

# "CROP TALK"

SONNENBERG AGENCY, LLC

Issue #25

Spring 2010

## Map-based acreage reports



Image of CIMS map created using shared data from FSA.

As the Greek philosopher, Heraclitus, phrased it, "Change is the only constant". This pointed assessment of life also accurately describes the Federal Crop Insurance program. Crop insurance is changing, but let's not be mistaken, not all change is bad and should be resisted. In fact, many changes to the crop insurance program have been very positive. Reporting

acreage via maps is one of the "good" changes.

Due to the improved and ever-changing technology, the way that Acreage Reports are constructed and submitted is now dramatically different and more accurate. The Risk Management Agency (RMA) is the controlling entity of the crop insurance program, and they have mandated that 40% of all Acreage Reports submitted in 2010 be done on a Common Land Unit (CLU) level. Although "doing" Acreage Reports this way will take more time, we are excited to utilize the technology available.

There is no way to avoid the fact that more time will be needed to complete Acreage

Reports, so please plan to spend more time with us during acreage reporting. However, reporting this way will reduce errors, such as missing or forgetting a field and over/underestimating acreage. If this technology can make you and us more accurate, then we all need to embrace this change with open arms.

Maps are available through the Comprehensive Information Management System (CIMS). If you recall from the last newsletter, this is the computer system that allows the FSA offices to share their maps and data with the crop insurance companies. Crop insurance is changing, and at Sonnenberg Agency we strive to be on the leading edge of the change.

### Special points of Interest:

- ACREAGE REPORTS ARE BECOMING MAP-BASED
- SALES CLOSING IS QUICKLY APPROACHING!
- RMA IS LOOKING FOR INCONSISTENT YIELDS
- CHANGES TO SUGAR BEET AND PRF POLICIES
- REPORTING PRODUCTION ACCURATELY IS OF THE UTMOST IMPORTANCE

### Inside this issue:

INCONSISTENT YIELDS	2
ENTERPRISE UNITS	2
COMBO POLICY	2
SUGAR BEET NEWS	3
PRF INFORMATION	3
SIMPLIFIED CLAIMS	3
"ODD'S & END'S"	4
CORN CHANGES	4
JOHN DEERE CORN HEAD	4
PRODUCTION REPORTING	5

## Sales Closing Date — 3/15! *Almost here!*

March 15th — does that date ring a bell? If not, it should. March 15th is the Sales Closing Date for all spring crops in the newsletter distribution area. Sales Closing Date is the absolute latest day that you can make any modification to your current coverage and policy.

It is also the date by which you must cancel a policy if you no longer need your current policy, and the date by which you must submit an application for a new policy.

We need to meet with you before March 15th to discuss your current coverage. We look forward to analyzing

your coverage with you, and finding the best risk management crop insurance package for your individual operation. You can contact us by phone at 970-522-1681, email at [sonag@crophailins.com](mailto:sonag@crophailins.com) or in person to set an appointment.



RMA is looking for yields that do this.

## Inconsistent yields

This is a hot topic with the Risk Management Agency (RMA). They are data-mining in an effort to catch producers that "cheat the system".

Approved yields that are greater than 115% of the average of all approved APH yields will be examined, and the APH yield will be reduced if the current year's insurable acreage exceeds 400% of the average acreage used to determine the approved APH. The audits

are conducted by the insurance company, and the insurer may decide to defer the reduction if the audit supports such a decision. However, RMA may request the information for a Compliance Review.

The following is accepted documentation in the event of an audit, it includes, but is not limited to:

- Description of tillage method used from planting until harvest;

- Description of irrigation method (if there is one);
- Description of the fertilizer and application method;
- Dates of planting;
- Complete list of names, addresses, phone numbers of all individuals who provided labor, and;
- Daily weather records applicable to the unit(s) in question.

Please call with questions.

**"ENTERPRISE UNITS ARE UNIQUE . . . THEY ARE NOT A VIABLE UNIT STRUCTURE FOR EVERY PRODUCER"**

## Have you heard about Enterprise Units?

The 2008 Farm Bill created an Enterprise Unit (EU) pilot program. The 3-year pilot program, ending in 2010 is available for barley, canola, corn, cotton, rice, soybeans, sunflowers and wheat. To qualify, an Enterprise Unit must contain all of the insurable acreage of the same insured crop in the county.

Enterprise Units are unique

for several reasons. For example, the "20/20 rule". It states that: At least two sections must have planted acreage that constitutes at least the lesser of 20 acres or 20 percent of the insured crop in the enterprise unit. Another difference is that producers meeting requirements for EU's are not required to maintain separate production records

for each unit. However, if producers choose to change from EU's back to basic or optional units, separate records must have been maintained.

Enterprise Units are not a viable unit structure for every producer, so please call to discuss whether or not EU's would work for your operation.



For 2011 and beyond, RMA will now offer 1 revenue policy, a combination of RA and CRC.

## "COMBO" policy finally coming!

The name of the policy is the Common Crop Insurance (CCI) policy, also known as the COMBO policy. The proposed policy will be available in 2011, and it will eliminate CRC and RA policies. Revenue coverage will still be available, but it will be under the CCI. The benefits of the CCI are: one set of

basic provisions, instead of three; one set of crop provisions; one set of actuarial documents; and uniformed rating, premium and price discovery.

Carryover policies will be automatically converted to the plan that is closest to the current coverage. Please

note: a new application will not be required if you have a carryover policy. New insureds must select either: yield protection; revenue protection or revenue protection with harvest price exclusion. This change is long overdue, and will simplify the risk management decisions for agents and producers.

## Removal of stage-option on sugar beets

There is exciting sugar beet insurance news. RMA has unveiled a pilot program that removes the stage-option on sugar beets. The option will attach to the existing sugar beet crop provisions and removes the first stage guarantee. If chosen, this option will provide the producer the opportunity to buy coverage at the full guarantee and receive a full indemnity in the event of a total loss during the early stages of growth.

Under the option, all indemnities will be calculated using the final stage guarantee in exchange for the additional premium designated in the actuarial documents. This option is not available for producers with a catastrophic risk protection (CAT) level of coverage. Indemnity reductions because of a failed first crop remain applicable.

The Special Provisions state: You must elect this option in writing on or before the

Sales Closing Date for the first year it is in effect. It will remain in effect for each subsequent crop year until such time as you or we cancel it in accordance with the Common Crop Insurance Policy Basic Provisions and the Sugar Beet Crop Provisions. Your election of the Catastrophic Risk Protection Endorsement for your sugar beets in any crop year will be deemed to be cancellation of this option by you.



Good insurance news is coming for growers of these.

## Pasture, Rangeland & Forage policy information

Changes are coming for PRF policies. For the 2011 crop year, the Sales Closing Date will now be September 30, 2010. The Acreage Reporting Date for 2011 policies will be November 30, 2010, and the Billing Date for 2011 policies will be July 1, 2011.

A lot of questions have been raised regarding the value of this policy, and the skepticism

is valid. The good news is that RMA has heard these complaints and is improving the policy, albeit slowly. One change is that you can now add land after the Acreage Reporting Date, if the land was acquired after the Acreage Reporting Date. Please be aware that there are time limitations on adding insurance to late-acquired

land.

Last year, a majority of producers with the PRF policy decided to cancel for the coming year and beyond, and we fully understood the reasons for the cancellations. However, with RMA making changes, this policy may be one to reconsider next year and beyond. Stay tuned.

*"CHANGES ARE COMING FOR PRF POLICIES . . . THE POLICY LOOKS TO BE A BETTER BUY WITH EVERY CHANGE."*

## Simple claims — what?

Simplified claims are a great way to ensure timely processing and prompt payment of your crop insurance claim (if certain criteria are met). To be eligible for a simplified claim, the gross indemnity amount cannot be greater than \$5,000 per Optional Unit and \$10,000 per Basic Unit. If you choose the simpli-

fied claims process, you will need to submit:

- Schedule of insurance
- Completed Notice of Loss
- Completed Revenue Plan Loss Estimator or Production Report
- Completed Intended Use of Acreage Certification Form

- Settlement sheets, summary sheets or third-party ledgers
- FSA or third-party acreage measurements
- FSA 578's

You + simplified claims = contact us. Please contact us regarding all claims.



Simplified claims significantly reduce the amount of papers necessary to complete claims.



Column to right has some "odd's & end's" information about barley and grain sorghum.

## "Odd's & End's"

### Barley

Change is the only constant, sounds familiar doesn't it? The insurance policy for barley has changed, and now has five classifications:

- Malting
- Waxy hulled
- Waxy hullless
- Hullless
- All others

You may elect to exclude

coverage from specialty types under the RA policy, provided you purchase an APH policy from the same insurance provider for the excluded types. The APH policy may have a different coverage level or price election percentage than you select with the RA policy. You may also exclude any or all of the specialty types you produce; however, any type not excluded will remain insured under the RA policy.

### Grain Sorghum

RMA has eliminated the NFAC / NI (not following another crop) and the FAC / NI (following another crop) types. Grain sorghum practice is now either irrigated or non-irrigated. This change simplifies the paperwork for agents and insureds. Please contact us if you have any questions about the changes to the barley or grain sorghum insurance policies.

## Changes abound — corn, you're next!

**"THE EARLIEST PLANTING DATE IS NOW APRIL 15TH . . . FINAL PLANT DATE IS STILL MAY 25TH."**

The following statement was added to the APH, CRC and RA basic provisions for corn in all applicable Colorado counties, it reads: *"In lieu of the definition of 'late planting period' in section 1 of the basic provisions, the late planting period begins the day after the 'final plant date' for the insured crop and ends 20 days after the 'final plant*

*date'."* The initial planting date (the earliest planting date) has changed from 4/10 to 4/15 for APH, CRC and RA corn policies. The important dates for corn are now:

- Sales closing date — March 15th
- Acreage reporting date — July 15th

- Final plant date — May 25th
- Premium billing date — October 1st

We have all the information available if you want to read about the changes, just notify us if you would like the aforementioned information.

## John Deere 600C Harvest Endorsement



This is the new John Deere 600C series corn header.

The Production Plan-John Deere 600C Harvest Endorsement is designed specifically for producers who produce field grown corn for grain and harvest with a John Deere 600C Series Corn Head. It is designed to work in conjunction with the Production Crop-Hail Policy purchased through John Deere

Risk Protection. This endorsement was created to take full advantage of the capabilities of the John Deere 600C Series Corn Head. Because the unit is capable of harvesting a large percentage of downed corn, this endorsement essentially adds the peril of wind to the Production Crop-Hail Policy. Any

indemnity due to a windstorm will be determined after harvest is complete.

*This endorsement is available only under the Production Plan purchased through John Deere Risk Protection, and adds coverage for wind to the perils already covered under the Production Crop-Hail Policy.*

## Production reporting record requirements



If your production records look like this, let us help — we have fantastic scanning and storage capabilities.

Your Actual Production History (APH) is a foundational piece of the crop insurance portion of your risk management plan. Insureds are required to maintain hard copy written verifiable records to support the reported production. The accuracy of documentation is becoming increasingly important as RMA continues to data-mine in an effort to reduce the fraud, waste and abuse.

Please be aware that individual scale tickets are not

sufficient documentation in the event of an audit. We can use them to report production, but more substantial documentation will be needed, more substantial documentation includes, but is not limited to, settlement sheets, sales or weight records, or combine monitor records.

If you intend to feed production to livestock, please determine before, if possible, the quantity of harvested production to be fed. If the

production is not recorded prior to feeding, records must be kept at the time of feeding. These feeding records must accurately reflect the amount of production fed daily.

RMA holds insureds to very high standards regarding acceptable production records. The insured agrees when they enter into the insurance contract that they will have acceptable written records to substantiate their APH certifications.

### SONNENBERG AGENCY, LLC

302 North 3rd Street  
P.O. Box 1087  
Sterling, CO 80751

Phone: 970-522-1681  
Fax: 970-522-1467

E-mail: [sonag@crophailins.com](mailto:sonag@crophailins.com)

**WE'RE ON THE WEB!**  
[www.crophailins.com](http://www.crophailins.com)

### Agency staff

#### Sterling Office

<b>Sam Sonnenberg</b> — Owner / Agent	970-522-1681 x 25
<b>Tim Sonnenberg</b> — Owner / Agent	970-522-1681 x 24
<b>Lisa Jackson</b> — Multi-lines Agent	970-522-1681 x 22
<b>Jared Sonnenberg</b> — Multi-lines Agent	970-522-1681 x 21

#### Byers Office

<b>Joanie Freeman</b> — Multi-lines Agent	303-822-9000
---	--------------



Sonnenberg Agency, LLC  
P.O. Box 1087  
302 N. 3rd St  
Sterling, CO 80751

**IMPORTANT INFORMATION**

**Please read!**