



Check 2011 Crop Insurance Information for Accuracy

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The March 15th deadline to make changes for federal crop insurance coverage has passed. However, three changes to note with your 2011 coverage decisions are still important to consider:

- 1) The USDA Risk Management Agency (RMA) has moved to the Common Crop Insurance or COMBO policy. This combines the past yield-based and revenue-based policies into a single policy with multiple options. New names such as Yield Protection (YP), Revenue Protection (RP) and Revenue Protection with the Harvest Price Exclusion (RPE) have replaced the previous acronyms used for crop insurance coverage at the farm level.
- 2) The projected prices of \$6.01 per bushel corn and \$13.49 per bushel soybean futures prices during February along with high price volatility factors have increased the 2011 premiums. That increase is roughly 50% over those 2010 premiums considering similar products, level of coverage and unit structure elected.
- 3) Another change in the new COMBO policy are provisions and procedures for correcting mistakes made in submitting the applicant's name and tax payer identification number on the crop insurance application, transfer, or policy change form.

If the applicant's name does not exactly match the reported tax identification number; typically the insured's social security number (SSN) or the employer's identification number (EIN) on file with the Internal Revenue Service, the policy and its coverage can be voided.

Previously, an error made in the applicant's name (examples include using a nickname, a middle name used as a first name, an incomplete corporate name or a misspelling) could be easily corrected if caught before the annual acreage reporting date after the crop is planted. This date is typically June 30th or July 15th, depending on the Midwest state.

A mistake in the tax identification number could also have been corrected (the applicant's signature is required) by the applicant before the acreage reporting date. Both corrections were allowed unless there was evidence of intentional misrepresentation, a fairly high legal standard that requires proof of intent.

The new COMBO policy changes increases the requirements of the applicant. Under the new policy, if the name or tax payer identification is incorrect the applicant must now prove that the error was "inadvertent". The burden of proof is now on the applicant and the legal standard is less defined.

Adapted from information provided by Steven C. Griffin, AFIS, Crop Insurance Consultant, West Des Moines, IA.