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Crop Insurance Procedures for Delayed Harvest and Aflatoxin Damage

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Introduction:

Minnesota farmers are facing adverse corn harvest conditions because of wet fall weather. This has caused potential delays in harvest, extending beyond the December 10 deadline for crop insurance claims. In addition, there are grain quality issues in corn due to the formation of mycotoxins such as aflatoxin resulting from both wet and drought conditions.

This information sheet will outline procedures for dealing with these crop insurance issues. However, each farmer's situation is different so check with your crop insurance provider regarding issues and decisions specific to your situation.

Harvest Delayed Beyond Dec. 10 Deadline:

If there is corn left in the field on Dec. 10 due to an insurable cause (wet weather, wet field conditions, etc.), farmers need to contact their insurance provider. Their agent can then submit or open a claim on behalf of the farmer for use after the insurance period. Basically this process will continue the insurance period for the corn crop in the field until it is harvested or deemed unharvestable by mechanical means.

If there is a loss on the crop in the field (yield and/or revenue), an appraisal can be done. If an appraisal is done and then that crop is harvested, the harvested production will always prevail over the appraisal with regard to the indemnity (loss) payment.

An important fact here is that the farmer can not simply give up on the crop because the insurance period has expired and then expect to receive an indemnity payment for a full loss. If there is any corn in the field and it can

not be harvested, the insurance company/adjuster will follow the crop through the winter. They may deem it unharvestable at some point but that is up to the judgment of the insurance company/adjuster.

An example might look like this. Corn remains in the field past Dec. 10. The soil is far too wet to allow for harvesting. It snows 2 feet during the ensuing months. As long as the corn is still standing well, the insurance company may wait until the snow melts to determine if the corn is unharvestable or not. They will do an appraisal. If the corn can not be harvested, the insurance company will then make an indemnity payment.

Make sure you check with your insurance provider before you chose to take any action if you end up having crop that is unharvestable by the Dec. 10 deadline. This is a two-way exchange of information because you are informing your insurance provider of the crop conditions which in turn helps them stay abreast of the situation.

Aflatoxin Damage:

Aflatoxin can occur when there is ear damage due to drought stress as well as rainfall at the end of the growing season that postpones harvest and prevents dry-down. High daytime temperatures of 90°F or greater and relative humidity of 80% or greater can also cause aflatoxin. Corn can be contaminated with aflatoxin and aflatoxin can grow and spread while in storage when corn moisture is above 13% and warm temperatures are present.

Aflatoxin causes potential health risks for humans as well as livestock. The concern is that in studies conducted

since the 1960's, aflatoxin has been shown to be carcinogenic to laboratory test animals. Aflatoxin is measured in part per billion (ppb). Federal Drug Administration (FDA) guidelines allow no more than 20ppb in grains for interstate commerce and 100ppb in complete feed for within state use. FDA also has ppb limitations specific to human use as well as type of livestock.

The important thing for farmers to remember here is that if there is mold or aflatoxin present, an appraisal and adjustment has to be done before the crop is harvested. If not, there can be no adjustment made for the problem and thus no indemnity payment. If you suspect mold or aflatoxin is present, contact your insurance provider before you harvest. Mold and aflatoxin is a covered cause of loss as long as samples are taken before harvest.

There are a couple of scenarios here that may occur. First would be a field too wet to harvest any of the crop. If aflatoxin is present, a sample needs to be taken before the corn crop is harvest, as mentioned before. Second, you may have been able to harvest the crop but you suspect aflatoxin is present. If that is the case, you need to leave representative sample strips so the adjuster can sample the grain at some point. A third situation involves the adjuster sampling the grain before storage or at point of delivery. Again, contact your insurance provider for advice.

The corn sampling process involves the insurance adjuster taking a representative sample. The sample is then submitted to an approved testing facility to determine the presence of mold and/or aflatoxin and the level of contamination measured in part per billion (ppb). FDA has no published advisory levels or use restrictions for crops with aflatoxin levels of 0 to 20 ppb. For aflatoxin levels from 21 ppb up to State maximums, the crop qualifies for a quality adjustment using what is referred to as the Reduction in Value (RIV). Over 300 ppb, FDA prohibits use and the grain must be sold, used, or destroyed before claim settlement.

A farmer has choices for grain contaminated with aflatoxin. They are: 1-for production sold to a disinterested third party (no family relationship, benefit financially from sale of insured crop, and persons authorized to conduct quality analysis in accordance with crop provisions) prior to 60 days after the calendar date for the end of the insurance period, the Discount Factor (DF) will be the RIV applied by the buyer, divided by the local market price. 2-in place of choice #1, any time prior to 60 days after the calendar date for the end of the insurance period, the farmer may elect in writing to accept a DF of .500. However, if they later sell the grain, the insurance company will not recalculate or adjust the claim for indemnity. 3-the DF will be .500 if prior to 60 days after the calendar date for the end of the insurance

period, the production is sold to other than a disinterested third party, fed, or used in a manner other than feed.

Unsold or unfed grain that remains unsold or unfed for 60 days or more after the calendar date for the end of the insurance period, will be adjusted using a DF of .500. An extension of time will be allowed for the farmer to submit a claim for indemnity not to exceed 90 days after the calendar date for the end of the insurance period.

There are also special guidelines for grain production that has in excess of FDA 300ppb aflatoxin as well as grain that is deemed having zero market value. In addition, farmers may encounter claim settlement delays because elevators may not buy the contaminated grain nor will they supply a reasonable value for the grain. Contact your insurance provider for questions regarding these situations.

If a farmer wants to test the corn for aflatoxin on their own, there are two labs available for that task. They are:

1-Dairyland Laboratories
<http://www.dairylandlabs.com>
919 Lincoln Ave.
Sauk Rapids, MN. 56379 320-240-1737

2-NDSU Veterinary Diagnostic Laboratory
<http://www.vdl.ndsu.edu>
174 Van Es Hall
Fargo, ND. 58105-5406 701-231-8307

If your corn grain is fed to livestock, aflatoxin can be very dangerous as mentioned earlier. This is a good reason to have the grain tested if there is any suspicion at all that aflatoxin may be present. Aflatoxin can also spread in grain storage facilities. Seek information from those professional you work with regarding the feeding of your livestock and the storage of your grain. This is in addition to checking with your insurance provider on these issues as well.

In addition to corn grain, quality adjustment procedures apply to barley, canola, flax, grin sorghum, oats, rye, safflowers, soybeans, sunflowers (oil), wheat, and sunflowers (confectionary). Consult with your insurance provider on any or all of these crops if there are harvest delay and quality issues.

Caution: This publication is offered as educational information only. It does not constitute crop insurance, grain quality, or grain marketing advice.

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