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Drought and Crop Insurance: Patience Please!

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The year began with plentiful moisture and high hopes as Wisconsin planted 4.35 million corn acres and 1.69 million soybean acres, a Wisconsin record for both. The drought and high temperatures in Wisconsin and other states are getting national attention as the weather pattern across the Midwest continues. Timely rains can still allow many acres to produce some yield – patience over the next few weeks will clarify just how Wisconsin crop yields will turn out.

Most of these corn and soybean acres are insured in Wisconsin. Acreage reports are not due until July 15th, so data for 2012 are not yet compiled, but in 2011, 69% of corn acres and 74% of soybean acres were insured, with even more acres likely insured in 2012. This bulletin is a quick summary of things to remember for farmers who bought crop insurance for their corn and/or soybeans, as many farmers are concerned that they already have crop losses in 2012 and many farmers are still relatively new to crop insurance.

Call Your Agent

Insured farmers should communicate with their crop insurance agents during this time of drought. Drought is not a single event, so the 72 hour notice of loss requirement does not apply as for hail and similar losses. However, farmers who think they have yield losses that will trigger payments should call their agents and let them know. Agents will likely start an official notice of loss, which means that eventually an adjustor will come to the farm, but at this time, most growers will likely receive instructions by telephone on how to proceed.

You will likely be required to leave a sample of the crop in the field of a specific size for the adjustor to inspect later. A loss adjuster will eventually visit the damaged crop to take samples and may ask for more information such as planting date records and other documents. Work closely with your crop insurance agent to ensure that coverage is not lost due to a technical issue.

Things to Remember

You cannot graze an insured crop or chop it for forage or silage without first receiving permission from your crop insurance agent, or you will forfeit indemnities. The same applies if you decide to terminate the insured crop and plant a new forage crop – you must first receive permission or you will forfeit any indemnity. Expect to leave representative samples of the insured crop for determining indemnities and if these strips have high enough yields, you will not receive an indemnity. Note that you do not have to use the forage yourself, but can sell it. The adjuster will assess your yields and explain your options.

Using drought stressed crops for forage, silage, or grazing can be different than normal crops. To avoid problems such as nitrate toxicity, see some of the assembled resources listed below. Aflatoxin and related issues can also be a problem for drought-stressed grain. Aflatoxin and other grain quality problems are insurable causes of loss, so growers can receive indemnities for problems. If you suspect aflatoxin, mycotoxin, or other grain quality problems, contact your

crop insurance agent before you harvest the grain, place it in storage, or deliver it for sale. Loss adjusters will need representative samples from the standing crop to determine indemnities.

Farmers who insured their corn for silage can receive an indemnity not only if their silage yield is low, but also if their silage is grain deficient. If you believe your silage is grain deficient, contact your crop insurance before you harvest, as a loss adjuster will likely need a representative sample from the standing crop to determine indemnities.

Given the wide extent of the drought, loss adjustors will be busy throughout the Midwest. Expect delays in getting permission for alternative crop uses, especially for grazing. It is likely difficult for most growers to leave ungrazed strips for loss adjustors to use later for determining indemnities, so growers will have to wait for an adjustor to visit fields before receiving permission to graze an insured crop.

Patience

The final extent of crop losses as a result of the dry weather and heat is far from clear. Timely rains could still allow corn and soybeans to produce sizable crops. Modern corn hybrids are more drought tolerant than in years past and soybean flowering will last into early August, so there it still time for rain to save part of the yield for these crops, we just have to wait and see what happens. Furthermore, crop agents and especially loss adjustors will likely be very busy this year, meaning longer waits before adjustors can visit fields. Insured growers should expect delays, especially if they want to graze an insured crop, so start early if this is your plan – maintain contact with your crop insurance agent to keep moving the process along.

For More Information

UW Extension FYI Drought 2012: http://fyi.uwex.edu/drought2012/

Dr. Joe Lauer, UWEX Corn Agronomist, Main page http://corn.agronomy.wisc.edu/ and Corn Blog: http://corn.agronomy.wisc.edu/Season/Default.aspx

Dr. Shawn Conley, UWEX Soybean and Small Grain Agronomist, Main page http://soybean.uwex.edu/ and Soy Blog http://thesoyreport.blogspot.com/

Dr. Dan Undersander, UWEX Forage Agronomist: http://www.uwex.edu/ces/forage/

UWEX Wisconsin Beef Center: Summer Drought 2012 Resources (Forage Resources) http://fyi.uwex.edu/wbic/2012/07/09/summer-2012-drought-resources/

UWEX Farmer to Farmer Hay, Forage & Corn List: http://farmertofarmer.uwex.edu/index.cfm, or contact your local UWEX county agent.

Drought and Alternative Uses of Insured Crops: Can I Chop My Insured Corn for Silage? http://www.aae.wisc.edu/mitchell/Insurance_and_Silage.pdf

USDA-RMA Aflatoxin and Crop Insurance Fact Sheet: http://www.rma.usda.gov/fields/mn_rso/2007/2007stpaulaflatoxin.pdf