up without protection on mis-reported acreage.

A month or so after you file your acreage report with your insurance agent, you will receive a computer printed form called a Summary of Protection (schedule of insurance, etc.). When you receive this document, compare it, line by line, with the acreage report that you filed to make sure that the data matched what you reported. Any variations in the data should be discussed and resolved with your insurance agent immediately because they will either impact your protection or premium costs, if left uncorrected. Furthermore, if differences are left unresolved and a crop loss occurs, you may lose the opportunity to have them corrected. The Summary form will reflect any errors or misinterpretations that resulted when your information was entered into the insurance company's computer system.

It is a good idea to inform your lender of the amount of crop insurance protection that you have as it strengthens your loan portfolio. Crop insurance places a value on growing crops equal to the insurance amount of your crop insurance protection, which is listed on your Summary of Protection. It provides you with added collateral to secure your loan and makes you more credit worthy. A copy of your Summary of Protection is an excellent tool to communicate this information.

Remember too, that crop insurance protection is a good foundation to forward price or hedge your crop when good pricing opportunities occur. For example, a corn grower with Crop Revenue Protection (CRC), was in a good position to consider locking-in a price on part of the CRC guarantee when December 2002 Chicago Board of Trade (CBOT) corn futures hit \$2.50 per bushel in early July. If the CBOT price for the current year increases, don't forget to look at 2003 and 2004 prices too, as they often provide a similar opportunity to lock-in a profit on future crops.

You should also be aware, that the your insurance company is required by law to compare your crop insurance acreage report information with the information that you report to the Farm Service Office (FSA). If differences are found they must either be satisfactorily documented or the information will be adjusted to match. If adjustments are made to the information that you reported because of mis-matches from this process, you will receive a revised Summary of Protection. Remember, whenever you receive a "revised" form, immediately take a minute to review it for correctness as promptly identified errors can usually be corrected, if you discuss them with your insurance agent immediately.

If your crop(s) is damaged at anytime, contact your insurance agent immediately. You should be prepared to tell your agent the date and cause of damage, the number of acres damaged, the farm location of the damaged crop, the estimated yield potential of the damaged acreage and the intended use of the damaged crop. If the damage occurs during the growing season and you will continue to care for the crop until later in the growing season, it probably will not be necessary for an adjuster to evaluate the damaged crop acreage at this time. However, if you plan to destroy the damaged acreage or salvage it in any way (i.e. pasture, green chop, cut for silage, disk-up, etc.) it is critical that the policyholder has written consent to destroy the damaged crop before you put it to other use. Without such written consent including a yield appraisal, you may forfeit any loss payment that would otherwise be due.

What you must do: When you report crop damage and intentions to make other use of the acreage (i.e. pasture, green chop, cut for silage, disk-up, etc.) be sure to ask your agent what additional actions and reports you must file to receive the benefits of the policy. If you feel that you need a second opinion on the advice you receive, ask the agent for the name and phone number of an adjuster so that you can get a second opinion.

You also have the responsibility of notifying your agent immediately upon completion of harvesting, after the crop is total destroyed or you plan to discontinue caring for the crop, if a loss is to be filed. This notice must be filed before the date of end of the insurance period (i.e. 12/10 for grain corn in PA).

The policyholder is always responsible to prove the amount and cause of loss to the insurance company. Therefore, before you take action, always ask yourself whether you are about to destroy needed evidence to support your insurance claim. If in doubt, discuss the situation with your insurance agent. If you are still uncertain, request your agent to have an adjuster to visit your farm before you take your intended action.

Information provided by Eugene Gantz, President, Ag Risk Strategies, Inc, as part of the PDA, PSU, RMA producer education partnership.