

Crop INSURANCE

Harvest Crop Insurance Checklist Payments

The 2011 growing season saw extreme weather conditions that will likely result in yield variability across the Corn Belt, even within a field. A large number of producers have already filed loss claims with their crop insurance agents and are expecting to receive indemnity payments following harvest.

Information from the USDA Risk Management Agency (RMA) indicates that about 90% of all Iowa's corn and soybean acres were insured with Revenue Protection (RP). Revenue Protection replaced the Crop Revenue Coverage (CRC) and Revenue Assurance (RA) products beginning in 2011. This type of farm-level coverage bodes well for Iowa farmers receiving loss payments since RP guarantees both yield and price. It uses the higher the projected price versus the harvest price to determine a potential loss payment.

Harvest prices will be determined in the month of October by using the average futures price closes for December corn and November soybeans. These prices will be compared to the projected price determined in the month of February, and the higher of the 2 prices used to calculate loss payments. This price multiplied times the actual production history (APH) times the level of coverage elected determines the revenue guarantee. The actual revenue will then be subtracted from the revenue guarantee to determine the final loss payment.

Special attention to detail prior to and during harvest is recommended to maximize your future crop insurance coverage and obtain potential loss payments for 2011.

Consider these 7 reminders:

1. Notify your crop insurance agent before destroying or chopping corn for silage.
2. Contact your agent within 72 hours after discovering damage to a crop.

3. Keep production records so that yields for each unit can be separated (including yield monitor data).
4. Mark production records and scale tickets by unit, farm name or specific reference.
5. Keep track of feed records from 2011 production.
6. Report your actual production history (APH) for each unit to your crop insurance agent immediately following harvest.
7. Crop insurance loss payments are reportable income in the year received, but can be deferred. Check with your income tax preparer regarding deferring these payments.

Always practice good communication skills with your crop insurance agent and notify them of any questions you might have.

Source: USDA Risk Management Agency and private industry sources, September 2011.