

# JISINC Newsletter

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February 2003

## March 15<sup>th</sup> Deadline Approaching

Please remember that **March 15<sup>th</sup>** is the deadline to make any changes to your current crop insurance policy or to sign up for the program.

We will be holding informational meetings for area farmers to bring them up to date with the changes for the year 2003. We will be explaining the differences in the program and how these changes might effect your farming business.

An appointment isn't necessary but would be appreciated so we could have quote information ready for your review. We will be serving a lunch of slushburgers and chips until the March 15<sup>th</sup> deadline. We are pleased to meet with our customers in this format.

Please get your 2002 production in to us so your APH is up to date. Current APH information will allow for accurate quoting. Please contact our office today to set up an appointment time. Phone # 888-628-7884 or 628-3220

## Small Group Meetings Return

We have decided to hold the small group meetings in our office again this year. The format is much easier for questions and more personal towards your policy information. We had many positive comments about these meetings in the past. Let us know when you are coming so we have can get your data prepared.

**Crop Insurance Meetings**  
**Monday - Friday**  
**(now through March 15)**

## Production Reports Needed

Please bring in your production paperwork if you haven't already done so. Before we can accurately quote your units for the 2003 crop year we need to receive and key your 2002 production. The forms were sent out last August. If you have misplaced them or have questions please call us at 888-628-7884 or 628-3220.

## 2003 Crop Insurance Points of Interest or Changes

### Mustard Contracts:

Acreage insured to fulfill a processor contract, which provides that the processor will accept a designated amount of production or a combination of acreage and production **will not** be eligible for optional units. Acquire a separate contract for each section if optional units are desired. Shareholders names should also be on the contract.

### Malt Barley:

We have seen an increase in questions about malting barley. The malt barley contract option must be chosen on your policy by March 15<sup>th</sup>. It is referred to as "option B". Contracts must be written on malting company paper. Contract should be for the full APH on your policy. Contract and insurance standards vary slightly causing possible gaps in coverage. Must be tested by insurance company if rejected before production is sold. All production is to be sold or settlement of claim will be after May 31<sup>st</sup>, 2004.

### Units:

Any units that have been combined in the past must be split out this year in order for the history to go to each land description. If unit is split after the 2003 crop year, only actual production for each individual land description will be allowed.

### Production Records for Forage:

Forage production records must be maintained contemporaneously (on a daily basis) with the harvesting, storing, or feeding of the insured crop for each year reported. *Sold Production* - verified by marketing outlet, processor, or buyer.

*Farm Stored* - weights must be based on average of at least two bales per cutting/type/unit weighed, dated, and signed by a disinterested third party.

*Fed Production* - documented on a formal daily record system including: date fed and amount; number, type and weight of livestock fed on that date; type and/or unit should be noted.

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**Maximum Yields:**

FCIC has instituted 2 new yield maximums. Lower level yield maximum can be accepted if record can substantiate the high yield. A maximum yield occurs if a yield is above the upper limit and cannot be accepted unless authorized by FCIC.

**Primary County:**

A primary county must be established to determine coverage provided to added land in another county after the sales closing date of March 15<sup>th</sup>. If currently in only one county the added land in the new county will be provided coverage as in the current county. If currently farming in multiple counties, a designated primary county by crop must be established or added land in an additional county will not be covered.

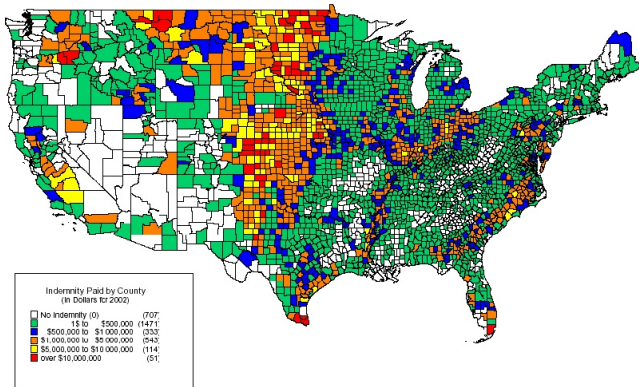
**Spousal Social Security Numbers:**

We need your cooperation in reporting social security numbers for your spouse. Indemnities will be reduced by 50% if it is determined that a social security number is missing for a spouse.

**Written Agreements:**

Requests for these agreements will need to be submitted ASAP. If you are planting an uninsurable crop for your county, a written agreement may be requested to provide possible coverage for the crop.

**2002 RMA Crop Indemnities  
(As of 01/13/2003)**



\*Best viewed online at: [www.jisinc.com](http://www.jisinc.com)

**American Agrisurance Under Control of Regulators**

Within the past few weeks, American Agrisurance (AmAg) was taken over by the Nebraska Insurance Department and the Risk Management Agency. They have been ordered to close down and to issue no new policies. AmAg was the largest crop insurance company. It is expected that AmAg will go out of business after current crop insurance contracts are settled. We are currently transferring any policies we have to Rural Community Insurance Services.

**Balancing Fraud and Fairness?**

*By Dan Looker  
Successful Farming*

When Congress decided in 2000 to pump more money into crop insurance, it also wanted to make it harder to cheat the program.

In a report to Congress in September, the USDA said there were more than 12,000 investigations of potential abuse in 2001. That saved the government an estimated \$94 million. It has also recovered \$35 million on claims that shouldn't have been paid.

"We're not really interested in catching people at fraud. We'd rather that they simply didn't do it," says Garland Westmoreland, the Risk Management Agency's person in charge of compliance.

To do that, RMA uses data mining to check if your losses look suspiciously large compared to average losses in your area. It also cross-checks with Farm Service Agency records of your production. It even uses government satellite images to verify crop conditions or damage.

If you have a long history of suspicious bad luck, you could get a friendly letter about this from the feds, and next summer you may find RMA or FSA staffers or insurance company investigators walking your fields.

Insurance companies also have their own gumshoes, like Lynn Ford, a former Pottawattamie County Iowa Sheriff who heads compliance for American Agrisurance. One of the most reliable sources of leads on fraud is an RMA hotline (800/424-9121). "We get a fair amount of complaints from that hotline. Most of those are [from] farmers," he says.

Bob Haney, who heads investigations for Rain and Hail, thinks the new emphasis is working. "Just the mere presence of us being in the field is helping," he says. And he believes cheaters are a small minority – "perhaps 1% of all farmers."

Whatever the level, it's too high for Sam Graves, a first-term congressman who is one of the few real farmers on the House Agriculture Committee.

"We've got a long way to go," Graves says. "There's a lot of fraud in the system, a tremendous amount."

A few years ago, when Graves and his brother, Danny, offered to rent an area farm, the landowner turned it down. "He said, 'I can make more off the crop insurance,'" Graves recalls. The next season the farm's fields appeared neglected.

Graves believes farmers caught cheating should not be able to buy insurance the next year and should be kicked out of the farm program for a time. "Taking the fraud out of crop insurance could do more toward leveling the playing field for small- to medium-size farmers than anything," he adds. The Graves family's sixth-generation farm run by Sam,

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Danny, and their father, Sam, Sr., grows about 2,200 acres of corn and beans.

**Another blow to fairness?**

A key issue in many fraud cases is whether or not a farmer used practices common to the area to raise a crop. Low seeding rates, not fertilizing or treating for weeds can get you in trouble. In some cases farmers have also been misled by insurance agents about whether their crop is insurable, says Scott Fancher, an attorney in Harrison, Arkansas. He has represented farmers from his state, California, Colorado, and Mississippi in disputes involving crop insurance companies.

Last fall, USDA's Risk Management Agency proposed shortening the process for appealing decisions by insurance companies. And it wanted to throw out farmers' rights to have disputes settled by arbitration. The only option left would be to sue companies in court if there's a disagreement, he says. That could hurt small farmers who benefit from less expensive arbitration, he says. "If this rule is adopted, they are absolutely out of luck," says Fancher (phone: 870/743-1954).

Fancher believes the idea came from the insurance industry. But representatives of some, including American Agrisure and Rain and Hail, say they support a right to arbitration. They believe other companies do, too.

**Sticklers for detail will rule**

Even the most meticulous and honest farmers can run afoul of the crop insurance system, as Nebraska farmer Roy Smith discovered when incorrect social security numbers for landlords wound up on his crop insurance forms. He nearly lost FSA program benefits as a result. "There are so many details in this. You've got to check social security numbers and the shares that are insured," he says. Smith can't understand why farmers would cheat insurance. "Unless you're going to quit farming next year, it's to your advantage to have your yields as high as you can get them," he says.

**February 14<sup>th</sup> is just around the corner!**



**Recipe of the Month**

**Potato Soup**

*Makes 8 servings*

- 8 cups coarsely chopped peeled potatoes
- 1 small onion, chopped (1/3 cup)
- 1/2 pound bacon, crisped, drained, and crumbled
- 1 8-oz pkg. cream cheese, softened
- 3 14.5 oz cans reduced-sodium chicken broth
- 1 10.75 oz can condensed cream of chicken soup
- 1/4 tsp. pepper

1. In a 4-qt. crock, stir together the potatoes and onion. Stir in the bacon.
2. In a large mixing bowl, combine the cream cheese, chicken broth, cream of chicken soup, and the pepper. Add the mixture to the crock.
3. Cover and cook the soup on low heat for 8-10 hours or on high heat for 4-5 hours. If you like, mash the potatoes slightly for a thicker consistency before serving.

**Mountrail County Ag Improvement Day**

Johnson Insurance Services, Inc. and Rural Community Insurance Services will have a booth set up on Monday, February 17<sup>th</sup> for the "Farm and Ranch Day" that will be held at the Fair Building in Stanley. We will have the latest crop insurance information available to present to you including the changes for 2003 and the updated Mountrail County T-yields.

Please stop by and register for a door prize and ask questions concerning crop insurance. Dennis Moen, RCIS marketing representative for North Dakota, will be available during the afternoon.

**2003 Established Price Elections**

Barley	\$2.05	Canola	\$.0949
SMGRY	\$.07	Lentils	\$.12
Flax	\$4.55	Oats	\$1.40
Soybeans	\$5.15	Wheat	\$3.15
Sunflowers Oil	\$.1135	Sunflowers Confection	\$.146

The revenue products will have their official price announcements the first week in March as they are established during trading throughout February.

You may follow the revenue prices on our website at:

[www.jisinc.com](http://www.jisinc.com)

**March 15<sup>th</sup> - Policy Change Deadline**

**Meetings will be held in our office on a daily basis -  
Lunch will be served**

**2003 crop information and price tracking  
can be found at:**

**[www.jisinc.com](http://www.jisinc.com)**

**Johnson Insurance Services, Inc.  
P.O. Box 610  
Stanley, ND 58784**

ADDRESS CORRECTION REQUESTED