

SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. GW-1154
of Cooperative Producers, Inc.,)
Hastings, Nebraska, requesting a)
\$100,000 deductible on its stock) GRANTED
insurance.)
)
) Entered: January 19, 2022

BY THE COMMISSION:

On December 10, 2021, Cooperative Producers, Inc. ("Applicant" or "Cooperative Producers"), Hastings, Nebraska filed an application requesting a \$100,000 deductible on its stock insurance. Notice of the application was published in The Daily Record, Omaha, Nebraska, on December 16, 2021.

On December 10, 2021, Applicant filed a Grain Inventory Insurance Verification ("GIIV") form with the Nebraska Public Service Commission ("Commission") showing it holds a policy with Nationwide Agribusiness Ins. Co. with a \$100,000 insurance deductible effective until December 1, 2022.

O P I N I O N A N D F I N D I N G S

Minimum insurance coverage amounts are governed by Title 291, Chapter 8, Section 002.06C, which provides:

[A] warehousemen must maintain a policy or policies of combustion, fire, lighting, and tornado insurance in an amount sufficient to cover the total loss upon all grain in the licensed warehouse, as valued by the formula set forth in Subsection 002.08H2. Without in any way limiting the warehousemen's liability under this section, the warehousemen may carry a standard form of insurance policy approved for grain warehousemen, with a total deductible not to exceed \$10,000; provided that the Commission may require a lower deductible based on the warehousemen's financial condition. Any applicant or licensee seeking a deductible higher than \$10,000 will submit an application to the Commission for consideration.

A warehouseman must demonstrate and maintain an allowable net worth of \$0.25 per bushel for each bushel of licensed capacity and must maintain a minimum allowable net worth of \$10,000.¹ Pursuant to

¹ 291 NAC Ch. 8 §002.04A.

SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

Application No. GW-1154

Page 2

the Commission's rules regarding working capital a warehouseman's current liabilities to allowable current assets shall show a working capital ratio of not less than 1 to 1. If a warehouseman's financial condition fails to meet this requirement, the warehouseman shall provide additional data that sufficiently satisfies the Commission that additional operating capital be obtained to meet the requirement.²

On December 15, 2020, the Commission entered an Order granting Cooperative Producers an increase in its insurance policy deductible to \$100,000.³ In that Order, the Commission held that if Cooperative Producers desired to retain the increased deductible for a subsequent license year, it must reapply for authority to do so. The December 10, 2021 GIIV form filed by Cooperative Producers shows a deductible on its policy higher than that which is prescribed in Commission Rule 002.06C. In its filed application, Cooperative Producers stated that with its total property asset value there are no insurers that will provide a deductible of at \$10,000 with a premium that will allow the business to operate. If Cooperative Producers were to have a \$10,000 deductible, the company estimates that it would cost an additional one million dollars per year in premium costs. The Commission's most recent financial review of Cooperative Producers was conducted and based on Cooperative Producers' June 30, 2021 financial statement.

Based on the most recent financial review conducted by Commission staff, it appears Cooperative Producers has sufficient net worth and working capital to support an increase to the insurance deductible.

Based on the foregoing finds, the Commission finds the application of Cooperative Producers, Inc., Hastings, Nebraska requesting a \$100,000 deductible in its stock insurance should be granted. Further, the Commission finds that should Cooperative Producers, Inc., Hastings, Nebraska, desire to retain such increased deductible for a subsequent license year, it must reapply for authority to do so from this Commission.

² 291 NAC Ch. 8 §002.04B.

³ See *In the Matter of the Application of Cooperative Producers, Inc., Hastings, Nebraska, requesting a \$100,000 deductible on its stock insurance*, Order Granting (Entered: December 15, 2020).

SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

Application No. GW-1154

Page 3

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Cooperative Producers, Inc., Hastings, Nebraska be, and is hereby granted authority to increase its insurance deductible to \$100,000 for its policy effective until December 1, 2022.

IT IS FURTHER ORDERED that should Cooperative Producers, Inc., desire to retain such increased deductible for a subsequent license year, it must reapply for authority to do so from this Commission.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 19th day of January, 2022

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Rod Johnson
Crystal Brader
Mary Kidden
Tim Schram

Don W. Johnson
Chair

ATTEST:

Thomas W. Golden
Executive Director