



CROP INSURANCE FOR ORGANIC OPERATIONS

ACTUAL PRODUCTION HISTORY, PLANTING DATE, AND CLAIMS WITH NICK GLANZER



Location:
Milford,
Nebraska



Licensed to sell crop insurance in:
Nebraska, Kansas, Oklahoma, Colorado,
Iowa, Missouri, Texas, Illinois, Wisconsin,
Ohio, Pennsylvania, Washington,
and Oregon

When Nick Glanzer began selling crop insurance in 2013, he started working with an organic producer who had taken a major hit during the 2012 drought and wanted to purchase crop insurance. As a result, Nick learned a substantial amount about crop insurance for organic operations, and now has seven organic customers.

“ They’ve changed the rules for organic insurance since I started selling it in 2013. They keep tweaking it more and more with new data related to organic cropping. ”

The rest of his customers are conventional producers, largely growing corn and soybeans, with some wheat, dry beans, dry peas, popcorn, orchards, nurseries, etc.

Actual production history

To purchase many crop insurance products, a farm needs to demonstrate yield history, referred to as actual production history (APH). The APH is an average of a minimum of four years, maximum of 10 years, of yield history. If a farmer wants to start insuring without any history—for example, if they just became certified organic—then they will rely on county transitional yields, or T-yields, until they can build up their own APH.

T-yields are set by the U.S. Department of Agriculture’s Risk Management Agency (RMA) for each county, and are based on historical county yields. T-yields exist for both organic and conventional production, and are updated periodically. In 2020, in Seward County, where Nick is located, the T-yield for non-irrigated certified organic corn was 112 bushel per acre, and conventional corn was 149 bushel per acre.

Nick explains how the process of establishing APH for newly certified organic operations works:

“Your first year after becoming certified organic, your APH is going to have four years of T-yields. Then, after one actual year, your APH will be one year of your actual crop history, and three years of that T-yield. Then, you keep adding actual yields until you have four actual yields and zero T-yields. So, you’re slowly working out those placeholders. Keep in mind, if you’re in a three-crop rotation, it could take you 30 years to build up 10 years of actual yields for a given crop.”



Final planting date

To receive the full guaranteed coverage for crop insurance, acres must be planted by a final planting date set by RMA. For each day that passes after that date, the insurance coverage level will decrease by 1 percent, unless otherwise stated, but the premium cost will stay the same.

Over the years, Nick has noted that the final planting dates are often an issue for organic operations. While organic farmers are often planting later than conventional ones, the final plant dates are the same for both.

“ In early spring, we really emphasize to producers the importance of getting their planting done before the final plant date, as to not impact their insurance guarantee. Losing a percent or two off your guarantee isn't a huge deal, but when you're 10 to 15 days late on planting you start to see a big drop in your guarantee. ”

Advice for finding an agent

For anyone trying to find a crop insurance agent, Nick notes they are not required to buy from someone geographically close to them. He says the most important thing is to make sure the agent will be good to work with, and is knowledgeable enough to provide a good service.

“ I have a bit of a biased opinion, but I'd say the most important thing is looking for an expert in that field, whether that means someone in your town, or someone a state or two away. When you talk with them, ask them questions about organic and sort of quiz them on their knowledge. That will tell you a lot about how knowledgeable they are with the given system for organic cropping. It's similar, but also completely different. ”

Farmers can also search for an agent using RMA's Agent Locator Tool: rma.usda.gov/informationtools/agentlocator

Filing claims

From a farmer perspective, needing to file a claim is arguably the most important step of the crop insurance process. If a single weather event impacts their crop, farmers should notify their agent within 72 hours. If other factors lead to a low yield, such as drought, the process is slightly different.

“ Oftentimes what will happen, prior to turning in any notice of loss, the farmer has to report their production to me. We go through their report line by line. We then compare it to their guarantee on their insurance. If they grew less than that guarantee, then we'll get a claim turned in and have the adjuster go out there, if needed. ”

Ultimately, the farmer is responsible for reporting any potential claims to their agent, and the agent's job is to file a notice of loss in a timely matter. Once the claim is filed, a crop adjuster and the insurance provider take over.

Each crop insurance provider has crop adjusters who will make a site visit to assess damage and collect production information. The information is then put into a system for the company to process. If an indemnity is ultimately paid, in some cases, the process can take as little as a week.



“Crop insurance is a simple but complicated program. Things change so often that I firmly believe that as a producer, the best way you can set yourself up is to align yourself with an agent who can speak knowledgeably and is up to date on all the changes, especially with organic.”



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