

Newsletter

February 12, 2019

Gill Insurance Service, Inc.
515 "F" Street, P.O. Box 576
Fairbury, NE 68352

Phone: 402-729-5157
www.gillinsurance.net
office@gillinsurance.net

2019 CROP INSURANCE

Going into this spring we seem to be in the same range for market prices for corn and soybeans as the last two years. Conditions are wetter than last year at this time. Your crop insurance coverage is very critical to your farming operation for 2019. I would encourage all of you to take a close look at your coverage to make sure it is adequate to cover input cost and check with us before March 15th to review your coverages.

Remember March 15th is the last day to make coverage changes, add pricing options and accept new applications or transfers.

Spring price guarantees are set during February, and as of today the corn price average for February is \$4.01 and the soybean average is \$9.57. We will post the final spring prices on our website on March 1st.

IMPORTANT MPCl DATES - NEBRASKA

Sales Closing Date.....	March 15
Policy Changes Deadline	March 15
"ICE" Sales Closing	March 15
SCO (Supplemental Coverage Option)	March 15
2018 Production Reporting Deadline.....	April 29
2019 Acreage Reporting Deadline	July 15
End of Insurance Period.....	Dec. 10

MPCl PLANTING DATES - NEBRASKA

Corn: Earliest Plant Date: 4/10
 Final Plant Date: 5/25

Soybeans: Earliest Plant Date: 4/25
 Final Plant Date: 6/10

GSorg: Earliest Plant Date: 4/16
 Final Plant Date: 6/15

**Late Planting Period is 20 days after the Final Plant Date. If planted during the Late Planting Period, there will be a 1% reduction in coverage for each day after the Final Plant Date.*

SOD BUSTING

Applies when more than 5 acres in the county are tilled

- Native sod acreage is uninsurable the first year
- Must be insured for the next 3 years. The premium subsidy will be reduced 50% and the guarantee will be 65% of the county average for bushels. (In years past you could break up to 5 acres each year with no effect on coverage, but now acres will be added together each year and when they total 5 acres the sod busting rules will apply.)

- Production must be kept separate on these acres.

CRP GROUND GOING INTO PRODUCTION

The first year coming out of CRP you must report acres separately and keep your production separate. The yield base will be 100% of the county average for the first year, and then averaged into any existing unit average for the crop planted after one year.

REPLANTING

You still must replant a minimum of 20 acres or 20% of the unit's total acres for replant to apply. The adjuster must be contacted before you replant to verify replant payment.

If replant is during the last 10 days of the late plant period and it is determined it is not practical to replant, no replant payment will be made, and coverage continues based on the initial plant date.

No replant payment if the crop is planted prior to the earliest plant date.

AD-1026

Remember you must have an AD-1026 Form on file with the FSA office for 2019 to be eligible for the premium subsidy.

PERSONAL STATUS CHANGES BEFORE MARCH 15, 2019

We must be notified of personal status changes due to marriage, divorce, death, etc. so we can change your policy accordingly.

Entity changes, such as creating trusts, incorporating, etc. must also be reported by March 15th.

Remember grain must be marketed in the same name as the named insured on the policy, and you must also be signed up at the FSA using the same name.

SEPARATE COVERAGE LEVELS BY PRACTICE

You can now insure all irrigated acres and all non-irrigated acres on different levels for the same crop. This applies to optional units and enterprise units.

MPCI CLAIMS

Report claims early. Your policy requires you to report within 72 hours of when you first notice damage, within 15 days of harvest, or at the end of the insurance period, whichever comes *first*. YOU are responsible for reporting a claim!

Should you have a claim we will need your load summary sheets with each load marked as to which farm it came from, with irrigated loads marked separate from non-irrigated loads.

If you have grain from last year in a bin we must have an adjuster determine how many bushels are in the bin before you dump the new crop on top of the old crop in storage. Also, if you commingle different units into a bin, you need to mark where each unit level is on the outside of the bin so the adjuster can get measurements for bushel determination for each unit. We can also use load wagon printouts with unit verification marked on the load wagon printout.

It is also a good idea to contact us if you think you may be in a loss situation and we can walk you through what you need to do for your claims process.

ACREAGE REPORTING ACCURACY

YOUR ACREAGE REPORT IS THE MOST IMPORTANT INFORMATION YOU WILL REPORT ALL YEAR! Please review your *Acreage Report* and *Schedule of Insurance* carefully and verify they are correct. Review all forms you receive from us and from the insurance company for accuracy also.

NEVER DESTROY ACRES

Don't destroy any acreage, or use the acreage in any other way than it was originally intended, without notifying us first (this includes silage acres). An adjuster will need to appraise and release the acreage before it is destroyed if you wish to be paid a claim for it.

INCREASE COVERAGE ELECTION (ICE)

ICE is private product which allows you to purchase a higher price guarantee for corn and soybeans. One of the main differences with this product is that the higher price will apply only when you have a bushel loss, but one positive is you know how much your price increase will be ahead of the growing season.

You can add nearly \$1.00 per bushel to your corn spring price guarantee and up to about \$2.50 to the bean price! You can also choose a percentage of the maximum prices. **March 15th is the sales closing date on this product!**

WIND

We have seen a trend for wind claims on the hail policies that had the wind endorsement in comparison to just a straight hail policy. The wind coverage made a huge difference on the harvest income from last fall. Our wind coverage expires on October 31, which is critical as some companies' wind coverage terminates much earlier! Keep wind coverage in mind when you do your hail insurance for 2019!

NEW FOR 2019

A. Multi Country Enterprise Unit

In the past you had to have acres of same crop planted in two sections in a county to qualify for the enterprise unit coverage. For 2019, if you qualify for an enterprise in one county and you have only one section in a bordering county you can now combine the bordering county with the qualifying county for the multi country enterprise unit coverage. See the enclosed handout on "MCEU" qualifications.

B. White Corn Coverage

In the past white corn was insured the same as yellow corn and we would combine production into one unit using the yellow corn spring price per bushel guarantee. For 2019 farmers can now insure white corn separate from yellow corn using the contract price. Producers of white corn will now have to establish past white corn production history, present a contract for their white corn and keep harvest production separate. You also must advise us that you want contract price coverage for your white corn. This coverage must be endorsed to your policy by March 15th.

C. Supplemental Coverage Option (SCO)

This is not new for 2019, but may be something farmers would have available to them if they sign up for "Price Loss Coverage" (PLC) at FSA for 2019. Most farmers were signed up for "Area Risk Coverage" (ARC) in the past which prevented them from having SCO available to them. But due to our favorable moisture situation and low prices it is possible farmers will change from ARC to PLC and would then have SCO available to them. See enclosed info on SCO for more details.

Let's hope 2019 has more favorable harvesting conditions than last year and that we all enjoy a safe and prosperous 2019.

Thank you for allowing us to serve your various insurance needs, and we look forward to working with you in 2019!

Mick Gill

PREMIUM BILLING FOR MPCl

No change from last year. Premium will be due August 15th for spring crops. You have until the end of September to pay without any interest. If the company doesn't receive payment before October 1 then interest will be added for September.

The crop hail premium cash discount has been extended from July 1st to August 15th to receive the cash discount.

FINAL THOUGHTS

We have been doing MPCl and Hail Insurance for over forty years and there have been many changes through the years, most of which increases the chances of something being misreported, so please take some time to review your *Schedule of Insurance* to make sure the crop, share, practice, legal descriptions and acres are correct! If you see an error, report it to us ASAP!

Remember we have many products to offer other than crop insurance, such as farm packages, autos, and many life insurance products which include ways to transfer your farm assets to your heirs tax free!

MCEU Multi-County Enterprise Unit

Qualifications

In order to be able to combine two counties into one enterprise unit the following steps must be completed by SCD:

- 1) Add the "MC" option to each county/crop that you may want to combine;
- 2) The insurance plan must be the same for the crop in both counties;
- 3) Coverage level, by irrigation practice if applicable, must be the same for the crop in both counties;
- 4) The unit structure must match for the crop in both counties and must be keyed as one of the following (EU, EP, EI or EN); and
- 5) Both crop/counties must be insured with the same AIP.

At ARD, the insured can designate a MCEU Pair of counties for the crop/practice as long as the following are met:

- 6) Items 1-5 above are met;
- 7) Counties are contiguous within the state (as per RMA);
- 8) Planted acres of the crop are in each county; and
- 9) Primary County must qualify for the enterprise unit structure elected at SCD and the Secondary County must not qualify for the enterprise unit structure elected at SCD.

Each MCEU pair can consist of only 2 counties (1 primary and 1 secondary). A county may be only used as a primary or secondary county once, unless it qualifies for different irrigation practices.

If the producer only has one county in their operation and has enterprise unit structure chosen, they may want to consider adding the MC option in case they would happen to add another county to their operation after SCD that qualifies for Added County.

United States
Department of
Agriculture

Risk Management
Agency Fact Sheet

2018 Crop Year

Washington National Office — Washington, DC

Revised October 2018

Supplemental Coverage Option for Federal Crop Insurance

What is The Supplemental Coverage Option?

The Supplemental Coverage Option (SCO) is a crop insurance option that provides additional coverage for a portion of your underlying crop insurance policy deductible. You must buy it as an endorsement to the Yield Protection, Revenue Protection, or Revenue Protection with the Harvest Price Exclusion policy or to the Actual Production History policy for crops that don't have revenue protection available. The Federal Government pays 65 percent of the premium cost for SCO.

How Do I Buy SCO?

You choose SCO as an endorsement to the underlying policy. You must make this choice by the sales closing date for your underlying policy, and with the same insurance company. Any crop on a farm that you elected to participate in the Agriculture Risk Coverage (ARC) program (a program started in the 2014 Farm Bill, administered by the Farm Service Agency) is not eligible for SCO coverage.

How Does SCO Work?

SCO follows the coverage of your underlying policy. If you choose Yield Protection, then SCO covers yield loss. If you choose Revenue Protection, then SCO covers revenue loss.

The amount of SCO coverage depends on the liability, coverage level, and approved yield for your underlying policy. However, SCO differs from the underlying policy in how a loss payment is triggered. The underlying policy pays a loss on an individual basis and an indemnity is triggered when you have an individual loss in yield or revenue. SCO pays a loss on an area basis, and an indemnity is triggered when there is a county level loss in yield or revenue.

For example, suppose a grower's corn crop has an expected value of \$765.00 per acre (170 bushels at \$4.50 per bushel). Assume the grower buys a Revenue Protection policy with a 75-percent coverage

level (this is the 'underlying policy'). The underlying policy covers 75 percent (or \$573.75) of the expected crop value and leaves 25 percent (or \$191.25) uncovered as a deductible.

By the sales closing date, the grower has the option to buy SCO coverage. Since the underlying policy is Revenue

Protection, SCO will also provide revenue protection, except that an indemnity will be determined at a county level. SCO revenue coverage is described in the following table.

The SCO Endorsement begins to pay when county average revenue falls below 86 percent of its expected level. The full amount of the SCO coverage is paid out when the county average revenue falls to the coverage level of the underlying policy. In this example it is 75 percent (shown on line B in the table).

Step	SCO Coverage Calculation	
A	SCO Endorsement begins to pay when county revenue falls below this percent of its expected level (the percent is the same for all SCO policies – set by law)	86%
B	SCO Endorsement pays out its full amount when county revenue falls to the coverage level percent of its expected level (always equal to the coverage level of the underlying policy)	75%
C	Percent of expected crop value covered by SCO (A – B, or 86% – 75%)	11%
D	Amount of SCO Protection (C * Expected Crop Value, or 11% * \$765)	\$84.15

SCO payments are determined only by county average revenue or yield, and are not affected by whether you receive a payment from your underlying policy. It is possible to experience an individual loss but to not receive an SCO payment, or vice-versa.

The dollar amount of SCO coverage is based on the percent of crop value covered. In this example there are 11 percentage points of coverage (from 86 percent to 75 percent). Eleven percent of the expected crop value is \$84.15 (or 11 percent * \$765.00). The SCO policy can cover up to \$84.15 of the \$191.25 deductible amount not covered by your underlying policy.

SCO also allows growers to customize their amount of coverage with a coverage percentage. The coverage percentage is elected from a range of 50 percent to 100 percent, and the maximum amount of SCO coverage is multiplied by that percentage. The coverage percentage defaults to 100 percent if the grower chooses not to specify a coverage percentage.

Following from the example above, if you choose an SCO coverage percentage of 50 percent, the SCO policy will cover \$42.08 (50 percent * \$84.15) of the \$191.25 deductible not covered by your underlying policy.

How much does SCO cost?

The exact premium cost depends on the crop, county, coverage level you choose for the underlying policy, SCO coverage level percent you choose, and the type of coverage you choose, such as Yield Protection or Revenue Protection. The Federal Government pays 65 percent of the premium. You should talk to your crop insurance agent for more information.

How Do I Decide If I Should Buy SCO?

For those crops and farms eligible for SCO coverage, the type and amount of SCO coverage are determined by the type and coverage level you choose for the underlying policy. You should talk to your crop insurance agent to determine what best meets your individual risk management needs.

Where Is SCO Available?

SCO was first available for the 2015 crop year in select counties for spring barley, corn, soybeans, wheat, sorghum, cotton, and rice. RMA will be making greater use of crop insurance data to expand SCO coverage into more areas, more crops, and to make SCO coverage more practice-specific (for example,

This fact sheet gives only a general overview of the crop insurance program and is not a complete policy. For further information and an evaluation of your risk management needs, contact a crop insurance agent.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, complete, sign and mail a program discrimination complaint form, (available at any USDA office location or online at www.ascr.usda.gov (<https://www.ascr.usda.gov/>)), to: United States Department of Agriculture; Office of the Assistant Secretary for Civil Rights; 1400 Independence Ave., SW; Washington, DC 20250-9410. Or call toll free at (866) 632- 9992 (voice) to obtain additional information, the appropriate office or to request documents. Individuals who are deaf, hard of hearing, or have speech disabilities may contact USDA through the Federal Relay service at (800) 877-8339 or (800) 845-6136.

irrigated in comparison to non-irrigated). Tools are available on RMA's public website to view availability and other program-related information. A map of SCO availability can be accessed through the Map Viewer (<http://prodwebnlib.rma.usda.gov/apps/MapView/index.html>) tool on the RMA website.

Other program-related information is available through the Actuarial Information Browser (<https://webapp.rma.usda.gov/apps/actuarial/informationbrowser/>) on the RMA website.


What Happens If I Elect SCO and Signed Up for ARC?

If you elect SCO and ARC for the same crop on a farm, your SCO coverage for that crop on that farm will be cancelled. You must report the crop on that farm as covered by ARC on your acreage report or you will forfeit 20 percent of your SCO premium on that crop and farm to cover administrative expenses. However, your underlying policy will still be in effect.

Where to Buy Crop Insurance

All multi-peril crop insurance, including Catastrophic Risk Protection and SCO policies, are available from private crop insurance agents. A list of crop insurance agents is available at all USDA service centers and on the RMA website Agent Locator ([/information-Tools/Agent-Locator-Page](#)).

National Office

 1400 Independence Ave. SW
USDA/RMA/Stop 0801, Room 6092-South
Washington, DC 20250

 Email: RMA.Media.Requests@rma.usda.gov
(mailto:[RMA.Media.Requests@rma.usda.gov?subject=Email from RMA Web](mailto:RMA.Media.Requests@rma.usda.gov?subject=Email%20from%20RMA%20Web))