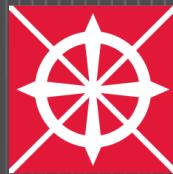


Dicamba Injury: Crop Insurance Perspectives

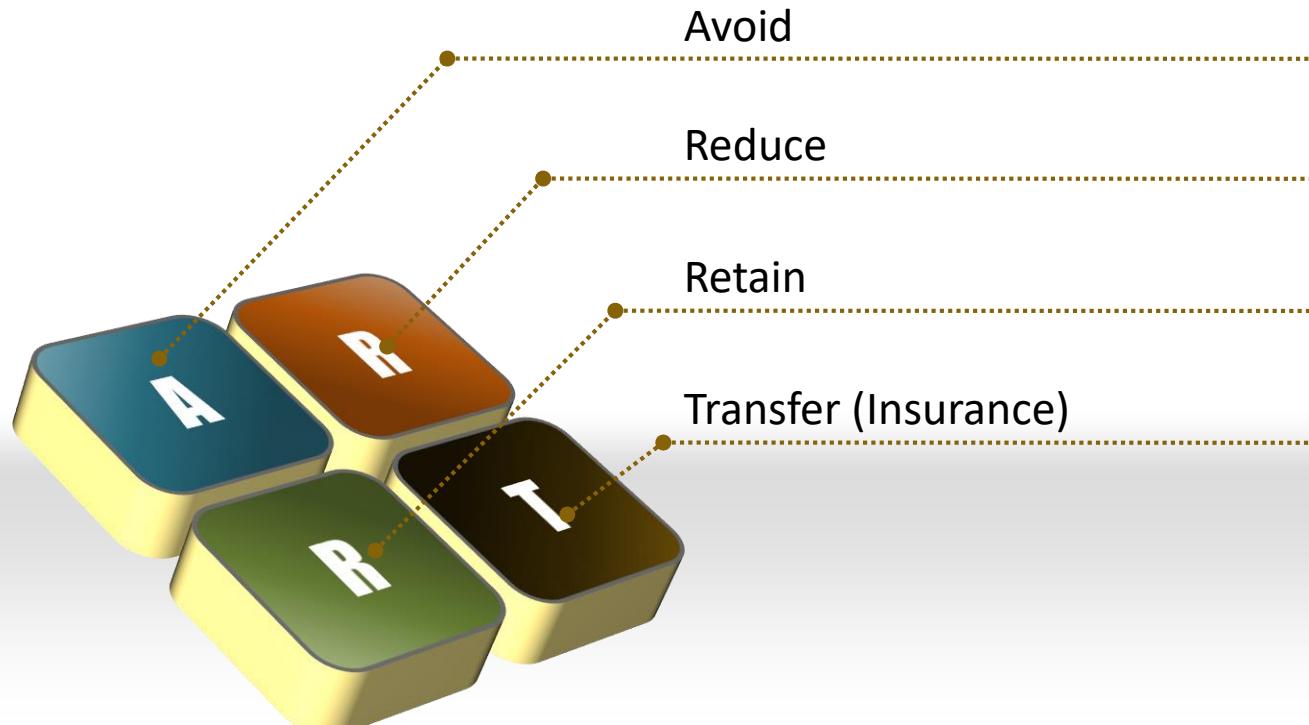
Ray Massey

Agricultural Economist



NORTH CENTRAL
EXTENSION
RISK MANAGEMENT
EDUCATION

Risk Management Strategies



Insurances affected by 3rd party herbicide injury

4

Product Liability Insurance

3

Professional Liability Insurance

2

Business (Farm) General Liability Insurance

1

Multi-peril Crop Insurance (USDA-RMA)

Presentation Objectives

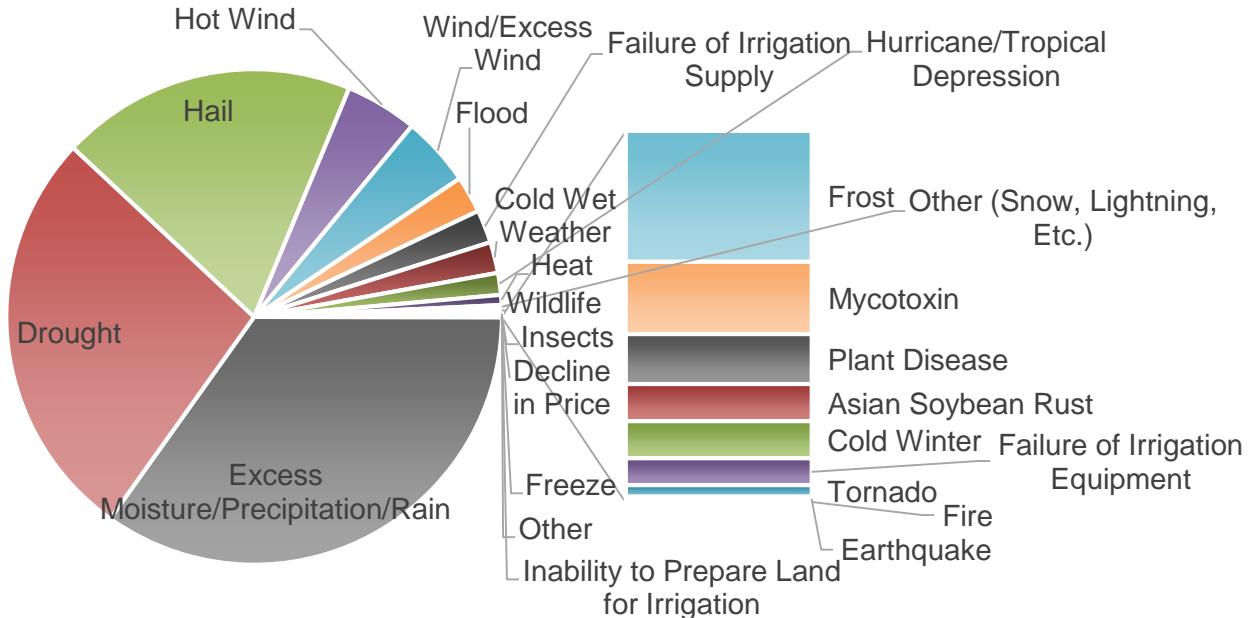
- ❖ Teach how the Risk Management Agency views third-party injury (e.g. dicamba injury) when considering APH calculations and indemnities.
- ❖ Teach what farmers should do if one or more of their fields are affected by dicamba injury caused by someone else.
- ❖ Encourage farmers to consider how to manage the increased risk of dicamba injury on their farms.



Crop Insurance and Dicamba Injury

2017 Indemnity for Cotton and Soybean by Cause of Loss

No indemnities
paid for
Herbicide
Injury!



Source: USDA RMA



Herbicide Drift Injury

- ❖ Multi-peril crop insurance does NOT cover herbicide drift injury regardless of who caused the drift injury.



Common Crop Insurance Policy

The RMA Common Crop Insurance Policy Basic Provisions states:

“Insurance is provided only to protect against unavoidable, naturally occurring events.”

- ❖ Naturally occurring events normally includes
 - Atmospheric events: hail, wind, excess moisture, floods, drought, excessive hot or cold temperatures
 - Biological problems: wildlife, insects, pathogens



Common Crop Insurance Policy

The Common Crop Insurance Policy Basic Provisions states:

“All other causes of loss, including but not limited to the following, are NOT covered: Any act by any person that affects the yield, quality or price of the insured crop (e.g., chemical drift, fire, terrorism, etc.).”

- ❖ Chemical drift from spraying herbicides has been an insurable event for years.
- ❖ It is not a result of increased injury due to off-target dicamba injury.



Crop Insurance APH and Third-party injury

- ❖ Actual Production History (APH) is the average yield for the last 10 years.
- ❖ The Common Crop Insurance Policy Manual rules for calculating APH was changed in 2017.
 - Yield losses due to third parties (e.g. herbicide damage) can be excluded from APH calculations.
 - Farmer must file a notice of loss due to actions of a third party within 72 hours of noticing loss.
 - The insurance providers will inspect the injury to observe its extent.



Crop Insurance APH Calculations

Year	Adjusted Yield	Actual Yield
2008	45	45
2009	55	55
2010	48	48
2011	52	52
2012	45	45
2013	44	44
2014	50	50
2015	57	57
2016	60	60
2017	55	40
APH	51.1	49.6

If no injury had occurred the yield would have been 55 bushels/acre. Because of the injury the yield was only 40 bushels/acre. The 2017 yield was decreased by 15 bushels due to dicamba injury.

The new RMA rule raises the APH from 49.6 bu/ac (include injured yield in APH calculation) to 51.1 bu/ac when the injured yield is not included. This 1.5 bu/ac difference in APH increases the protection provided by crop insurance.



Crop Insurance Management Strategies

- ❖ Manage APH - Report herbicide injury within 72 hours
- ❖ Evaluate Risk. Herbicide injury adds another risk to manage.
 - Talk with neighbors to estimate your increased risk from their actions.
 - Evaluate your fields for susceptibility to off-target herbicide drift.
 - Discuss the possibility of using unit elections to minimize your risk.



QUESTIONS ON HERBICIDE INJURY AND CROP INSURANCE?



"My attorney recommended posting it after the 'Dumpty' incident."