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Filing a Crop Insurance Claim: An Overview for Producers

by

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Federal crop insurance is an important risk management tool for farmers throughout the United States. This is not likely to change, and, in the near future, an expanded federal crop insurance program may replace many of the traditional “safety net” farm programs. In fact, crop insurance has become an integral part of the modern farm operation for producers throughout the United States. As such, federal crop insurance appears to have emerged as a mainstay of farm risk management and future farm legislation.

Once a loss occurs, farmers may have difficulty navigating the claims process, especially given some of the complexities associated with crop insurance policies. The Basic Provisions included in the Common Crop Insurance Policy place significant responsibility on farmers who suffer covered losses. The information set out below is provided to assist producers in understanding basic components of the claims process once a loss occurs.

This article is the first in a series of articles that will address various issues associated with federal crop insurance and related farm bill provisions. The article is general and educational in nature and is not intended to serve as legal advice or as a substitute for legal advice. However, the information below should be helpful in acquainting insured producers with the crop insurance claims process.

In the Event of an Insured Crop Loss

Under the Common Crop Insurance Policy, the insured producer has the responsibility to notify a crop insurance agent of an insured crop loss and initiate the adjustment process. Upon the discovery of crop damage or loss, the producer should immediately contact his or her crop insurance agent. After contacting the agent, producers should follow up with a letter, including the time and date of the conversation with the agent, and request that an adjuster immediately inspect the crop. Such a writing may not be required by the policy, but disputes over the time of notification have arisen where evidence of the initial claim was not available. A written notification will provide a record of a producer’s claim and significantly reduce the possibility of future disagreement.

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Timely Reporting of Losses

An insured producer should be aware that there are time requirements for submitting a loss claim. These can vary depending on the policy, so it is important for insured producers to be familiar with the terms of their specific crop insurance policy. Insured farmers must take care to submit crop insurance claims in a timely fashion and to provide supporting documentation relating to the cause and amount of crop losses. If a producer fails to report a potential claim within the appropriate time frame, the claim may be denied.² Generally, a farmer only has 72 hours after the discovery of damage to a crop in which to put the insurance provider on notice of a possible claim.³ For revenue coverage policies, notice of a claim must be provided no later than 45 days after the release of the harvest price.⁴ Prevented planting claims, on the other hand, are required to be submitted within 72 hours of the final planting date.⁵

Acreage Reporting

Under the Basic Provisions included in the Common Crop Insurance Policy, proper acreage reporting is the responsibility of the farmer and not that of the crop insurance agent. Put simply, taking the time to submit an accurate and complete acreage report before losses occur is not only a requirement but an action that helps to ensure an effective claims process for everyone involved, especially the producer. The annual acreage report documents acreage planted, while also serving to establish the amount of insurance coverage that will be provided to a producer as well as the premium that the producer is charged.

Acreage reporting may seem simple but an innocent error in calculating acreage can be costly, as a simple underreporting of acreage planted can result, for example, in a lower indemnity payment. Moreover, Farm Service Agency reports should be identical to acreage reports submitted for the purposes of obtaining crop insurance. If there are differences in the listed acreage, a producer should take the time to provide his or her insurer with a written explanation as to why FSA documents differ from the acreage report. These steps can be important as, in the event of a loss claim, the insurance provider will likely compare these two sources of information. Uniformity in acreage reporting may very well serve to alleviate possible confusion.

Preserve the Damaged Crop for the Adjustment Process

Regardless of time constraints, the damaged crop should typically not be destroyed before a claims adjuster has finished the adjustment process. Furthermore, many specific crop

² Common Crop Insurance Policy, 7 C.F.R. 457.8 § 14 (b)(5) (2011).

³ Common Crop Insurance Policy, 7 C.F.R. 457.8 § 14(b) (2011).

⁴ Id.

⁵ Id.

insurance policies contain the requirement that representative samples of the crop be left undisturbed. In addition, the Common Crop Insurance Policy requires that the consent of the insurance provider should be obtained before a farmer disturbs, harvests, or destroys the damaged crop or a required representative sample.⁶ If an insurance provider consents to the destruction or harvest of a damaged crop, it would be prudent for this communication to be documented in writing. A complete written record of communications involving the claim and the adjustment process will significantly limit the potential for confusion or miscommunication between the insurer and the insured, helping to facilitate a timely and efficient claims process.

Supporting Documentation

The Common Crop Insurance Policy requires a farmer to provide information and documentation supporting his or her losses while cooperating in the investigation of the claim. As with many requests of this nature, the documentation requested by the insurance provider can be expansive and time consuming to compile. To help ensure a prompt resolution of the claim, producers should consider having a qualified party such as a crop consultant or agronomic specialist visit the farm and make notes as to any conditions that resulted in crop losses or prevented a timely planting of the crop. Written statements from crop consultants and other experts can expedite the resolution of a crop insurance claim. Moreover, additional proof of loss or adverse farming conditions, including photographs, farm records, crop samples, weather data, or scale tickets, may also help facilitate a more efficient handling of the loss claim.

Conclusion

Remember, proper effort and attention to detail at the time of the initial claim to the insurance provider will likely help facilitate an efficient claims process and prevent unwanted issues from arising during the process. Producers will want to approach the claims and adjustment process with diligence and documentation of their losses. Innocent mistakes and simple oversights in the process of pursuing a crop insurance claim can be problematic for an insured producer. However, a thorough notification and documentation of the initial crop insurance claim, by the producer, may significantly diminish the potential for uncertainty, confusion, or disagreement in the claims process.

⁶ See Common Crop Insurance Policy, 7 C.F.R. 457.8 § 14 (c) & (d) (2011).