

“Crop Insurance – Brokers help protect the bottom line”

"Just like an accountant or lawyer who provides you with impartial professional advice, based on years of training and experience, a qualified Insurance Broker can do the same with your insurance", Chris Matthews, Authorised Representative of MGA Insurance Brokers said today.

When arranging insurance, many people take shortcuts without seeking proper advice, understanding the fine print or considering whether they are getting value for money. Often they are disappointed when their insurance doesn't come to the rescue. Whether it's business farm or crop insurance, brokers provide advice and assistance to make sure you are properly protected. A Broker will assist with the submission of claims on your policies, and ensure that all settlements are fair and prompt.

Brokers have access to lots of different policies because they deal with a range of insurance companies. A good broker will be aware of the benefits, exclusions and costs of competing policies on the market. They will also help arrange and place the cover and can often provide advice on how to make the most of your insurance budget.

Using a broker doesn't necessarily cost more. Often it costs less because brokers have knowledge of the insurance market and the ability to negotiate competitive premiums on your behalf. A broker will also explain your policy and any special situations you need to watch out for. Furthermore, a broker is obliged to advise you of fees charged for services provided to you.

Many growers for instance are unaware that crop insurance policies provide cover from germination to delivery at the silo, which means it is in the best interests of the farmer to purchase cover as early as possible in order to maximise protection.

The first component of this is a re-sowing subsidy that is applicable from emergence through to first jointing in cereals, and the eight-leaf stage in broadleaf crops. Any unrecoverable hail losses occurring at this stage will attract a replanting subsidy to cover the costs of replanting such as additional seed, fuel and sprays. The grower is able to replant with either the same or a different crop type.

The risks of fire and hail are present in all farming areas where thunderstorms, particularly in the spring and summer months, can cause severe financial difficulty if crops are damaged.

Insurance companies have access to statistical data on crop losses for the majority of areas throughout crop growing areas. This analysis allows them to rate areas based on their potential risk of loss thereby providing an equitable and efficient method of rating, therefore crop growers in low risk areas do not subsidise the growers in high risk areas. Some insurers also offer a non-claim bonus for good claims experience.

Following either first jointing eight-leaf stage or anthesis, depending on the crop type, Insurers then offer loss of crop yield cover. They provide the option of adjusting insurance yields as the season progresses, right up to the close-off date a few weeks before harvest. This gives crop insurance the important feature of being sensitive to the size – and hence the value - of the crop.

Many insurance companies also offer cover on harvested grain for fire, storm, lightning or explosion plus accidental loss or damage during transit right through to delivery, or June 30, whichever occurs first. Some policies only offer a restricted transit insurance cover of fire, collision or overturning of the conveying vehicle. Other additional benefits can include damage caused by other farmer's straying livestock or chemical overspray.

**Note: This editorial is designed to provide a brief outline of what policy covers are available. Please read your policy thoroughly for full details of cover, conditions and exclusions and consult your broker for advice.*

Editorial Subject: "Crop Insurance – Brokers help protect the bottom line"

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For release to:

Mackillop Farm Management Group

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“Crop Insurance - Assessing the damage”

It is critical that farmers wishing to purchase crop insurance select a company that makes use of a well-trained and respected pool of assessors. The increased production of specialist crops in the South East of South Australia and Western Victoria has meant that crop assessors must be familiar with the latest assessment techniques for each crop type in order to calculate the exact loss caused by hail or fire.

Various options are available for excesses depending on the crop types to be insured. The excess is the first amount of the paddock that the farmer has to bear before their insurance cover will pay for the damage and generally a higher excess attracts premium reductions. Some Insurers provide a reducing excess benefit where the excess reduces as the crop damage becomes more severe. This reduces any excess to nil for extensive damage but still provides the premium saving.

The principle job of the crop assessor is to establish the amount of seed lost due to the impact of hailstones. A significant number of tests are taken from a large number of sample sites in each paddock. The percentage loss of yield calculated is effectively the amount of grain lost due to hail, divided by the amount of grain present prior to hail.

Crops affected by hail losses late in the season usually require only one assessment to accurately determine the percentage loss. However, in instances such as early losses, it may be necessary for the assessor to return for a final assessment. These techniques ensure that each crop that has experienced a hail loss will receive a fair and objective assessment. Crops that have experienced significant hail losses carry further costs related to difficult harvesting conditions. Most insurance companies recognise this and offer a catastrophe loss subsidy which provides the grower with an increased payment for net losses higher than about 70%.

The farmer plays a critical role in the assessment process. The farmer should contact their broker within 48 hours of any loss, supplying details of the paddocks and crop types damaged. Details of the damage (i.e. light or heavy) should also be given. If harvest has commenced or will commence before assessment, it is imperative that the farmer leaves five sample areas of 20m by 5m in each 40 hectares of crop. These test strips must be representative of the crop and so avoid areas such as headlands, trees, fence lines and drainage lines.

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