Preparing for a crop insurance review of APH yields

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A large number of Iowa farmers are likely to make a claim for crop insurance losses as a result of the 2012 drought. A number to keep in mind is a $200,000 claim. At that level or higher, for at least one crop in a county, a review will be triggered as required by the USDA Risk Management Agency. That $200,000 amount could be due to loss of either production or price, depending on the type of policy purchased.

Those farmers will need to provide actual production history (APH) records, which will include an APH review for 2009, 2010 and 2011 crops, as well as the 2012 crop to be harvested.

Prior to 2012, the trigger amount was a loss of greater than $100,000. Even with the dollar amount of indemnity payment doubling, a large number of reviews are anticipated. Reviews will be carried out by insurance company representatives. Farmers are advised to start collecting documents as soon as possible to help expedite the review. These reviews are normally triggered once a claim has been worked and determined to be over the $200,000 threshold for at least one crop in a county.

This review process typically is done during harvest. The purpose of the review is to validate reported production, which means a variety of documents can be utilized, including settlement sheets, load records, bin measurements, loss papers, livestock feeding records or other approved records that would verify acres and production.

The farmer’s main responsibility is to provide three years of verifiable production evidence for the units of the crop being reviewed. Claims for 2012 will not be paid until this process is completed. This could delay receiving an indemnity payment at a time that many farmers have cash flow constraints resulting from the drought.

continued on page 2

Handbook updates
For those of you subscribing to the handbook, the following new updates are included.

Livestock Enterprise Budgets for Iowa - 2012 – B1-21 (22 pages)
Iowa Farmland Rental Rates 1994-2012 – C2-09 (1 page)

Please add these files to your handbook and remove the out-of-date material.

continued on page 6

Inside . . .
S corporations and the “two year” rule .........................Page 3
Evaluation and selection of job candidates .......................Page 4
Research briefs from the Department of Economics ..Page 5
Consider the use of these recommendations to prepare for an APH review and for any spot checks or audits in the future:

- Keep all of your production records for at least three years.
- Separate production records by crop, practice, type, unit and the crop year in which the production actually occurred.
- Sort production records by the FSA Form-578 (to identify each crop and separate them by unit and county), settlement sheets and soft records.
- If your grain is farm-stored, have grain bin measurements taken by a third party representative, including 2012 production.
- If you had the grain weighed before you stored or sold it, provide any scale tickets that contain weight and volume measurements.
- If scale tickets are used from grain carts, the print on these tickets can become unreadable with time; make photocopies.
- Do not split truckload tickets and bins between units unless you have soft records for production that is commingled.
- Print combine monitor records and keep them with your settlement sheets. These records must show location of the field, name of crop, date and pounds or bushels harvested. Also, records should provide the unit number that correlates with the field identification.
- Even if you have only a share of a crop, make sure that you will be able to provide records for the entire crop if necessary.

- Feed production records should be kept at the time the grain is fed, preferably as a record ledger with dates and amount fed.
- Keep and file all signed appraisals.
- If a claim will total $500,000 or more, RMA will be notified and a representative can be chosen to participate in the review.

Note that soft records are primarily used for breaking out production by a unit such as load records and yield monitor records, while hard records would be actual production numbers such as settlement sheets, scale tickets, appraised production, adjuster measured production, or feed production records.

Farmers that anticipate a claim of $200,000 or more for at least one crop in a county should begin work with their crop insurance agent to prepare for the APH review.