



Fall 2017

For the last few months farmers have not had a lot to improve their outlook for profits in the near future. But recent rains in many places, with the abundant rains we had this spring, give us the possibility that a good cotton crop could happen. China has become an importer of cotton rather than having that big price-killing stockpile of cotton hanging around. Futures have not improved dramatically but the current price on August 22 on the December ICE is about 72 cents which is better than the February low of 66 cents. Cotton may be that bright spot after all if this trend continues. Wheat may prove to be more of a challenge to find a profitable outcome.

### Fall 2017 Crops

September 30 is the final day to change, purchase or cancel your wheat or other fall crop policies. Last year wheat was insured at \$5.20/ bushel but this year it is tracking about \$4.77 on August 24. We will follow that from August 15 until September 14 to find out what the average daily closing price will be.

Under the current farm bill SCO was introduced to help offset the loss of programs at the FSA. This is a group risk plan which does not settle until nearly a year after harvest. For wheat, SCO prices will be known on or before

April 16 the following year. The 2015 SCO was paid in April of 2016. This was based off of NASS numbers which were harvested acres. So acres which were not harvested such as hailed out acres, did not get entered to reduce the yield. Now SCO will use RMA planted acres to determine yields which should show a truer picture of the yields. If you want to add or drop the SCO this needs to be done by sales closing.

### Production Reporting

Each year you report your production to us within 45 days of sales closing. Any loss is reported when you sign the claim papers. When you bring your production to us we ask that you keep it sorted by unit so we can enter it accurately. If your production was not kept separate by farm unit at the elevator, then we used a commingled worksheet to separate production. Those units would be combined and you got the use of your yields. That was not much of a penalty; however, now we have new rules. Your settlement sheet must show that your grain was kept separate by farm unit. If not, we can no longer use a commingled worksheet. We have to use an assigned yield which is 75% of the average of each unit which is commingled; then, the real kicker is you lose all optional units on that policy for the next year. If you have no other basic units, you may lose your ability to have Enterprise Units. **Be careful and keep your production separate!**

If you have wheat stored in your own or privately owned bins, even if you have weighed it when you put it in the bin, be sure to have the bin measurements made and give them to us.

### FSA and RMA

In an effort to better communicate and make things similar where possible, several things will be occurring between the FSA and crop insurance. We will be reporting acres to the hundredth (two decimal places) and shares to the ten thousandths (four decimal places) just like the FSA does. That should make things line up better.

The other thing that is going on is a program called ACRSI (Acreage Crop Reporting Streamlining Initiative). This has the potential to be beneficial. It is supposed to cut down the time you spend in our office or the FSA office. This is the theory behind it: You should be able to sit down and report your acres and have them transfer over to the other office. Currently, you still have to go to the both offices and turn in the specific information each office requires. An example of each would be that we will need skip row factors on cotton while the FSA will need all your non-insured crop acres. Even if everything does go as planned and we get your acres dropped into our program from FSA, we still need a signed acres report from you. In this area we have not had a lot of problems... yet. We have a good working relationship with the local FSA offices and we will work through this together. There are some places where problems occur because of the imperfections of the program which causes both the FSA and agents to find new adjectives to describe ACRSI. In time, we may need to learn those other words as well! The main thing is **you still need to report to both offices**. I am sure the FSA needs signatures on their forms. I know we still need your signatures on our forms.

### Wheat coverage and 2nd crops

The government is encouraging planting conservation cover crops. Their incentive is that if you have wheat for cover crop the rules about planting an insurable crop on Non-Irrigated acres are different than if you have the same wheat certified for

grain, grazing or both. If you want to plant an insurable spring crop behind wheat you are not going to harvest for grain, then if you certify the wheat at the FSA as a conservation crop and terminate the crop at least 15 days before planting, you can insure the spring crop. You will need to leave cover from the crop in place to stay in compliance. Now if you certify the same wheat as grain, graze or both, then the normal rules apply according to the crop you are planting after the wheat. If you are considering this, give us a call before you certify the wheat.

### Online Bill Pay

Armtech now has online bill pay available. You have to log into the Armtech Policy Holder Access website. If you have not been set up to do that, call us and we can send you the appropriate paperwork. You will have to pay from a checking or savings account. Credit or debit cards are not accepted. For your safety and security, once you enter the routing number and the checking account numbers, they will be deleted from Armtech's system upon completion of the payment transaction.

While you are in Policy Holder Access, you can sign up for digital signature so that loss paperwork will not get bogged down waiting on the adjuster to get with you.

### Direct Deposit

Another way to speed up the loss payments is to sign up for Direct Deposit if you have **not** had an assignment put on your crop insurance policy by your bank. This eliminates the risk of delayed or misdelivered mail. You also do not have to worry about losing the check after getting it out of the mailbox. We will include this form in your fall quote packet. You do not have to fill it out if you are not comfortable with this but that is your choice to make.

### RMA datamining

RMA (Risk Management Agency), the government agency in charge of crop in-

insurance, has been conducting different studies to ensure that fraud, waste and abuse is limited. Normally when a problem occurs RMA contacts the company and the agent before contacting you, the insured. Now they are contacting you before they let us know there is a problem. It is our understanding that if they ask for paperwork they want it back within 30 days. If it is late...even one day late, it is too late. They are also requesting that you send it directly to them in your envelope. You can come to the office and we will help get everything together that they want, but the envelope has to come from you. We do not expect many of these sent out, but understand **if you get a notice for an improper payment review from RMA**, we will **not** know it unless you contact us. **Please contact us without delay** so we can work with you on getting them what they need.

### PRF

If you are wanting to insure your grass against drought (it can happen still!) PRF (Pasture, Range, and Forage) policies can help with that. November 15 is the sales closing date to make changes to, cancel or purchase a PRF policy.

An interesting change with PRF is how they define the grid area. It used to be 12 miles by 12 miles. Now the grids are 17 miles by 17 miles at the equator. The further north you go, the narrower they become. That explains why all grids have now become slightly more trapezoid looking.

### LRP (livestock Revenue Protection)

One of the tools we have which has not been used a lot but needs to be examined by those of you who run stocker or feeder cattle is LRP. It allows you to lock in a price on a specific day, using your exact number of head of cattle at the weight you think they will be in the time frame you select. Thirteen percent of the premium is subsidized. Call us for more information.

### Other thoughts and reminders

If you have chosen to use **Yield Exclusion (YE)** on your policy then you need to go back over those yields to be sure you have the yields included or excluded as you want. This needs to be done by 45 days after sales closing.

**If you have gotten married, divorced, or been widowed, or have any change involved with an insured entity**, we need to have that information as soon as possible. If the entity is changing, you need to let the FSA know so they can refile a 1026 form. We will have you fill out an exemption form which is good for the rest of the year. If you fail to do this then it is possible that your crop insurance will not be subsidized meaning that you will pay the bill for the entire premium.

**Short rating** wheat next spring may have a different kink in it. If you are short rating the entire field then nothing will have changed but if you are short rating only part of a field and leaving other parts of the field insured, we will need to have that clearly marked on the maps. We will go into that in the spring so that it is fresh in your minds but you just need to keep that in mind.

With new changes in mapping requirements, **we must have an FSN, tract, and field number assigned to acres** to report to insurance. If you do not normally use the FSA to certify your crops, please at least be sure that all of your fields have those assigned by the FSA.

**Added Land** had a welcome change. In the past if you picked up more than 640 acres but less than 2000 acres (including pasture land) and you wanted to use the simple average of your yields then we had to ask RMA for permission to do that. That has been simplified. If you pick up 2000 acres or less and want to use your average yield then we use it. Anything over 2000 acres is restricted to the county T-Yield.



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## Meetings and Meals!!!!

We enjoy visiting with you. We enjoy feeding you and we want to help you understand what is happening with your crop insurance policy. We have found that producers who come to our meetings normally have a better understanding of what their policy will and will not do. It makes for much better communication and relationships. We have also found that normally the farmers that come to our meetings leave with a full stomach. Please take note and come to one of the meetings listed below so that you can get your three E's... Education, Eating and Enjoyment! Bring a friend if they are interested in crop insurance as well. An RSVP would be nice but if you forget to do that, *come anyway!*

| <u>City</u>   | <u>Location</u>         |           | <u>Date</u> | <u>Time</u> |
|---------------|-------------------------|-----------|-------------|-------------|
| San Saba      | Gage BBQ                | Tuesday   | Sep 6       | Noon        |
| Albany        | Beehive                 | Tuesday   | Sep 6       | 6PM         |
| Erick, OK     | Community Center        | Wednesday | Sep 7       | Noon        |
| Wichita Falls | TX Best BBQ Ranch Room  | Wednesday | Sep 7       | 6PM         |
| Stamford      | Bunkhouse               | Wednesday | Sep 14      | Noon        |
| Abilene       | Joe Allen's Corral Room | Monday    | Sep 19      | 6PM         |
| Lowake        | Lowake Steak House      | Tuesday   | Sep 20      | Noon        |
| Rochester     | Webfoot                 | Tuesday   | Sep 20      | 6PM         |