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4.7.2014

# Dick Sims Crop Insurance

Volume 15, Issue 2

**2014 CBOT Prices…**

Corn - $4.62/ BU.
Beans – $11.36/ BU.

## Important Dates

| | |
|---|---|
| Sales Closing Date for Corn/ Beans | was 3/17/2014 |
| Planting Date Range Corn- | April 5/10- June 5th |
| Planting Date Range Beans- | April 20/24- June 20th |
| Acreage Report FSA Certification both due- | 7/15/2014 |
| RP YP ARPI Base Price for Corn- | Oct. ave. Dec. CBOT |
| RP YP ARPI Base Price for Beans- | Oct. ave. Nov. CBOT |
| End of Insurance (Last day file claim) | 12/10/2014 |

## 2014: RMA to insist on strict requirements for Replant

As we continue to wait for temperatures to warm, this is an excellent time to review some changes with regard to planting guidelines for all types of RP and YP policies andreplant.

Last year the RMA pushed back initial planting dates allowing crops to remain eligible for replant coverage in northern counties in Indiana. Basically the Northern 2 to 3 counties of the state had their initial plant dates pushed back by 5 days from before.

While planting prior to an initial date does not jeopardize your revenue or bushel guarantee for production– it could make you ineligible for the replant provision included in the policy.

**Prior consent required for all replants!** While not technically a change—some companies have "worked around" this specific provision in the past to get these replant claims paid. This will likely not happen from now on. Here is the language:

Failure to obtain AIP consent to replant in advance of replanting will result in denial of the replant payment.

2014 LAM (Loss Adjustment Manual)

174. Replanting Provision Issues

H. Insured Replanted without Notifying AIP of Intent to Replant or Replants without AIP's Consent

THE AIP MUST PROVIDE CONSENT IN ADVANCE OF REPLANTING. Exceptions may NOT be made even when the original stand remained intact because the insured interseeded, replanted alongside the original damaged rows, or left representative sample areas at the insured's discretion.

**Lesson: CALL at once whenever you suspect a claim of any type.**

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Success consists of going from failure to failure without loss of enthusiasm.

Winston Churchill

## How does the 2014 Farm Bill change crop insurance?

The 2014 Farm Bill accelerates the evolution from traditional farm price and income support to risk management, solidifying crop insurance as the primary help for farmers in dealing with production and price risk.

The 2008 Farm Bill's direct and countercyclical program payment programs and the state-based revenue program known as ACRE were eliminated. In their place a farmer may choose one of two new farm programs that commence in the 2014 crop year:

1) Price Loss coverage, (PLC) a program that makes a payment to a producer when the market price for a covered crop is below a fixed reference price, or

2) Agricultural Risk Protection (ARC), a program that makes a payment when either the farm's revenue from all crops or a counties crop (the farmer may choose which alternative) is below 86 percent of a predetermined or benchmark level of revenue. The maximum coverage band is 10 percentage points (76 percent to 86 percent of benchmark revenue). These two programs are designed to supplement crop insurance by providing support in periods of multi-year price declines and helping producers cover the crop insurance policies deductible. Together these programs are projected

## Contacting us…


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to spend substantially less than the programs they replaced.

In addition to these two new farm programs, the 2014 Farm Bill substantially strengthens crop insurance by adding several new products and requiring a number of program revisions to strengthen crop insurance's role as the primary component of the farm safety net. The major enhancement to crop insurance is the addition of two supplemental policies that will help producers expand their protection against losses due to natural disasters or price declines.

The first program, the Stacked Income Protection Plan, or STAX is for upland cotton acreage only, so we will not discuss it here.

The second program, the Supplemental Coverage Options, or SCO, provides all crop producers with the option to purchase area coverage in combination with an underlying individual policy or plan of insurance that would allow indemnities to be equal to a part of the deductible on the underlying policy.

SCO is to be made available beginning with the 2015 crop year on a county wide level. SCO indemnities are if losses in the area exceed 14 percent of expected levels, with SCO coverage not to exceed the difference between 86 percent and the coverage level selected by the producer of the underlying policy. SCO coverage is not available for crops enrolled in ARC or STAX. Producers receive a premium discount equal to 65 percent of the SCO premium, and on behalf of the producer, an administrative and operating expense payment of 12 percent of premium is made to crop insurance companies to compensate for a portion of delivery expenses.

One very popular question is, "How can farmers make a decision about ARP or PLC when SCO can only be written over and above PLC?" From information that we have heard, FSA will be required to write the rules, which may not be available until this fall. After this occurs, producers will be required to make a one-time decision for the term of the farm bill.

The information for this article was largely excerpted from our lobbying group website and while believed accurate is certainly not to be taken as authoritative in regard to actual implementation of programs discussed. The entire article and much more info is available on the web at: http://www.cropinsuranceinamerica.org/about-crop-insurance/just-the-facts/


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**Save the Date**
**2014 Agency Customer Appreciation Picnic**

***When:***
Saturday July 19th 6:30PM

***Where:***
Logansport's Riverside Park

A Smart Farmer

# Spring Marketing Update

Featuring Mike Silver of Kokomo Grain
Please come and bring a friend!

***When:***
Thursday April 10th @ 6.30PM

***Where:***
LEDF Meeting Room
310 South Pearl Street
Downtown Logansport