

# Crop Insurance – Claims update

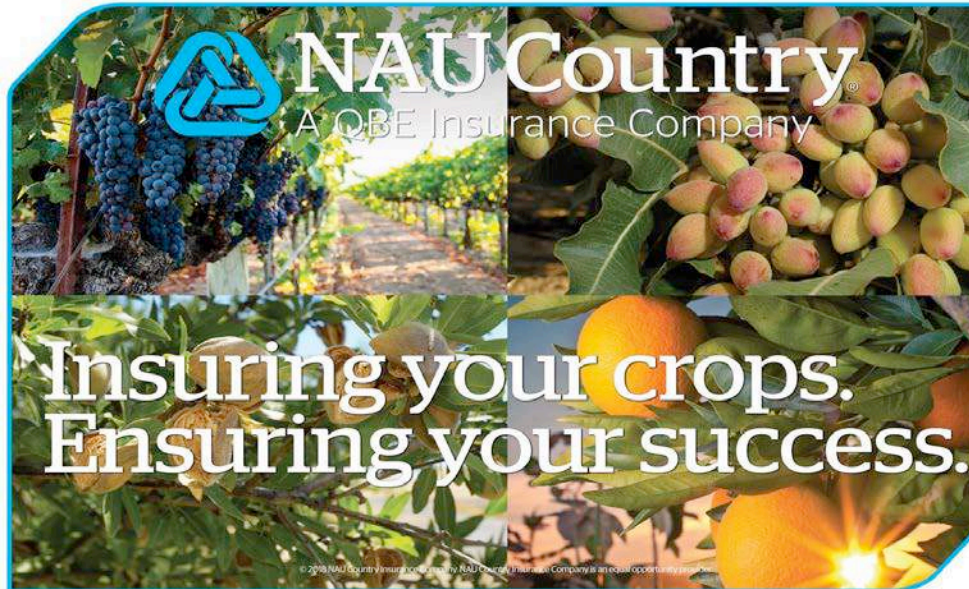
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January 8, 2019



# NAU Country Insurance Company

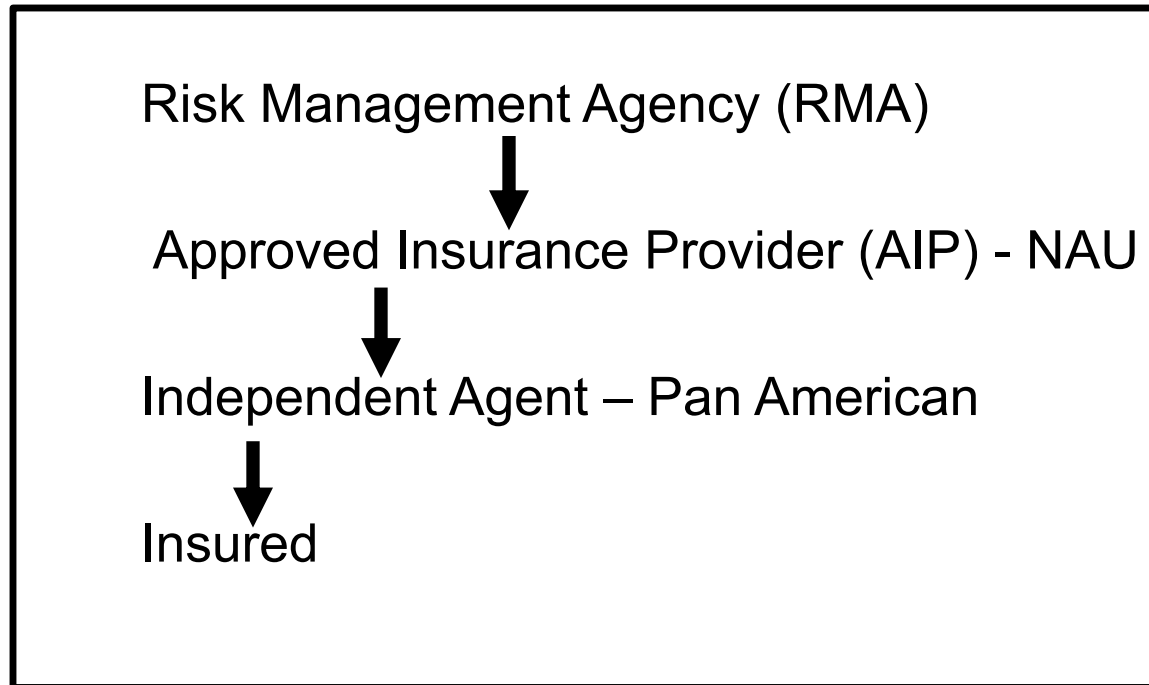


- America's original multi peril crop insurance company, a tradition since 1981.
- Have been in CA since the beginning.
- We currently write in 48 states and employ over 700 field and office staff across the country.
- Insured 29% of the CA grape acres in 2018.
- Proud sponsors of CAWG



CALIFORNIA  
ASSOCIATION  
of WINEGRAPE  
GROWERS

# MPCI (Multi Peril Crop Insurance) Public – Private Partnership. How does it work?



# RMA – Risk Management Agency

RMA - is part of the USDA (United States Department of Agriculture)

- Set policy, rules, and regulations
  - › Same for all AIP's (Approved Insurance Providers)
  - › Same rules, rates, regulations, plans, etc
- Provide reinsurance
- **AIP's generally purchase additional reinsurance**
- Subsidize premium (premium discounts) makes purchase of Crop Insurance more affordable for producer.

## AIP – Approved Insurance Provider

### Approved Insurance Provider (AIP) – NAU Country Insurance Company

- Reinsures policy with government
- Basically delivers the program:
  - › Services insurance contract, including sales and claims.
  - › Contract agencies to sell and service the policy
  - › Maintain a claims, underwriting, and compliance staff to service the policies and claims
  - › Agent and adjuster training and program certifications

# Agent

Agent – example: Pan American

- Educate farmers on how programs work
- Assess farmer's risk management needs
- Quote and compare:
  - › Coverage level (What % of production to protect)
  - › Types of policies
  - › Plan options
- Update farmer's :
  - › Unit structure – Basic, Optional, Enterprise, Whole Farm
  - › Production history – Actual Production reported yearly
  - › Perennial Crop Plantings and acres
- Assists in the Notice of Loss process
  - › submitting notice of damage to the crop insurance company when notified by the insured

# Smoke taint info

Grapes are now in the barrel and the smoke taint is detected. I receive significantly reduced price. Question – are only your grapes in the barrel or does the barrel contain other grower’s wine – in other words have they lost their identity? If they’ve lost their identity (commingled with other grower’s juice) then I don’t see how one can proceed with the loss (hard to verify the cause of loss).

Minimally, a grower would need to have a field test done on the grape themselves to verify that the elevated levels of guaiacol (G) and 4-methylguaiacol (4MG) before they were crushed. The grower would need to show that it was his grapes that were damaged (smoke taint) and not some other grower’s grapes mixed in with his. Remember, according to the policy provisions the insured needs to give proper notice of loss {no later than 15 days after the end of insurance – usually harvest – section 14(b)(1)}. Additionally, the insured needs to submit a claim not later than 60 days after the insurance period ends for all acreage in the unit (section 14 (e)(3)(i) - again, usually harvest.

Is smoke damage from fire a covered MPCl cause of loss? For APH or AGR? Assuming the grower has met all of the policy requirements and deadlines under certain circumstances smoke taint could result in a quality adjustment which could result in an indemnity. The policyholder would have to prove that his grapes are affected by smoke taint and would have to a test done by an independent/certified laboratory indicating that at least two of the most common markers associated with smoke taint – guaiacol (G) and 4-methylguaiacol (4MG) have elevated levels. As you know it’s up to the insured to prove the cause of loss and somehow the grower has to quantitatively show that he has smoke taint in order to possibly qualify for quality adjustment under the APH plan of insurance. Additionally, we need to verify that the lower/reduced price is actually due to severe smoke taint and not due to an oversupply of grapes – market conditions.

## Help NAU Country, help you...

- ❖ The standard the crop insurance industry has set for elevated levels of smoke, G and 4MG, is “elevated”.
- ❖ Labs that we have been in contact with do require a minimum random sample of 200 berries.
- ❖ Appraisal must be completed prior to destroying any crop or putting that crop to a different use
- ❖ Production from different optional units must be separate scale tickets in addition to marketing records (No commingling)
- ❖ Samples must be taken in the field. Each variety must be tested independently. **After harvest, it's too late.**
- ❖ Loss Adjustment Manual, Para 1102 Quality adjustment;
  - ❖ A. Sample requirements;  
*Samples can be obtained and submitted for grading/analyzing only by the adjuster or a disinterested third party.*



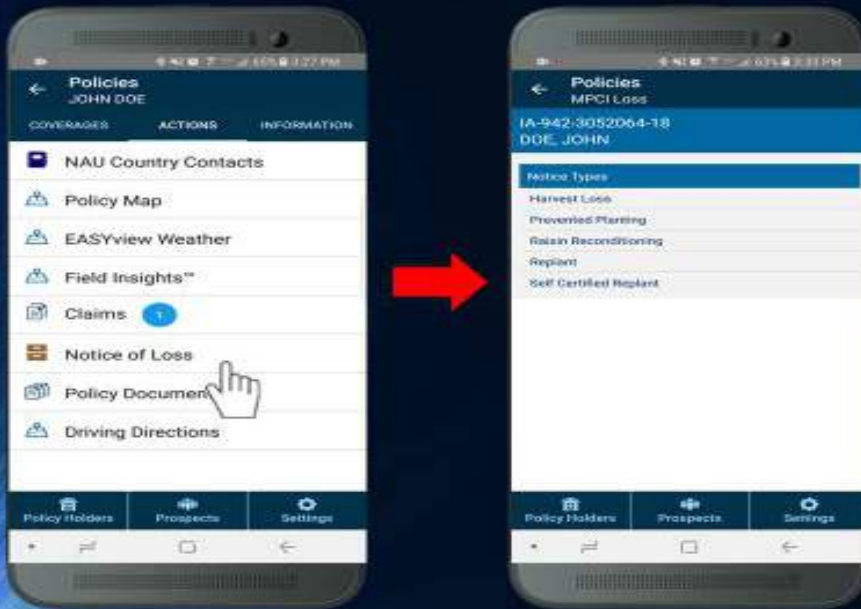
# Claim Submission to NAU Country

A notice of loss can be submitted by the insured via:

- › Your agent
- › Website (naucountry.com)
- › NAU Country App (for iOS and Android, available at [App Store](#) or [Google Play](#))

When reporting a loss, NOL should accurately reflect the **cause of loss, cause of loss date, most current phone number and email address.**

## NAU Country mobile app: Submitting a NOL



• Follow these steps to submit a NOL

- Select Loss Type
- Select applicable crop
- Select cause of loss
- Select intentions for crop
- Select Loss date
- Key in acreage amount and any applicable Remarks, then click "Save Loss"

## L.A.M. sec 203 – Insured’s responsibilities

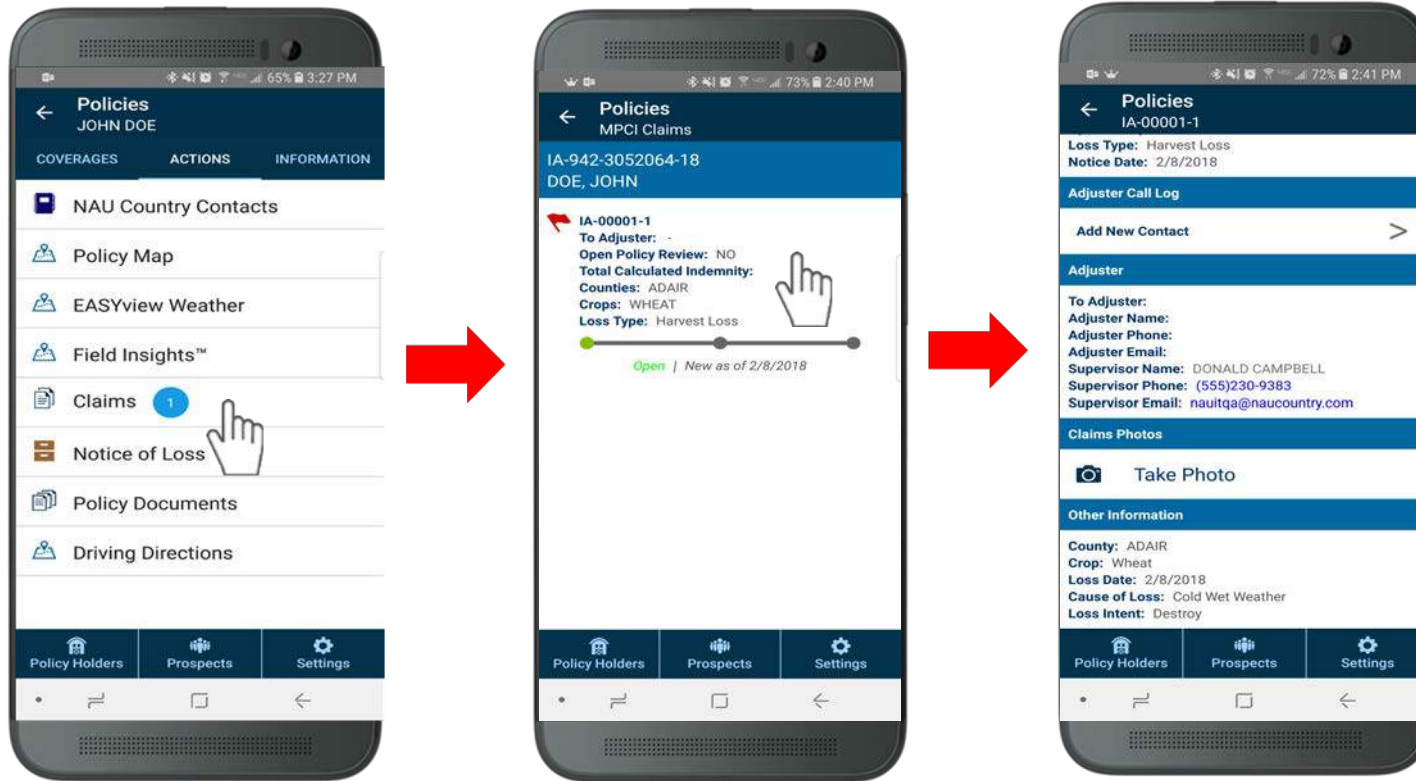
Besides the requirement to provide notice when damage occurs, the Basic Provisions requires the insured to:

- (1) Protect the crop from further damage by providing sufficient care.
- (2) Cooperate with NAU Country in the investigation or settlement of a claim, and as often as NAU Country reasonably requires:
  - (a) Show NAU Country the damaged crop;
  - (b) Allow NAU Country to remove samples of the insured crop; and
  - (c) Provide records and documents requested and permit NAU Country to make copies.
- (3) Establish:
  - (a) The total production or value received for the insured crop on the unit;
  - (b) That any loss occurred during the insurance period;
  - (c) That the loss was caused by one or more of the insured causes specified in the Crop Provisions; and
  - (d) That he/she has complied with all provisions of the Basic Provisions.

## L.A.M. sec 203 – Insured’s responsibilities cont’d

- (4) Obtain consent from NAU Country before, and notify NAU Country after:
- (a) Destroying any of the insured crop that will not be harvested,
  - (b) Putting the insured crop to an alternative use,
  - (c) Putting the acreage to another use, or
  - (d) Abandoning any portion of the insured crop.
- (7) Provide a complete harvesting, production, and marketing record of each insured crop by unit including separate records showing the same information for production from any acreage not insured.
- (9) The insured must retain complete records of the planting, replanting, inputs, production, harvesting and disposition of the insured crop on each unit for three years after the end of the crop year. This requirement also applies to all such records for acreage that is not insured. The insured must also provide those records upon NAU Country request or the request of any employee of USDA authorized to investigate or review any matter relating to crop insurance.

# NAU Country mobile app: Viewing a claim



# Grape Crop Provisions

## 10. Causes of Loss.

(b) In addition to the causes of loss excluded in section 12 (Causes of Loss) of the Basic Provisions, we will not insure against damage or loss of production due to:

(2) Inability to market the grapes for any reason other than actual physical damage from an insurable cause specified in this section. For example, we will not pay you an indemnity if you are unable to market due to quarantine, boycott, or refusal of any person to accept production.

## 12. Settlement of Claim.

(c) The total production to count (in tons) from all insurable acreage on the unit will include:

(1) All appraised production as follows:

(i) Not less than the production guarantee per acre for acreage:

(A) That is abandoned or destroyed by you without our consent;

(B) That is damaged solely by uninsured causes; or

(C) For which you fail to provide production records;

(ii) Production lost due to uninsured causes;

(iii) Unharvested production (mature unharvested production may be adjusted for quality deficiencies in accordance with subsection 12 (e));

## Grape Crop Provisions cont'd

(e) Mature marketable grape production may be adjusted for quality deficiencies as follows:

(1) Production will be eligible for quality adjustment if, due to insurable causes, it has a value of less than 75 percent of the average market price of undamaged grapes of the same or similar variety. The value per ton of the qualifying damaged production and the average market price of undamaged grapes will be determined on the earlier of the date the damaged production is sold or the date of final inspection for the unit. The average market price of undamaged production will be calculated by averaging the prices being paid by usual marketing outlets for the area during the week in which the damaged grapes were valued.

(2) Grape production that is eligible for quality adjustment, as specified in subsection 12(e)(1) will be reduced by:

- (i) Dividing the value per ton of the damaged grapes by the value per ton for undamaged grapes (the value of undamaged grapes will be the lesser of the average market price or the maximum price election for such grapes); and
- (ii) Multiplying this result (not to exceed 1.000) by the number of tons of the eligible damaged grapes.

## End of Insurance Period-11,(b) in Basic Provisions

- Insurance ends on each unit, or part of unit (even though the insurance period may not have ended for other acreage within the unit) at the **earliest** of:
  - › Total destruction of crop
  - › **Harvest**
  - › Final adjustment of loss
  - › Applicable calendar date in the Crop or Special Provisions
  - › Abandonment
  - › As otherwise specified in the Crop Provisions
- The policy does not cover the crop after it has left the field
  - › Exception for potatoes and tobacco
- **Delayed notice and delayed claim submissions will result in extra documentation and review by the company**
- **Due to Risk Management Agency regulations they may also result in claims denial**

# What is “Harvested”

## RMA RESPONSE

We agree with the response below. When the insured signs off on the claim based off of the unharvested appraisal (i.e., when the fruit was still on the vine), with respect to crop insurance, it does not matter what happens to the crop afterwards. Once the appraisal has been signed by the insured, removing the fruit from the vine (a standard good farming practice for this crop) does not change the status of the production to ‘harvested.’

If the producer chooses to pursue that the crop is “harvested,” section 12(c)(2) of the Grape Crop Provisions state that total production to count will include,

(2) All harvested production from the insurable acreage:

- (i) Grape production that is harvested and dried for raisins will be converted to a fresh weight basis by multiplying the number of tons of raisin production by 4.5.
- (ii) Grapes grown for wine, juice, raisins, or canning and put to another use, will be counted as production to count on a tonnage basis. No quality adjustment other than that specifically provided for in your policy is available.

As stated below, the AIP can ask for production records of all harvested production and when they aren’t provided, 15(b)(1) of the CCIP is applicable and no indemnity is due.



# Unharvested Adjustment

## 15. Production Included in Determining an Indemnity and Payment Reductions.

(d) The amount of an indemnity that may be determined under the applicable provisions of your policy may be reduced by an amount, determined in accordance with the Crop Provisions or Special Provisions, to reflect out-of-pocket expenses that were not incurred by you as a result of not planting, caring for, or harvesting the crop. Indemnities paid for acreage prevented from being planted will be based on a reduced guarantee as provided for in the policy and will not be further reduced to reflect expenses not incurred.

Prices		
Selection Criteria		
Year: 2019	Commodity: Grapes (0053)	State: California (06)
Data: Released	Plan: APH (90)	County: Lake (033)

Types / Practices	T/P 01	T/P 02	T/P 03	T/P 04	T/P 05	T/P 06
Type	Cabernet Sauvignon 016	Gewurztraminer 039	Cabernet Franc 015	Semillon 083	Malbec 101	Chardonnay 023
Practice	Irrigated 002	Irrigated 002	Irrigated 002	Irrigated 002	Irrigated 002	Irrigated 002

Prices - Base County											
Crush District											
2	Established Price	\$2,120.0000	\$1,450.0000	\$1,850.0000	\$1,160.0000	\$1,910.0000	\$1,230.0000	\$1,310.0000	\$1,240.0000	\$1,790.0000	\$1,125.0000
	Catastrophic Price	\$1,166.0000	\$797.5000	\$1,017.5000	\$638.0000	\$1,050.5000	\$676.5000	\$720.5000	\$682.0000	\$984.5000	\$618.0000
	Maximum Contract Price Factor	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
	Maximum Contract Price	\$4,240.0000	\$2,900.0000	\$3,700.0000	\$2,320.0000	\$3,820.0000	\$2,460.0000	\$2,620.0000	\$2,480.0000	\$3,580.0000	\$2,250.0000
	Harvest Cost Amount	\$200.0000	\$200.0000	\$200.0000	\$200.0000	\$200.0000	\$200.0000	\$200.0000	\$200.0000	\$200.0000	\$200.0000
	Contract Price Code	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

# NAU Country mobile app: Field Insights



• Follow these steps to access Field Insights

**NAU Country**  
A QBE Insurance Company

## Direct Deposit of Claims Payments

- Insureds have the option of having their loss checks deposited directly into their bank accounts
  - › Alleviates problems/expense caused by slow mail time, provides a “green” alternative to you and your insureds
- Agent can download and print the *ACH-Direct Deposit of Indemnity Form* from the Agent Portal (Claims section of Forms tab)
- Insured completes and returns to agent, who sends the completed form to our main office in Ramsey, MN.
- Once we set up, a confirmation email will be sent to the insured and agent
  - › If insured does not provide an email the confirmation is sent only to the agent, who will notify the insured of the successful set-up
- When indemnity is approved for payment the ACH transaction is initiated by Accounting
  - › Email will be sent to agent/insured when the payment is posted to the insured’s account

