



SONNENBERG AGENCY, LLC  
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# CropTalk

## "Know the Facts"

- ⇒ **The 50/100/70 Rule:** By the year 2050, the world population will need 100% more food, fiber and fuel, and 70% will be produced by technology-enhanced efficiencies.
- ⇒ **1 in 6 jobs in the workforce are directly or indirectly related to agriculture.**

*We consider this newsletter a valuable source of information, but it does not cover all aspects of crop insurance. If you're a client, we deeply appreciate the trust you've placed in Sonnenberg Agency to help you make vital risk management decisions. And if you're not a client, contact us so that we can show you how we combine honest communication and technology to provide trusted risk management solutions.*

**Sonnenberg Agency, LLC offers insurance for:**

- > CROP
- > FARM & RANCH
- > HOME & AUTO
- > COMMERCIAL
- > SPRINKLER
- > LIVESTOCK (LRP)
- > LIFE

Contact us in Sterling at **970-522-1681** or in Strasburg at **303-622-6800**



### "The Road Ahead"

**SALES CLOSING DATE**

*\*It's approaching quickly\**

Sales Closing is March 15th. This is the day to make any changes to your current spring crop policy, cancel your existing spring crop policy or submit an application for a new policy. This deadline also applies to adding or subtracting an SBI from your policy.

If you do not make any changes to your spring crop policy, your existing coverage level will "roll over". This is not a premium "roll over" because premiums are independently determined each year based on your APH, level of coverage, practice and the Base Price. Please keep in mind that penalties may apply if your information does not match with what is on file at the FSA office.

### Supplemental Coverage Option

You can ONLY purchase the SCO Endorsement if you enrolled in PLC. Enrolling in ARC and then purchasing an SCO Endorsement will incur a RMA-mandated penalty administered by the crop insurance company. An SCO Endorsement can only be purchased through the crop insurance that writes your underlying MPCCI policy.

SCO is a county-based endorsement that "sits" on top of your multi-peril crop insurance policy. SCO coverage starts at 86% of the county's Expected Yield (calculated by NASS with RMA input) and stops at your MPCCI level of coverage. The SCO cost and coverage range is determined by the level of your MPCCI policy. Payments are made on actual planted acres - not Base Acres. The SCO Endorsement is not available on all crops, and has to be purchased by the applicable Sales Closing Date - March 15th for corn. The SCO Endorsement is a year-to-year decision.

### FARM BILL PROGRAMS – PLC & ARC

The 2014 Farm Bill produced two new programs offered through the FSA that "tie into" crop insurance. They replace the ACRE & SURE Programs – the new programs are: Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC). The program elections between ARC and PLC are by farm number and by crop.

**Price Loss Coverage (PLC)**

PLC "protects" against a drop in price. It is a very straight-forward program – and the default program if you don't tell the FSA office which program you would like to elect. PLC payments are made on 85% of your Base Acres, and are only made when the NMYA Price is below the Reference Price (set by the Farm Bill & valid for 5 years). The Reference Prices for crops grown in Colorado and Nebraska are:

Wheat = \$5.50	Soybeans = \$8.40
Corn = \$3.70	Sorghum = \$3.95

**Agriculture Risk Coverage (ARC)**

ARC "protects" against a drop in revenue. There are two [2] types of ARC – County & Individual. For space in the newsletter and due to the likelihood that it will be chosen – the following information is about ARC – County. Its payments, like PLC's, are made on 85% of your Base Acres, and are made when the county's Actual Revenue is less than the Trigger Revenue. If you choose ARC, then you cannot purchase a Supplemental Coverage Option (SCO) Endorsement for your crop insurance policy – SCO information is to the left of this article.

The Trigger Revenue is calculated by using the 5-year Olympic County Average Yield x the 5-year Olympic NMYA Price x 86%. (Note: Olympic Average is determined by discarding the highest & lowest values and averaging the remaining three [3]). Payments will be made, if applicable, in approximately 10-months after the start of the new calendar year. This is due to the fact that it will take FSA & the USDA time to collect and verify the numbers needed to calculate the county's Actual Revenue for the given year.

As your trusted crop insurance advisors, we will do our best to convey our understanding of FSA program's to you, but the decision about program election is up to you. As a note, after you make your program election (ARC or PLC), you still have to enroll each year at the FSA office. Failure to enroll during a given year during the 5-year period of the Farm Bill, will result in ineligibility for that year, if payments are made.

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## Moisture Adjustment in Course Grain

According to the Crop Provisions: *Corn production will be reduced by 0.12 percent for each 0.1 percentage point of moisture in excess of 15%. If moisture exceeds 30%, production will be reduced by 0.2 percent for each 0.1 percentage point of moisture above 30%.*

While maybe not a major issue for many producers, these reductions will have an impact for some. Please keep this mind, as high moisture corn “harvested” bushels may not be the same as the bushels recorded for APH purposes or the bushels used in a claim calculation.

**PLEASE CHECK FOR ACCURACY**

## Reminder!!

Notice those “Please Check for Accuracy” stamps? We encourage everyone to report planted acres as soon as possible - the sooner the better. There are many reasons to report acres prior to the Acreage Report Deadline (ARD) that benefit both the insured and the insurer. One reason, it allows us to key your planted information into the computer and send you a **Schedule of Insurance (SOI)** stamped with “Please Check for Accuracy”. You can then go through the SOI to make sure YOU have reported everything cor-

rectly and WE have keyed it into the computer correctly. Items YOU need to verify that are correct on your SOI are: planted acres, plant dates, shares, sharing parties, and legals.

If you find errors **PRIOR** to the ARD, we can revise acreage reports **WITHOUT** the insurance companies consent. If it is found **AFTER** the ARD, acreage reports can only be revised **WITH** the consent of the insurance company. Then we must provide adequate evidence showing that the AIP or USDA has committed an error.

Most errors are found during claim time, which in most cases it is too late to correct the error and it may affect or void a claim payment.

## “What you need to know”

*Do you want to tear up wheat and prep the ground for a spring crop or put the ground to another use? If so, a “Short-Rate” Acreage Report is necessary, and must be filed BEFORE March 15th. To short-rate a field of wheat, CALL US - 970-522-1681. Short rating is considered a year of “producing the crop”.*

## APH Yield Exclusion

Another new program offered by RMA for the Spring of 2015 is the APH Yield Exclusion (YE). This allows eligible producers to receive a higher approved yield on their insurance policies by removing eligible crop yields, as determined by RMA, from their databases.

### What is an eligible crop year?

A crop year determined eligible for exclusion by RMA is one that the county per acre yield for that year must be at least 50% below the simple average of the per planted acre yield for that crop in that county from the previous ten consecutive years. Eligible Yield Exclusion years are by crop and county.

### What crops have RMA made available for spring of 2015?

Corn, soybeans, spring wheat, cotton, grain sorghum, rice, spring barley, spring canola, sunflowers, peanuts, and popcorn.

### What is the cost for the Yield Exclusion endorsement?

The cost for Yield Exclusion will be paying for the increase in your Approved APH premium.

If you are interested in the Yield Exclusion Endorsement please contact us as soon as possible for a quote. This endorsement has to be elected by **March 15** and there are multiple scenarios per crop, per county, per practice and per unit – meaning that each APH database has to be analyzed year-by-year for cost effectiveness.

## NMYA Price

(National Market Year Average)



**Q:** What is the NMYA Price that keeps being referred to in the Farm Bill PLC & ARC calculations?

**A:** The NMYA is generated by the National Ag Statistics Survey (NASS) and is provided in the monthly USDA Supply & Demand Report. It's a

survey of largest grain merchandisers each month and some smaller COOP elevators. NASS records the total bushels purchased / month. The % of crop sold / month is the weight used to weigh the prices and arrive at the NMYA Price.

\* For corn, the NMYA Price is calculated during the period of 10/1 – 9/30.

\* For wheat, the NMYA Price is calculated during the period of 6/1 – 5/31.

Most of the crops will have been sold closer to the date of 9/30 for corn and the date of 5/31 for wheat. Therefore the official NMYA Price estimates will be more accurate as the calendars turn closer to these dates.

## important information >>>

## Separate Coverage Level Elections for Irrigated & Non-Irrigated

*Do you have both Irrigated and Non-Irrigated Practices in your Farming Operation? Would you like a different coverage level for your Irrigated crops and a different coverage level for your Non-Irrigated crops?*

The Farm Bill of 2014 has added a new election that allows the insured to elect coverage levels by irrigated and non-irrigated practices as long as they are offered in the actuarial documents. This allows the producer to choose coverage levels that best fit their risk management needs for their irrigated and non-irrigated crops. For example you may choose a 65 percent level for all irrigated corn acreage and 80 percent coverage for all non-irrigated corn acreage. If you elect this option all of your irrigated practices must be insured at the same coverage level and all of your non-irrigated practices must be insured at the same coverage level by crop.

If you are interested in the *Separate Coverage Level Elections for Irrigated and Non-Irrigated* please contact us as soon as possible for a quote. This endorsement has to be elected by **March 15**.

## Separate Enterprise Units for Irrigated and Non-Irrigated

Did you know that previously, only one single enterprise unit – covering ALL production of a crop in a county – was allowed? New with this year's 2014 Farm Bill it allows a producer to have TWO separate enterprise units for a single crop in a county – one enterprise unit for all insurable Irrigated acreage of the crop and second enterprise unit for all insurable Non-irrigated acreage of the crop.

To qualify each enterprise unit (EU) practice must **SEPARATELY** meet the following requirements:

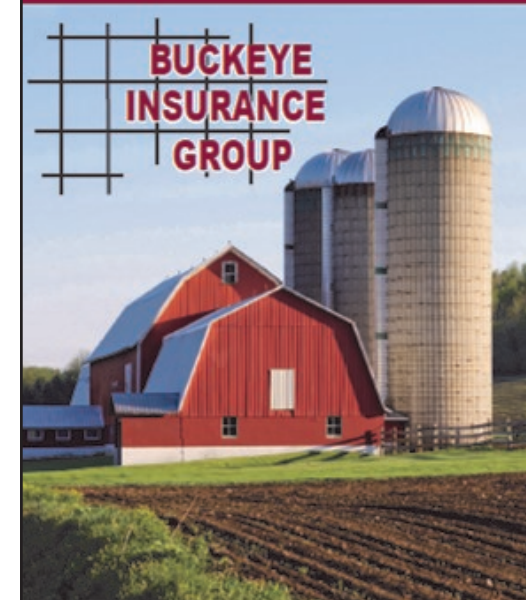
Acreage that is used to qualify for the EU must have **PLANTED** acreage that constitutes at least the lesser of **20 acres or 20% of the crop acreage** in:

- 2 or more sections
- 2 or more FSA FN's
- Any combination of the 2 or more sections/section equivalents/ FSA FN's

If you want to add this to your spring policy you must make the election by March 15.

## Buckeye Insures Farms

and with over 130 years experience, we do it right.



**Is your policy right?**

Give us a call to be sure.

**970-522-1681**



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