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### **Interpreting SURE Eligibility Rules is a Minefield<sup>1</sup>**

Dear Art,

We have a producer who we insure his wheat, corn and soybeans. He also has a new seeding of forage/alfalfa AND grows vegetables for a roadside stand or farmer's market.

Our local Farm Service Agency (FSA) office, with confirmation from our State FSA office says they do not consider forage seeding a crop of economic significance and does not need insurance. This producer's local FSA office located in an adjoining State said he needs coverage on forage seeding, or should have had it in 2008.

Additionally, since none of his vegetable crops are insurable under APH crop insurance, we suggested he purchase Noninsured Crop Disaster Assistance Program (NAP) on his crops sold at farmer's market or roadside stand. His local FSA office considered his vegetables as "one crop", would not let him buy NAP, and said since AGR-Lite was available; he needed to buy AGR-Lite on the farmer's market crops we cannot insure with APH. If that is the case, and his State is correct, it seems to me that any state that has AGR or AGR-Lite should not allow NAP coverage on any crop.

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As you and we are finding out, seems like each local FSA office has a different interpretation of SURE rules.

Can you help? Need a national answer on whether forage seeding must be insured, and whether AGR-Lite must be written instead of NAP. Do you have the answers, or a contact person within FSA that could help?

Frustrated Crop Insurance Agent

Dear Agent,

My only Farm Service Agency (FSA) contact is our State office that is in a different state from your office, so I have no way to get a national answer. An opinion from another state FSA office clearly carries no weight.

My understanding on Adjusted Gross Revenue (AGR) and AGR lite is they are pilot programs and the reason FSA also offers NAP coverage on those crops. I am not aware if AGR or AGR Lite is out of the pilot stage in any state. The other condition is if there is no CAT coverage for a crop then the crop can be covered by NAP. AGR does not offer CAT coverage. In addition was AGR available in 2008 in this county? Also the maximum coverage under AGR Lite is a million dollars, so it may provide only "limit" coverage for large scale fruit and vegetable growers. The AGR provides a higher coverage level than Lite but is available in only a few states.

We have a pilot rainfall index contract sold on forage and pasture in Kansas, but it is a pilot. Therefore, farmers can buy NAP on their hay rather than the rainfall index contract. If they paid the NAP fee, then they are eligible for SURE coverage

There is a benefit for buying AGR rather than just taking the NAP coverage. The AGR is a "buyup" policy and that will increase the SURE coverage. If there is a claim on the AGR, then the entire premium is deducted from the indemnity and only the net indemnity payment is deducted from the SURE payment. Deducting the net indemnity rather than gross indemnity will increase the size of the SURE payment. Under optional units, only units with claims will have their premiums deducted and that will reduce the amount of the SURE payment.

I suggest you first try contacting the state office in the other state because as I understand your question this is the opinion of one county FSA office. As a last resort you can appeal the FSA decision through the FSA appeals process. If that doesn't work then your other option is to contact your Congressman's ag aid.

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Dear Art,

We were told at the FSA office that they will not sell NAP coverage for double crop soybeans. Our crop insurance agent says they will not insure the double crop practice, so we did not buy coverage for our double crop soybeans. We plant roughly 20% of our acreage to double crop soybeans each year, so I can't see how they fall below the "de minimis" level, so what will happen to us? Do we need to get a signed statement from the FSA and Crop Ins. people documenting this situation?

Thanks,

KS grower

Dear KS Grower,

This should not be a problem. Because soybeans are insurable in your county, therefore, FSA does not offer NAP coverage on soybeans. Crop insurance insures soybeans however; crop insurance does not insure the double crop practice in your county. Under SURE, the double crop soybeans will be treated as a "ghost crop" in your county. The double crop soybeans will not be included in the SURE guarantee nor will they count against the SURE guarantee. You will need to keep the production separate from the season long soybeans, but crop insurance already has that requirement.

There are a few Kansas counties where double crop soybeans are insurable. In those counties, crop insurance on soybeans is required to maintain SURE eligibility.

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