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## Crop Insurance Agent Work By Month

### January

We try to finalize as much as possible the farmers Actual Production History from the following year. This is difficult if the farmer has stored grain. We have however developed a system for tracking stored grain. If it has been measured by FSA we use those numbers, but then will have to update the APH when the grain is actually moved to market. It is important to get the APH's done even in an estimated format during this time frame because of all the things the farmers here use the APH for, both within crop insurance and outside of crop insurance. If the grain has gone to the elevator only then the APH is finalized. I think last year 84% of my clients had on farm storage of some type, so this stored grain is a huge issue.

Bankers are well into rewriting loans for farmers. I have become a resource for these farmers in using their crop insurance yields and an estimated price in order for them to do their cash flows for the coming year. Almost 90% of my clients spend an hour or two with me prior to finalizing their cash flow. Because of the quoting system I have I can give them an estimate based upon their own APH. We get estimated acres from the farmer and then are able to produce guaranteed bushels and an estimated whole farm revenue guarantee. We are always pretty conservative with our estimated prices for this portion of our service to farmers. Each separate bank that I have mutual clients with I meet with the bankers in early January to determine what we are all comfortable with for their clients. That means with the 17 different banks that we may have different estimated spring market prices for, so that takes time and meetings to sort out. To produce a full farm revenue quote we must enter the intended acre, by unit into the quote system. Our average client has 12 units, so this means getting the correct acres into the correct unit. In our area there is a fairly significant variation of yield, so once either my staff or I have entered the acres, another person double checks that they are entered correctly. Because of bushel yield difference's between APH units, we cannot afford to get the acres in the wrong unit or we will under or over estimate greatly their revenue guarantee.

In January we also hold a risk management seminar for all of our clients. This means invitations, and tracking RSVP's, lining up speakers, the facility to hold the meeting, and co-coordinating all

the myriad of details that go into putting on an extensive meeting. Typically we will have two outside informational speakers, as well as an hour on crop insurance changes and updates that the farmer needs to know about. This year our speakers were Elywnn Taylor of Iowa State on weather, and Mark Pearson on the markets. In addition I also do a power point presentation on crop insurance for education of our farmers. Any more I do not look at my job as a crop insurance sales person, but almost like a compliance person. There are so many rules that farmers must know about in order to be certain that their coverage is as they think it is. This meeting starts @ 1pm and goes all afternoon. This year the farmers asked to take only one break and go until 5:30 because the information from the 3 presentations generated so many questions.

After our meeting every client who was not able to attend the meeting is mailed a copy of the 20+ slide presentation on crop insurance, so that they all have a copy of any rule changes or highlights that they must know about for the coming year. Examples of things that are covered in this slide presentation are:

1. The rule that any farmer who has a loss above \$100,000 must provide hard copy records for the past 3 years before we can pay their claim. This rule is especially important this year with high starting spring market prices. It is not going to take many acres of loss if the markets go down or up significantly to generate this dollar amount. The farmer must understand that he has to have these records in the unit structure that he carries on his policy. If he doesn't his coverage will be greatly reduced, and then the claim will be paid. This education has to occur now, because once a claim is reported I as an agent cannot assist the farmer in any way. He needs to understand clearly what his responsibility will be up front.

2. The differences in the policies. This year the difference between the RA policy and the CRC policy may be significant. All we have to do is look at the wheat CRC Policy that caps the farmers ending price at \$2.00 and know that those who did not evaluate it carefully last fall are really in trouble, particularly if they used the policy as a backstop to marketing.

## February

This month begins with the finishing of APH's, and updating any APH that has had stored grain that has been delivered. Many farmers are done with their loan re-writes, others are just getting started.

About 10 days into the month we start preparing estimated quotes for our farmers. These quotes get into great detail. I can break down each unit, and on one piece of paper illustrate by unit all the farmers options. I can compare two different policies side by side, so if a farmer would like to see more than two policies, which most do, that mean double work by unit. Once we have narrowed down the options to his preferred coverage we produce a full farm quote that give him all of his options by level of coverage. This means that I can calculate and print for the farmer every level from 50% to 85% by unit, and then in total. Once a farmer has this quote they start coming in so that we can play what if with my quote system. This system allows me to input the farmer's detailed cost of production, any marketing plan he chooses to look at, and then we start changing yields and harvest market prices. On the average farm it takes about 1 hour to input all the specific details he would like to see. Bigger farms obviously take longer, smaller shorter. Once this is all in the computer I can then electronically show the farmer what each level of coverage would do to his profitability, we also can do this for marketing, and input costs. With all the variability of input cost this year this was a very time consuming effort, as was the marketing plans. After several sessions the farmer decides what level of coverage to put with which policy.

Additionally this month a great deal of time and energy goes into newly added ground for our farmers. I don't think it is any big secret that there is tremendous contraction and expansion of farming operations. Added ground for crop insurance can be done in a number of different ways, so this takes some analysis on my part to determine which option is best for a farmer. Most times I have to run 3 different scenarios to determine which option is most optimal for the farmer.

Another area that we spent a great deal of time on in February this year was the difference in cash rental agreements to share rents. Many young farmers came to me this year with the question of how could crop insurance help them compete with the explosion in cash rent? What we did for these farmers was work with them, and then several came back in with landlords who had previously been cash renting their ground. We saw a big movement back to share rent this year due to the ability of crop insurance to guarantee the landlord more dollars of coverage than simply taking cash rent. I would like to point out here that this is ground we were already insuring and literally means double work for us. This means all the paperwork will now be generated twice. These are not new acres to us, just new policies.

## March

March 1 starts with an extensive letter to all policyholders. This letter emphasizes to farmers that all policy changes must be done prior to March 15. It also gives the farmer the approved spring market price, as well as the volatility factor. We also let farmers know that if they would like a quote with the exact prices and volatility that we would provide that.

March is basically a marathon to get everyone taken care of. It means hours and hours of work. This year with the spike in the spring market price, and in many cases the doubling of a farmers premium, it meant making sure that everyone knew what that cost and coverage were. I have never seen a year where it took so many what if scenarios for a farmer to be comfortable with the coverage he is purchasing.

Once a change is made, all the paperwork needs to be filled out, and then must be entered into our computer system. The farmer then receives written confirmation the next day that gives him the opportunity to verify that his coverage is correct. Also prior to sales closing we must exclude any high-risk ground from coverage, and add a CAT Policy for the high-risk ground if that is what he chooses. That means two policies for one operation in a county, which means that we will have double the paperwork for that farmer. Because we live along the Missouri river, this issue is critical, and very time consuming.

Once March 15 comes, we have 15 days to finalize all the paperwork and begin preparing for acreage reporting. In addition we are now providing the farmer with maps specific to his operation. The farmer must get his land use layer from FSA and get it to us, and then we electronically move his information from the FSA structure to the crop insurance structure. This is done at no cost to the farmer, but is a benefit to him over just using FSA maps, because we can produce the maps in a booklet form, that correspond to his chosen unit structure, and coverage. In the event that he is spot checked randomly, or through a claims audit, he will have the information available based on the correct structure for crop insurance rather than by Farm Serial Number and Tract number. Also if we get into any soybean rust, gray leaf spot, or any other disease this provides a place for the farmer to document what he must in order to get paid by his policy.

## April

April means the finalizing of APH records, and reviews of all policies to make certain that all the specifics for the policy are in place. In this area we have high risk ground, so we double check

any policy that is close to the high risk ground area to make certain we have it in the correct rating category. This month may slow the workload some if we have a normal spring. However, if it is like this year, we are looking at the potential for planting delays due to cold and wet conditions. This brings prevented planting into play, and farmers begin getting nervous that they can get their crop in. If the weather straightens out, it becomes a typical year. If it continues to be wet the phones start to ring with prevented planting questions.

## May

Hopefully everyone is in the field, and things are quiet enough here that we print and mail all acreage report forms to our farmers. This mailing will include an extensive letter showing the farmer how to fill out the form correctly, and reminding them of the deadline for planting. In addition we cover replants and the responsibility that they have in regard to replanting. If the weather is good, this is a reasonably smooth month with papers flowing to and from the farmers. Because of our mapping system many of our clients come here to fill out their acreage reports, and then use that copy to report acres at FSA. Once a farmer has certified at FSA he brings his 578-acreage certification to us and we cross-reference it with what he has reported here. If there is any difference, we must verify what is correct. This means that each policy here is looked at after the acreage report is keyed into the computer. If we have replants this is usually when they occur. With bad weather we can have hundreds of replants, and they all take action.

## June

We continue to receive and work acreage reports. Depending upon weather this can be a month where we wind up acreage reports, or simply get through it. June is also the month if we have flooding that the issues of first crop planted and flooded, and then does the farmer replant, or go to a second crop. This issue is very detailed, and can take hours just with one policyholder. The rules on first crop, second crop give the farmer great flexibility, but also come with stiff and punitive penalties if not done correctly. In this situation we will have an enormous workload to get the acreage report to reflect exactly what happened and at what time. I think often times that many believe we send the forms to farmers and they fill them out. In a normal year, that can happen. The problem is we have not seen a normal year here in a very long time. The attention to detail that must happen to keep a farmer in compliance with all the reporting rules is very great. For example if the farmer is past the initial plant date, his options can change dramatically. We have had situations in the past where agronomists have advised that it would be a poor farming practice to replant corn, and that the farmer is better served to instead plant soybeans. But then we have to advise him of all the rules that go along with that decision. If he destroys his corn and plants soybeans without an adjustor working the unit first, then his coverage is no longer valid. The coordination of what farmer needs an adjustor in which manner can be a daunting workload.

## July

July brings to a close all the acreage reporting. To correctly input all farmers' information into the computer and meet all the RMA deadlines takes a significant amount of time and energy for our staff. With July also come wheat harvest, and the settlement of wheat claims. In this area wheat is not a major crop, but many farmers plant a little, so we have all the APH work and claims worked to contend with.

## August

August brings to the forefront weather concerns. If it is dry farmers begin calling for direction if they have a claim. Also in August we will get a significant amount of requests for chopping corn for silage. This means that each unit that is going to be chopped must be opened up, and then we can send an adjustor to appraise any unit that will be chopped. In August all billing for the fall crops is started and double-checked. In addition we start the beginning of wheat sales season. If we are into a year of very dry weather then the fall claims start to roll in. Some years we deal

with a large number of aflatoxin claims. This is almost an impossible situation, because the adjuster must take a sample, collect the money from the farmer for the aflatoxin test, and then send the test to an approved lab. Each unit that is suspect must have this test in order for us to adjust the farmer's claim based on aflatoxin.

## September

September can be a quiet month if we have great weather. If we don't have great weather, claims will really roll in, and the process of getting everything coordinated can cause a huge workload. If it is good weather we are busy with wheat sales. The farmers receive a letter from us giving them their base price for wheat, along with any pertinent information they need to know to stay in compliance with the federal rules. The sales closing date for wheat is September 30, so it means making sure all policyholders have looked at their coverage and understand it. Wheat many times gets overlooked, and there is no better example of why the evaluation of their policy is important than this year. Wheat CRC started last fall with a price of \$5.88. Wheat CRC has a \$2.00 limit move in the policy. The agents and farmers who did not work this carefully last year and simply stayed on the CRC policy will find themselves being shorted many dollars in comparison with the RA Policy. In our office this means every single wheat policyholder will receive a quote comparing the two policies. In addition the bills for the spring planted crops must go out, and be tracked.

## October

This month will either be an enormous workload, or reasonable, depending on the weather. All policy payments are due October 1 and delinquent November 1. We make sure that all of our farmers understand that if their premium is not paid by November 1, they will be paying interest. Towards the end of October we start taking the information for yields for the year. If it is a big claims year, the phones will be ringing off the hook with farmers needing information on how to keep track of production for a claim, needing an adjuster, or simply reviewing the coverage they have.

## November

November will continue the tracking of all billings, and any claim that is in process. In addition on November 1 a letter will go to all policyholders giving them the harvest market price for soybeans on the CRC and RA Policy and for the corn CRC Policy. This price begins the process of determining if a farmer has a revenue loss, and not necessarily a yield loss. Each and every unit must be checked if it is close, and with what prices have done the last couple of years, that means almost every single unit needs to be looked at. Yes this is the farmer's responsibility, but almost all of our producers call us to go over the information. They look at it once a year, we look at it on a daily basis, so they are much more comfortable if we help them check things.

## December

December is the finalization of harvest, and yields continue to roll in. December 1 means an additional letter to our farmers with the Harvest Market Price for corn. Because CRC and RA differ on the month they take the measurement, it means any corn policy will have to be checked. Also the final date for reporting claims falls in mid December, so the first 10 days of December are a mad rush to get this all finalized. Through the last three months as a claim check comes in, it is checked against our numbers to determine accuracy, and then sent on to the farmer. In December we start the process of beginning the New Year, and helping farmers access where they are at financially.