

July Newsletter

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Late Planting Period For Crop Insurance Policies

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The late planting period is generally 25 days after the final planting date but varies by crop and area, as specified in the policy.

For most crops, the timely planted production guarantee is reduced 1 percent per day for each day planting is delayed after

the final planting date. Late planting differs slightly from prevented planting in that, if growers fail to plant by the final planting date due to an insured cause of loss (i.e. wet or dry ground) that is general to the surrounding area and that prevents

other producers from planting acreage with similar characteristics, they may be eligible for prevented planting and their production guarantee does not diminish for each day planting is delayed after the final planting date.

Important Upcoming Dates!

JULY 5TH:

- Corn, Grain Sorghum and Processing Tomato last day for LATE planting and the FINAL planting date for Soybeans

JULY 25TH:

- Fresh Market Sweet Corn last day for LATE planting

JULY 30TH:

- Soybean last day for LATE planting



If You Suffer A Crop Loss And Have A Crop Insurance Policy....

If you suffered a production loss to your crops due to damaging rains, excessive moisture, drought, or any other weather related causes leading to crop damage please contact your crop insurance agent.

It is important that you contact your agent within 72 hours of your initial discovery of the damage and no later than 15 days after the close of the insurance period because you may be eligible for a loss payment.

Also continue to protect the crop from further damage by providing continued sufficient care.



A Trend Adjustment Endorsement Is Worth Looking Into For Wheat, Corn and Soybean Producers

by Bob Bruch

If you have not already looked into a Trend-Adjusted Production History endorsement for wheat, corn, or soybeans, now is a good time to learn more. Trend-Adjusted Actual Production History (APH), if elected, adjusts yields in APH databases to reflect increases in yields through time in the county. Trend adjustments are made on each eligible yield within a qualifying APH database based on the county's historical yield trend, which is provided in the county actuarial documents. The approved APH yield is calculated using trend-adjusted yields, as well as any other applicable yields, within the APH database.

The trend adjustment option for crop insurance is now available for wheat in New Jersey. The sales closing date for wheat is September 30, 2016. Ask a crop insurance agent how this option will improve your crop insurance coverage for wheat, corn and soybeans.

The Garden State Crop Insurance Education Initiative looked into how a Trend-Adjusted endorsement (TA) impacts a grain producer's crop insurance coverage and premium costs. Trend-Adjusted Production endorsement started in the Corn Belt states. It has become available in other states including several grain producing counties in New Jersey. Information was obtained from Iowa State, University of Illinois and University of Maryland on how a Trend-Adjustment endorsement strengthens crop insurance coverage.

"Many farmers felt that the 10-year average Actual Production History (APH) yields used to determine their multiple peril crop insurance guarantees do not accurately reflect their current yield potential, due to improved crop genetics and cultural practices that have been introduced in recent years. Moreover, farms with the maximum 10 years yield history were penalized compared to farms with fewer years. Basically, a trend adjustment factor is estimated for each crop and county. This factor is equal to the estimated annual increase in yield, and is based on county average yield determined by the National Agricultural Statistics Service (NASS) each year." [1/](#)

"The TA APH yield endorsement does not cost the producer anything to elect but will change the amount of coverage through the APH which may change the premium. The same amount of coverage under the TA election always costs the same or less than under the regular APH. The real benefit of electing The TA option is that it could allow a producer to buy a lower level of APH coverage, but because of the trend adjustment still receive the higher coverage. Consider a producer with an APH of 135 who typically buys coverage at the 75% level at 101.25 bu./acre coverage. By electing to use the TA endorsement, the producer could potentially be able to gain the same level of coverage at the 70% level. A producer could experience premium savings by being able to buy down coverage levels." [2/](#)

Iowa State University Extension and Outreach developed the example pictured in the table on the next page, that shows an insurance unit with 10 years of yield history for corn and an average yield of 163 bushels per acre. This example assumes that the trend adjustment factor in the county where the unit is located is 2.0 bushels per acre per year. Adjustments range from 2.0 bushels for the immediate past year to 20.0 bushels for a yield that was recorded 10 years ago. With TA the APH yield is now the average of the adjusted yields, 174 bushels per acre instead of the unadjusted average of 163 bushels per acre.

Example: Trend-Adjusted Actual Production History Yield

Year	Reported Yield, bu/ac	Yield Adjustments, bu/ac	Adjusted Yield, bu/ac
2002	133	20	153
2003	145	18	163
2004	167	16	183
2005	122	14	136
2006	157	12	169
2007	165	10	175
2008	171	8	179
2009	193	6	199
2010	176	4	180
2011	197	2	199
Average	163		174

The Iowa State Extension and Outreach publication explained when crop yield data is missing for certain years:

“In some cases the land in the insurance unit may not have an actual yield for every year, either because the crop was not planted that year, or no production records were available. The unit must have an actual yield for at least one year out of the last four to be eligible for the yield trend adjustment. If actual yields are available for fewer than four years in the last 12, the annual trend adjustment factor is reduced.

For three years of actual yields, yields are increased by only 75 percent of the trend factor, for two years of actual yields, yields are increased by 50 percent of the trend factor; and for one year of actual yields, yields are increased by 25 percent of the trend factor. So, if the yield adjustment factor for the county is 2.0, the actual adjustment would be 1.5 bushels when three years of actual yields are available, 1.0 bushels when two years of actual yields are available, and 0.5 bushels when one year of actual yields is available.

The Trend-Adjusted APH is available for either yield protection or revenue protection policies, at all levels of guarantee except catastrophic (CAT) coverage (50 percent yield guarantee). Group policies, such as GRIP and GRP, have used trend adjusted county yields since they were introduced, and that procedure will not change. The Trend-Adjusted APH election must be made by the insured producer by the sales closing date each year.” ^{1/}

Now is a good time to contact a crop insurance agent to calculate the benefits of a Trend-Adjusted endorsement for wheat with a sales closing date of September 30, 2016, corn and soybeans with a sales closing date of March 15, 2017.

References:

^{1/} Edwards, E. “Trend-Adjusted Actual Production History (APH).” Ag Decision Maker, Iowa State University Extension and Outreach, 2012

^{2/} Goeringer, L. Paul & Lynch, Lori “Trend-Adjusted Yield Option Introduced for Crop Insurance” Center for Agricultural & natural Resource Policy, University of Maryland, 2013

Vomitoxin Testing RMA Factsheet

Weather conditions may make vomitoxin a threat to this year's wheat crop. High levels of vomitoxin may result in either a discount in price or the requirement to destroy the grain altogether. If you carry multi-peril crop insurance policies subsidized and reinsured by the Federal Crop Insurance Corporation [as overseen by the Risk Management Agency (RMA)], you may be eligible for quality loss adjustments if the reason for the loss in value is due to a covered event such as the excessive precipitation received this spring.

To protect your rights under your policy, it is necessary that you always report any damage within the required timeframes and seek advice from your insurance company before proceeding with harvest or destruction of the damaged crop. Failure to do so may jeopardize your claim. Crop insurance policies require that you notify your company within 72 hours of noticing a loss. It is important that you be proactive in checking your fields to determine if there is any damage to the crop before harvest. Quality adjustments are available for loss in value for conditions such as low test weight, damaged kernels, and shrunken or broken kernels. Discounts made for crop loss purposes may not be the same as those seen at the elevator. For example, quality discounts begin when the test weight is under 51 pounds, defects are above 15 percent or grade is U.S. No. 5 or worse. RMA discount factors for wheat are constructed by compiling and using loan discount data from the Farm Service Agency and national average loan rates for the past 10 years. These discount factors remain uniform between the Actual Production History and Revenue insurance plans throughout all counties in Delaware, Maryland, North Carolina, New Jersey, New York, Pennsylvania, Virginia and West Virginia

Any production of extremely poor quality wheat that has a value not located on the discount factor charts in the Special Provisions of Insurance ("off the discount tables") is adjusted by taking the actual sale price based upon the Reduction In Value divided by the local market price to equal the discount factor for the production. In the event that the production has a Zero-Market Value Production, RMA loss procedures require insurance providers to make every effort to find a market for the production before declaring a zero value. Therefore, insurance providers will not be making declarations of zero market value until they can firmly establish that there is no market for poor quality grain.

Quality adjustments are based on samples obtained by the adjuster or other disinterested parties authorized by the insurance provider, such as an elevator employee. Harvested and delivered production samples taken from each conveyance and then blended may be accepted under certain conditions. Appropriate samples must be obtained before the production enters commercial storage. However, for farm-stored production contaminated with vomitoxin **only**, samples may be obtained from the storage structure. The samples should be placed in a heavy paper bag for prompt delivery to an approved laboratory for a determination of whether vomitoxin is present. RMA has established predetermined discount factors for vomitoxins in the range of 0.1 to 10.0 parts per million. If a load is rejected at harvest but the test reveals no vomitoxin, the wheat may be brought back to the elevator for possible delivery. It is very important that you work with your insurance provider if you believe you have quality losses on your wheat.

This newsletter is brought to you by the Garden State Crop Insurance Education Initiative, a partnership between the USDA Risk Management Agency, New Jersey Department of Agriculture and Rutgers Cooperative Extension of Salem County. For additional information about crop insurance visit our website <http://saalem.njaes.rutgers.edu/cropinsurance/> call our toll free hotline: 1-800-308-2449 or visit <http://www.rma.usda.gov/tools/agent.html> for a list of crop insurance agents

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