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2018 Crop Insurance Update

Revenue Projected Price Estimates

Crop	2018 Est. Proj. Price	2017 Proj. Price
Barley	*$3.27*	$3.40
Canola, Spring	*$0.184*	$0.175
Corn	*$3.95*	$3.96
Soybeans	*$10.09*	$10.19
Sunflowers, Conft.	*$0.237*	$0.272
Sunflowers, Oil	*$0.175*	$0.182
Wheat, Durum	*$7.11*	$6.38
Wheat, Spring	*$6.31*	$5.65

Price estimates as of February 16th.
Official prices will be released at the beginning of March.

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Revenue Projected Price Estimates

Dry Beans	2018 Est. Proj. Price	2017 Proj. Price
Black		$0.26
Dark Red Kidney		$0.36
Pea (Navy)		$0.27
Pinto		$0.27

Official prices will be released at the beginning of March.

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APH Plan Price Elections

Crop	2018 Price	2017 Price
Dry Beans, Great Northern	$0.27	$0.29
Dry Beans, Pink	$0.26	$0.28
Flax	$9.30	$8.90
Oats	$2.35	$2.40
Potatoes	$8.70	$8.55
Sugar Beets	$48.25	$44.50

Price elections as of Feb. 5, 2018. RMA may release additional prices before March 15, 2018.

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Sugar Beets

- The maximum amount for a replant payment has been changed to $110/acres times the share
- Increased from $80/acre

Dry Beans

- Small Red type added in Cass

Forage Seeding

- 80% and 85% coverage levels are now available

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Conservation Compliance

For new farmers:

- If you do not have an AD-1026 on file at FSA, you are considered out of compliance and will NOT be eligible for any premium subsidy
- There is no longer a deadline for the FSA AD-1026 to be on file
- Now as long as FSA says the grower is in compliance, RMA will honor that, regardless of timing

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Yield Cup – Now an Option

- The yield cup prevents the approved APH yield by decreasing by more than 10% compared to the prior year’s approved yield
- 2017 and prior: Was automatically applied
- 2018: Yield cup is an option that must be elected by sales closing
- Option code is “YC”
- May opt out of having YC apply to a specific database by the production reporting deadline

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Prevent Plant Changes

- RMA instituted a new procedure to review and update PP coverage factors to ensure they are in line with actual pre-planting costs
- In 2017, the **corn** PP factor was lowered from 60% to 55%
- For 2018, the **canola** PP factor was also lowered from 60% to 55%

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Prevent Plant Changes

- **The PT option (10% PP buy-up) has been discontinued**
- The PF option (5% PP buy-up) is still available
- Most insurance companies are automatically replacing the PT option with the PF option on their applications

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Prevent Plant Changes

Crop	Base PP Factor	PF Factor
Barley	60%	65%
Canola	55%	60%
Corn	55%	60%
Dry Beans	60%	65%
Dry Peas	60%	65%
Potatoes	25%	30%
Soybeans	60%	65%
Sugar Beets	45%	50%
Sunflowers	60%	65%
Wheat	60%	65%

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Prevent Plant Example - Corn

- PT (PP+10%) option is a 12% premium surcharge
- PF (PP+5%) option is a 6% premium surcharge
- Example below uses 2017 prices, 160 yield

	Bushel Guar	Dollar Guar	Premium
Planted	120.0	$475.20	
PT (65%)	78.0	$308.88	$14.82
PF (60%)	72.0	$285.12	$14.17
Base PP (55%)	66.0	$261.36	$13.53

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Prevent Plant Example - Soybeans

- PT (PP+10%) option is a 12% premium surcharge
- PF (PP+5%) option is a 6% premium surcharge
- Example below uses 2017 prices, 40 yield

	Bushel Guar	Dollar Guar	Premium
Planted	30.0	$305.70	
PT (70%)	21.0	$213.99	$7.42
PF (65%)	19.5	$198.71	$7.11
Base PP (60%)	18.0	$183.42	$6.79

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Prevent Plant – Remember!

- As an example:
  - You remove the PF option from all crops in 2018 to save some premium (remember that the PF surcharge applies to all acres, planted or PP)
  - The fall of 2018 is very wet and early 2019 has record snowfalls
  - You sign an application on March 15, 2019 to add the PF option back on
  - Your insurance company may deny adding the PF option if there are pre-existing PP conditions on the date you sign your application

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Replant Changes

- 2017 Language:
  - You were required to replant through the end of the late planting period (25 days after the final planting date for most crops) unless it was physically impossible to replant
- 2018 Language: It is "practical to replant" through:
  - The final planting date if no late planting period
  - The end of the late planting period (if late planting period less than 10 days)
  - The 10th day after the final planting date (if late planting period is 10 or more days)

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Replant Reminder

- Remember that you must get ***approval from an adjuster BEFORE*** you replant the field to be eligible for a replant payment

Enterprise Units by Practice

- 2017 rule: You could have one EU unit for IRR land and another EU unit for NI land for the crop/county.
  - However, each practice had to qualify for EU on its own (2 sections, meet the 20/20 rule).

- 2018 rule: Now can have separate unit structures for IRR and NI land for the crop/county. For example, NI corn could be optional units, while IRR corn could be enterprise units.

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Unavoidable Uninsured Fire and Third Party Damage

- Unavoidable Uninsured Fire: Fires caused by an uninsured cause of loss, by actions outside the control of the insured, and which were unavoidable
  - Example: Fire started by cigarette thrown out of passing vehicle
- Third Party Damage: Damage to a crop that results from actions of a third party, outside the control of the insured
  - Example: Neighbor was spraying and it drifted into your field

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Unavoidable Uninsured Fire and Third Party Damage

- In the past, all acres and production remained in your APH database, even though there was no crop insurance payment on those acres.
- For 2018: Production and acres with UUF or Third Party damage will not be included in the APH database if:
  - Notice of loss is filed as soon as damage is discovered
  - Adjuster must inspect acres BEFORE harvest
  - Production cannot be comingled
  - Adjuster documentation required to revise acres and yield

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Whole Farm Revenue Protection (WFRP)

- Insures against loss of approved ***revenue*** from all commodities produced on the farm, including animals and animal products
- Think of WFRP as an umbrella policy with a revenue trigger
- Requires insured to provide 5 years of Schedule F info (years 2012-2016 for the 2018 crop year)

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WFRP Changes

- Added a Nov. 20 sales closing date for late fiscal filers (Sept. 1 and later)

- RMA changed the method of handling indemnity amounts from private products to include only the portion of the indemnity in excess of the WFRP deductible as revenue to count

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WFRP Changes

- For crops insured under another plan of insurance, in most cases the approved APH yield must be used on the Farm Operations Report
- For crops not insured under another plan of insurance, yields must be realistic and supported with documentation
- Now must list the source for the yields and expected values used

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Production Reporting Reminder

- If you have enterprise units with underlying databases by section, you must report production by section
- If you have comingled production or do not have soft records (load logs, precision farming records, etc.) to establish production by section, **you must let your agent know** and the APH database must show “PA” for pro-rated acreage
- If you comingled and do not notify your agent and are audited in the future, **you will be given assigned yields**

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Production Reporting for Next Year

- Next year the “Record Type” field on the production report will be mandatory
- Record types include:
  - Production Sold/Commercial Storage
  - On Farm Storage/Recorded Bin Measurement
  - Livestock Feeding Records
  - FSA Loan Record
  - Appraisal
  - UUF/3rd party damage

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Review – Land Coming out of CRP

- Land emerging from CRP that is farmed the first or second year coming out of CRP is automatically insurable
- This land will have a separate APH the first year with 100% of the county T-yield
- Will not be eligible for PP the first year
- After year one, normal APH rules apply

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Review – New Breaking but Previously Cropped Land

- Must request coverage via written agreement or company approval if the new breaking land is more than 5% of the unit
- If you can prove the land was previously cropped, you will receive an APH with 80% of the county T-yield for the first year
- Or you can choose not to insure the land the first year
- After year one, normal APH rules apply

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Review - Native Sod

- Native sod is acreage that:
  - Has plant cover that is principally (50% or more) of native grasses, grass-like plants, forbs or shrubs suitable for grazing and browsing *(clarification for 2017)*
    - Note: FSA codes of 01 urban, 04 forest, 05 water body or 10 other agriculture are not considered native sod
  - Has never been tilled or
  - The insured cannot prove the ground has ever been tilled for the production of an annual crop
- The native sod rules apply only to land that was tilled ***after February 7, 2014***

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Review – Native Sod

- Native sod procedures apply:
  - To native sod acreage tilled for production of an annual crop after February 7, 2014, in all counties in IA, MN, MT, NE, ND and SD
  - Until the native sod acreage has 4 crop years of planting
  - To native sod acreage, regardless of whether the acreage is transferring to another person during the first 4 years of planting

Review – Native Sod

- Reduction in benefits ***for 4 years***:
  - The guarantee will be based on 65% of the county T-yield
  - Premium subsidy will be 50 percentage points less than the usual premium subsidy
  - Production reports are required, but actual yields will not be used for the first 4 years

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Review – Native Sod

- Choices to Insure:
  - Year 1 – You can choose NOT to insure the land. Or you may request coverage via written agreement.
  - Years 2 through 4 – Now the land ***MUST be insured if planted to a crop listed on your policy***
  - The land could be planted to an uninsured crop in years 2 through 4 and then would be insurable under normal rules in year 5
  - The land could be planted to forage. Forage seeding and forage production are exempt from these rules.

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Review – Native Sod

- 2016 language: Native sod rules apply when ***more than 5 acres per crop*** policy are tilled in a crop year

- 2017 language: Native sod rules apply when ***more than 5 acres are tilled in the county, cumulatively across crop years***

- This requirement will implement multi-year tracking and now native sod with less than 5 acres could be penalized

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Native Sod – Example

- 2017 – till 4 acres of native sod and plant to corn
  - Choose not to insure the first year, no penalty
- 2018 – those 4 acres are now planted to soybeans and insured
  - No penalty since under 5 acres total for the county
- 2019 – till an additional 3 acres of native sod and plant to soybeans, 4 acres tilled in 2017 planted to wheat
  - Now both the 4 acres tilled in 2017 and the 3 acres tilled in 2019 will face native sod penalties

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Any Questions?

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