

## Farm Management

# ODA maintains Grain Indemnity Fund

**V**OLATILE grain markets in the past few years have generally benefited grain producers with higher prices and increased profit margins. However, the price volatility has made managing grain elevators a bigger challenge. Even small mistakes can cause very large losses for elevators. In 1983, the Grain Indemnity Fund was established to help protect grain producers when elevators fail to pay for delivered grain. In the past year, the Grain Indemnity Fund has paid out \$4.1 million to 108 farmers when elevators in Archbold and Sandusky were unable to pay.

The Grain Indemnity Fund does not use tax dollars but rather is funded by grain producers with a ½-cent-per-bushel assessment. The assessment is halted when the fund exceeds \$10 million and is reinstated when the balance becomes less than \$10 million. If the fund is depleted, producers are paid back as funds become available.

The Grain Indemnity Fund assessment should not be confused with checkoff assessments, which fund marketing and research efforts.



### Administered by ODA

The Grain Indemnity Fund is administered by the Ohio Department of Agriculture's Grain, Feed and Seed Section. Indemnity claims from a failed handler are reviewed by the Commodity Advisory Commission, made up of three farmers, three commodity handlers and one banker involved in agricultural lending.

The commission determines the price of the claimed commodities according to the law and makes approval recommendations on the claims.

Generally, a farmer is reimbursed 100% for storage grain, deferred payments up to 90 days with a signed agreement, and insufficient fund checks.

The fund provides 100% coverage for the first \$10,000 and 80% of the balance for delayed price grain and basis grain.

A producer who is denied a claim can appeal the determination to the ODA. A hearing officer will conduct a hearing and make a decision based on the relevant laws, regulations and facts. ODA's decision can be appealed to the producer's county's common pleas court. A producer's best chance of prevailing on an initial claim or an appeal is to have good financial records and copies of all contracts, checks and set-



## Country Counsel

By ROBERT MOORE

tlement sheets received from the elevator. Early warning signs of an elevator's

cash-flow problems may include checks returned for insufficient funds, failure to be paid in a timely manner (within five working days) or promises to pay interest if the seller does not take payment. In any of these situations, the producer should discuss this matter with the elevator or contact ODA so further investigation can be done.

For information on how to file a claim

and the details required for a claim, contact the Grain, Feed and Seed Section of the Ohio Department of Agriculture.

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