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CropTalk
Bi-annual informational publication of Sonnenberg Agency, LLC

FARM & RANCH INSURANCE SPECIALIST

One of our agency's fastest growing segments is Farm & Ranch Insurance. We have contracts with national carriers and an agent who specializes in Farm & Ranch Insurance – Travis Davis. Travis is licensed in Colorado and Nebraska for all property and casualty lines of insurance. Travis earned the **Farm Specialist Certification** from Nationwide Insurance, studied & exceeded the required testing metrics and was awarded the prestigious **Commercial Lines Coverage Specialist (CLCS)** designation through the Hartford School of Insurance and received **Specialized Farm Insurance Training** with Farmer's Alliance in November of 2016.

SALES CLOSING DATE - SEPT 30TH & CONSERVATION COMPLIANCE

The Sales Closing Date for wheat policies is September 30th. You CANNOT make changes to your wheat policy after this date (this includes cancellations, adding a county and changing coverage levels). If you have transitioned your operation to a Trust, LLC, Partnership, Corporation, if it has gone to an Estate or if you need a new policy, the Application will need to be submitted prior to September 30th. If you do not make changes to your current wheat crop insurance policy, your existing coverage will "roll over". Premiums do NOT "roll over" - they are independently determined each year based on your Actual Production History (APH), level of coverage, rate, practice, base price and added endorsements.

Premium is also affected by planted acres and plant date(s). The other issue that now affects your premium is the AD-1026 Conservation Compliance Form from the FSA office. If you have NOT completed this form at your applicable FSA office, you will lose your premium subsidy. There are a few scenarios that allow for extra time to complete the form, but there is NO scenario that allows you to never file the form. The AD-1026 Form must be completed and filed at the FSA office prior to June 1st. This requirement is applicable for ALL policyholders – landlords included. If you have any questions about Sales Closing Date or the AD-1026 Conservation Compliance Form, please contact us at (970) 522-1681.

Upcoming Events

ASAP – CHOPPING CORN FOR SILAGE

If you are going to chop corn for silage, it MUST be appraised by an adjuster first. This is so a yield per acre can be established for your Actual Production History (APH) database.

9/30/17 –SALES CLOSING DATE

Reminder: Sales Closing Date for wheat is September 30th. Any policy changes must be made prior to 9/30. Please contact us if you have questions or need to make changes to your policy.

ASAP – SPRING CROP HARVEST CLAIMS

As harvest for corn, sugar beets and millet approaches, please keep in mind that potential losses need to be submitted within 72 hours of discovery or within 2-weeks of the end of harvest, whichever comes first.

10/15 (CO), 10/5 (NE) – WHEAT PLANTING

The Final Plant Date for wheat in CO is October 15th and October 5th in NE. Wheat planted after these dates will have a 1% reduction in Guarantee applied for each day late planted.

COVER CROP INFORMATION

If a Cover Crop is planted, per policy provisions: *"The following planted crop will not meet RMA Summerfallow Practice eligibility until the acres lay fallow for a full crop year."* If a cover crop was planted during the fallow year, the acreage may be insured under the Continuous Crop Practice (if it is available in the county). Continuous Crop eligibility is only available if the Cover Crop is terminated at least 90 days prior to planting.

Cover Crops can also affect Prevented Planting Payments. If you Prevent Plant a crop due to adverse weather conditions (I.E. too dry or too much precipitation), but can later plant a Cover Crop – you can lose your Prevented Planting Payment if the Cover Crop is harvested/hayed/grazed before November 1st. There are several scenarios that can reduce the Prevented Planting Payment to 35% instead of losing the payment completely. Please contact us to discuss details if you are thinking about planting a Cover Crop or if you have questions regarding Prevented Planting.

Unavoidable/Uninsured Fire and 3rd Party Damage

A welcome and needed change to the crop insurance policy

In the past, with the construct of the crop insurance policy, when there was fire caused by an uninsured cause of loss OR damage to a crop that resulted from the actions of a 3rd party, outside of the control of the insured it would affect the approved APH yields for the next 10 years because the production (even if it was 0) would be entered into the database. To phrase it another way, 3rd party or unavoidable damage outside the control of the insured affects your Crop Insurance APH Database for up to 10 years.

For spring 2017 policies and 2018 wheat policies (and beyond), there is now a provision if a **UNAVOIDABLE FIRE or NEGLIGENT 3rd PARTY DAMAGE** is caused by an **UNINSURED** cause of loss, by actions outside the control of the insured. <u>**You can now elect**</u> to not include production and acres damaged in your APH. A Notice of Loss MUST be submitted to the insurance company so that an adjuster can verify on behalf of the company that there was an Unavoidable Uninsured Fire or Damage to Crop caused by actions of 3rd party.

Here are a few examples:
> Example: Fire caused by drivers throwing lit cigarettes out of a car window are caused by 3rd parties and are UNAVOIDABLE.

> Non-Example: Fire caused by an insured who sets a fire to burn brush which spreads and burns his crop was caused by the insured and was AVOIDABLE.

> Example: A neighbor negligently applies chemicals and the resulting spray drift damages the insured's crop.

There is NO indemnity paid for these losses, but this change to the crop insurance policy provides the option to not include the production and acres of the damaged crop in the Approved APH Yields. This was a needed change because it was unfair to punish an insured's APH if there was damage due unavoidable or negligent acts of others. Please contact our office if you would like clarification or more explanation of this change.

PRODUCTION COST INSURANCE (PCI)

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PCI is a new insurance policy that gives the insured the ability to cover both the fixed and variable expenses of their operation. It insures the Gross Margin of the farming operation by analyzing revenue and expenses. PCI is a private insurance product (meaning no premium subsidy). It is based on each farm's unique 5-year financial performance and contains two components – Fixed Cost Margin Coverage (FCMC) & Input Cost Coverage (ICC). You can purchase both FCMC and ICC (full coverage) or only FCMC.

This policy is new to the industry and may be cost-prohibitive because there is no subsidy. Please contact us with questions.

REPLANT AMENDMENT

For the upcoming 2018 crop year, Risk Management Agency (RMA) has made an amendment to the definition of "Practical to Replant". RMA's old definition of "Practical to Replant" was to replant all the way to the end of the Late Planting Period. It was determined that this may limit the insured's ability to be flexible in the event of a lost crop.

Therefore, RMA revised the definition of "Practical to Replant" to state it will be considered practical to replant through:
1. The Final Planting Date if no Late Planting Period is applicable;
2. The end of the Late Planting Period if the Late Planting Period is LESS than 10 days; or
3. The TENTH day after the Final Planting Date if the crop has a Late Planting Period of 10 days or MORE.

The Approved Insurance Provider (AIP) will consider multiple circumstances after a loss or damage to a crop if it is practical to replant:
- Is it physically possible to replant?
- Seed germination, emergence, and formation of a healthy plant is likely.
- Field, soil, and growing conditions allow for proper planting and growth.
- Other conditions as found in the crop or special provisions.

The prior Replant Date was presumptive date and is now reduced to NO MORE than 10 days after the Final Plant Date. This updated replant amendment will allow a proper balance between the interests of producers and the interests of the program.

FARM BILL

Industry news!

Hearings started in February 2017 for the new Farm Bill – the current Farm Bill is set to expire in on September 30, 2018. Multiple meetings/hearings have been held since. **Why should you care?** Because the Farm Bill provides funding for crop insurance – this includes the subsidies applied to your premiums. A reduction in the amount of subsidy provided to farmers and landlords is expected to be a primary discussion-point among legislators. A cap on the amount of subsidy a policy holder can receive is also believed to be a significant discussion item.

Conservation Compliance requirements and Adjusted Gross Income are also expected to be negotiated in the new Farm Bill. **What should you do?** If you receive a survey phone call regarding your "opinion" about the Crop Insurance program, please let the surveyor know the program works and that you CANNOT afford to lose the subsidy dollars applied to your premium.