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Happy New Year!

It's January and 2020 is upon us. Planting season is just around the corner so it's time to start thinking about crop insurance. There are a few changes in the crop insurance world for 2020, some of them major, and these changes will affect producers, landowners and agents. **We are aware that THESE NEWSLETTERS ARE LONG AND DETAILED AND TEDIOUS but please take note of the information included because it's important...**

2020 Crop Insurance Products and Information

Enterprise Units: Despite the problems with Enterprise Units the last couple of years, they continue to be very popular. They are a good way to increase your coverage level without spending a bunch of money. The subsidy for Enterprise Units ranges from 53% to 80% which translates to about a 60% premium discount. An Enterprise Unit structure is not for everyone because it makes it difficult to collect on small spot losses **but** it allows you to increase your level and amount of coverage while holding your premium down. It's kind of a hybrid of a CAT policy and a regular buy-up policy. Typically, you must have more than one farm number in the county to take advantage of the Enterprise Unit structure. Units must be at least 20 acres or 20% of crop acreage. Smaller units can be aggregated to meet this requirement. Prevented Planting (PP) acres do not count for EU.

***The Enterprise Unit structure has given us fits these last 2-3 years. And while many of us have saved a ton of money on premiums, the downside of not being to collect on significant losses has been an issue. For 2020 we really need to discuss the pros and cons of Enterprise Units. As always, we can generate quotes showing the difference between Enterprise Units and Optional Units.

***A new, beneficial change to Enterprise Units is the Multi County Enterprise Unit option. This option allows for a single EU structure covering two counties. For example, if you qualify for EU in one county but only have one farm in an adjoining county you are now able to include that stand-alone farm into a Multi County Enterprise Unit. There are other options and circumstances to consider which we can go over.

PLC/ARC/STAX/SCO

For 2020 STAX can only be purchased on acres NOT enrolled in either PLC or ARC. If a producer elects to enroll his cotton acres in PLC or ARC, STAX cannot be purchased as additional coverage. If a producer elects PLC on cotton acres, they can ONLY buy SCO as additional coverage. If a producer elects ARC, they cannot buy either SCO or STAX as an additional coverage.

Organic Crops:

Organic Row Crop Insurance: There is basically no more crop insurance for organic row crops.

Organic Rice Crop Insurance: The organic t-yield has dropped significantly in every county (see attached chart). **PLEASE double check your entity name as it applies to your organic certificate and your organic contract. RMA, TDA and other regulatory agencies, including the crop insurance companies, have gotten very strict regarding having the correct entity name on official organic documents.** As you know, the organic certification process sometimes takes a while. TDA has been pretty well backed up the past couple of years. Start the process early! The organic certification must be completed by the acreage reporting date to qualify for organic status.

Yield Cup Option (YC): Reminder: Another change from the 2018 Farm Bill involved the Yield Cup option. In the past, if you had a 10% decrease in your APH yield in a given year, a Yield Cup (YC) would automatically be applied, limiting the reduction in your approved APH yield to 10%. For Spring 2018, RMA made YC an official option to be selected by the policy holder. As a carryover policyholder, all of your existing policies will automatically be converted to have the YC option applied where applicable.

Prevented Planting Plus: Reminder: Another significant change from 2018 which applies to 2020 involved prevented planting options. RMA has removed the PT +10 option which previously allowed you to buy-up your prevented planting guarantee by 10%. Only the PT +5 option will remain available. (See attached chart)

******Claims:** Notifying us regarding claims has become very important. While we used to have some flexibility in filing claims, the companies are cracking down on filing deadlines. You **MUST** notify us of a claim or a potential claim within 72 hours of harvest or discovery of a potential claim situation. Claims filed 15 or more days after harvest are subjected to a late-filed claim waiver. Claims filed 60 days or more after harvest **WILL NOT** be paid. RP claims must be filed within 45 days of the publication of the harvest price for that crop. So, if you think there is even a small chance for a claim, please let us know asap.

-Another very important item when dealing with claims: nowadays most producers take advantage of Enterprise Units, which combines production from all farms where claims are concerned. The problem is that sometimes even if a farmer does not qualify for a claim because of Enterprise Units, individual farms in his operation might still have losses and qualify for a claim for a landlord. We have no way of knowing about those losses unless the producer tells us. Typically, if we find out when the Production Report is submitted it's too late. So, as you're harvesting your crops please keep individual field yields in mind and let us know if there's a potential yield loss.

Preventive Planting (PP): You must notify us regarding a preventive planting claim within 72 hours of the final plant date for that crop or within the late planting period for that crop. Also, a PP claim must include at least 20 acres or 20% of the acres in a unit to qualify.

One out of Three Rule (Newly Broken Ground) (NB): Don't forget the three year rule: if a piece of ground hasn't been farmed in at least one out of the last three years it's not eligible for crop insurance without additional paperwork. Written Agreements for One Out of Three Years Rule generally MUST be completed and submitted by Sales Closing Date! It is now either, January 31, February 15, or February 28 for our spring crops. Written Agreements can take time to work their way through the system so please don't wait too late to get that going. If you have a field that hasn't been farmed in at least one of the past three years please let us know ASAP.
***ALSO, Written Agreements for NB are pretty unattractive. The highest yield possible is 80% of the county t-yield for the crop being applied for, and it could be 65%! Call for details.

Beginning Farmer and Rancher (BFR): The USDA is trying to encourage more young people to get into farming and ranching. The 2014 Farm Bill provides specific benefits to Beginning Farmers and Ranchers (BFR) which includes an exemption from paying administrative fees and an additional 10 percentage points of premium subsidy. To qualify as a BFR, an individual must have been farming or ranching **LESS** than five years. There are other benefits, qualifications and exemptions; please call us for more information. This is a great opportunity for someone to enter the production agriculture business.

Personal Information: Because of the new Farm Bill regulations, it is more important than ever to verify that the personal information on your policy is correct. Please review the highlighted areas on your application. We have no way of knowing what the correct tax identification# is nor are we able to verify it. **It is the responsibility of the customer to provide and verify this information.** Remember, our information must match the FSA and the IRS exactly: tax identification numbers, entity names, entity types, etc.

Irrigated vs. Non-Irrigated: For 2020 it will again be possible to take separate levels of coverage for irrigated and non-irrigated crops. You can also take a separate Enterprise Unit on irrigated and non-irrigated. These choices must be made on the application by Sales Closing Date. Please notify us of your intentions if this applies to you.

Highly Erodible Land and Wetland Conservation (AD- 1026): As part of the 2014 Farm Bill, all insured's must comply with conservation compliance requirements to be eligible for premium subsidies. Producers must have filed an AD-1026 (Certificate of Compliance) with FSA by June 1, 2019 to be eligible for subsidies in 2020. (Exemptions are possible). Most of us have already completed the AD-1026 as part of past certifications but you might want to check with FSA to be sure. You can still get insurance without the AD-1026 but you won't get the premium subsidy. Remember to check on AD-1026 status if you pick up a new farm.

Yield Exclusion Option (YE): Again in 2020, the Yield Exclusion Option allows producers to exclude any recorded or appraised yield for any crop year in the previous 10 years where the county yield is at least 50% below the simple average during those previous 10 consecutive years. There is a cost for this option but it's a great way to drop some yields and increase your APH.

Yield Adjustment Option (YA): The Yield Adjustment option is there so that you can lessen the impact of a bad yield in your APH. The YA option replaces your existing bad yield with a yield that is equal to 60% of the county average. There is a fairly minimal cost for this option but the resulting increase in your APH and your guarantee can make it very worthwhile. Because of the 2011 crop this has been a good option!

Trend-Adjusted APH Option (TA): Many farmers feel that the 10-year average APH yields used to determine their crop insurance guarantees do not accurately reflect their current yield potential, due to improved crop genetics and cultural practices that have been introduced in recent years. The Trend-Adjusted APH option will address this. Basically, a trend adjustment factor is estimated for each crop and county. This factor is based on changes in county average yields as provided by the National Agriculture Statistics Service (NASS). There is a charge for this option, but the additional cost can be well worth it if it increases your yield significantly. Not all crops are covered in all counties, so we'll need to check on it with you before sales closing.

Base / Harvest Prices: Remember, the base price for RP (CRC) policies and the established price for YP (APH) policies are the same. The RP policy will still have protection against price fluctuations at harvest time but the initial commodity price will be the same for both plans. Please see the table on the last page of this newsletter for more information about when the base and harvest price is determined for your county and crop.

Cottonseed Endorsement (SE): This program allows cotton producers to insure the value of their cottonseed in addition to their cotton lint. It works as an option to extend insurance for producers who insure cotton under either YP or RP policies. The policy offers yield coverage for cottonseed only. The guarantee is based on a conversion factor that uses the existing APH as a base. ***There has to be a lint loss for there to be a cottonseed loss.*

Added Land: If you picked up a new farm or added acreage to an existing farm for 2020, please let us know ASAP so we can add the farm to your APH database. If it's under 2,000 acres you will be eligible for SA (Simple Average) or T-Yield, depending on circumstances. If it's over 2,000 acres, you're only eligible for the T-Yield.

Replant: According to the new rules, you **must** notify us if you have any replant activity **BEFORE** you replant; whether it's covered by crop insurance or not. Even if it's just five acres in a 1,000 acre field, you're supposed to let us know. Even if it's a crop that doesn't have replant coverage, such as cotton, you're still supposed to notify us. Even if you have no intention of filing for a crop insurance replant you're supposed to let us know. We are then supposed to file a claim and keep a record of the notification in case there is a claim later in the year. Also, please keep in mind that a replant claim must include a minimum of 20 acres or 20% of a unit to qualify.

Premium Due Date: The billing date for all spring crop premiums will again be August 15. Interest will not attach until October 1 but the billing date will be August 15. (This includes cotton).

On-Farm Storage: If you have on-farm storage and plan on using it this year please let us know **BEFORE** you put anything in the bins. The Feds are very particular about Prior Notice when it comes to on-farm storage. If you put your crops in your own bins they must be **CLEARLY** marked as to what unit goes where. If there is any of the 2019 crop left in the bins when you harvest your 2020 crop an adjuster **MUST** come out and measure the bins and/or see verifiable weight tickets pertaining to that crop before you put the 2020 crop in the bins.

Aflatoxin: We've all had problems in the past when it comes to aflatoxin in corn. Corn that is or may be infected with aflatoxin **MUST** be tested / sampled by an independent third party **BEFORE** it is put in a bin. *Please call us if you have any questions about aflatoxin / mycotoxin.*

Acreage Reports: Please be aware that acreage reports must be reported by farm, tract, and field number and **must match** what is reported to FSA. **It is your responsibility to verify that the 578 information is correct and complete. It is virtually impossible for us to know that information without your help.** We use the FSA 578 as our final verification. If the 578 is wrong then your crop insurance information will be wrong. Please double check!

Production Cost Insurance (PCI): If you're interested please let us know asap.

Area Risk Protection Insurance-Rice (ARPI): If you're interested please let us know asap.

Margin Protection (Rice): If you're interested please let us know asap.

Whole Farm Revenue Protection (WFRP): If you're interested please let us know asap.

Sales Closing Dates (see attached chart)

-Jackson, Calhoun and Victoria counties and all those other counties to the south have sales closing dates of **January 31** for all crops.

-All of our counties to the north (Wharton, Colorado, Matagorda, Lavaca, Fort Bend, Austin, Fayette, Bastrop, Brazoria, etc.) have varied sales closing dates. Corn and milo close on **February 15;** while cotton, rice and soybeans close on **February 28.**

Final Planting Dates (see attached chart)

Corn - Most of our southern counties have final plant dates of **March 31.** Most of our northern counties have final plant dates of **April 15.**

Milo - Most counties have a final plant date of **April 5** or **April 15** and a few are **April 30.**

Cotton - Final plant dates range from **April 15** to **May 31.**

Rice - Final plant date is **May 31.**

Soybeans - Most of our southern counties have final planting dates of **June 25.**

Communication

We are making a concerted effort to communicate with our customers thru electronic methods. We are trying to use text messages and emails as a means of communication because they are faster and cheaper. **To do this we need your mobile phone number and your email address. Your cooperation is greatly appreciated.**

Changes

*******As always *****:** If you have any changes to your operation please let us know. If you dropped a farm, picked up a farm, bought land, sold land, changed a share, added a partner, got married, got unmarried, had a death that will affect the policy, whatever it is, please let us know.

Corn, Milo, Soybeans, etc.: Because of the price volatility right now many people are looking at planting different crops than they normally plant. Please make sure that we know what your planting intentions are for 2020. We need to make sure that you have coverage for every crop that you might plant. We might need to add crops or coverage to your policy.

Quotes - If you want a quote for 2020 please send in your farm numbers, crop(s), acres and shares.

We thank you for your business in the past and we look forward to serving you in the future. As always, please don't hesitate to call if you have any questions, problems or comments.

Thank you,
Wiese Crop Insurance