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FALL 2004 NEWSLETTER

WILL THERE BE CROP INSURANCE ON TOBACCO AFTER A BUY-OUT?

This is a question that has been asked of us many times in the past few years. While no one knows for sure the answer to the question, it is highly probable that federal crop insurance would be available in the event of a buyout. If tobacco goes the same direction as peanuts after the peanut buy-out, the coverage would change in a couple of ways. First, the price election (what we pay per pound) would be reduced to match the "post buy-out" pricing for tobacco. Second, the policy would most likely change to an aph (actual production history) plan. If that occurs, we will track your production history from year to year instead of FSA; much like we do for wheat, corn and soybeans.

We don't expect any changes in the crop-hail insurance program, other than the continuance of the upward trend on wind rates due to the heavy losses from hurricane Isabel in 2003. This is due to the fact that there is a two year lag in loss data being applied to insurance rates for future years.

WHEAT, OATS & BARLEY SALES CLOSING DATE IS SEPT 30TH

Recently, many of you have received a form from us for your signature that will transfer your small grain coverage from Rain & Hail LLC to RCIS. Currently, we have all of our customers growing tobacco, corn, soybeans, apples, peaches, etc. insured with RCIS. We have been very pleased with RCIS in all aspects. Also, it has become increasingly difficult to maintain policies on different crops with two different companies. If you haven't sent the transfer form back to us, please send it soon.

The final date to transfer, apply for, change or cancel wheat, oats or barley coverage is September 30th. Many tobacco farmers raise wheat on their tobacco land. If the wheat is grown for grain and is not just a cover crop, it is insurable. Many people overlook the value of wheat coverage. It is much more common to have a loss on a wheat crop, being unirrigated, than with tobacco.

If you had wheat, oats or barley coverage with us this year, your premium was billed and was due on July 1, 2004. If you haven't paid your premium, you need to do so by September 30th or you will not be eligible for any federal crop insurance coverage in 2005.

REPORT SUSPECTED CLAIMS NOW

If you suspect a loss on your corn, soybeans or tobacco, please report your loss now. It is never a good situation to report a loss after the crop is entirely harvested. It is always best if an adjuster can see the crop during the growing season so that he can document a suspected loss. When this documentation is in place, a loss is paid more quickly and without questions being asked as to why a claim wasn't turned in earlier. When there is any doubt in your mind with regards to production, turn in a claim to us. We can't turn in a claim for you unless you call.

PREMIUM DUE DATES FOR SPRING-PLANTED CROPS & FRUIT CROPS

For tobacco, corn and soybeans, the due date for premium payments is **October 1st, 2004**. Interest will not be charged on the premium until after November 1st, 2004. If you have a claim that is paid prior to your premium being paid, your premium will be deducted from the loss settlement. However, if your claim is in progress as of October 1st, 2004, please pay the premium prior to November 1st.

For apples and peaches, the premium due date is September 15th, 2004. Interest isn't charged until after October 15th, 2004. Again, if a claim is worked prior to the premium being paid, the premium will be deducted.

VERIFICATION OF MARITAL STATUS

Recently, we sent forms to each of the policyholders that we are showing as unmarried to verify their marital status. Without that form, any loss adjustment will be reduced by 50% due to lack of that information.

If you are married, we are now required to obtain the same form from you as well. This is a new item that must be in your crop insurance file with us when a claim is worked. We've already gathered spousal information from everyone that we show as married. However, **the form that we are now sending must be initialed to show that you understand that any SBI "Substantial Beneficial Interest" must be reported to your insurance company.** Your spouse is considered to be an SBI under crop insurance rules.

PRODUCTION REPORTING DEADLINE FOR SMALL GRAINS IS NOVEMBER 14th, 2004

If you had wheat, oats or barley in 2004 and didn't have a loss on all farm serial numbers, we need to hear from you with regards to the bushels of wheat that were produced on those farms. This production is important to you in that your coverage in future years is dependent on the average production for each farm number. Unreported production will cause the company to "impose" a yield for the farm that will cause your average yield to decrease. Also, when production is unreported, all farms will be commingled in the following year. That is, all farms will be counted together as one large unit when working your claim next year. Don't forget this important step whenever you have a successful grain crop. **If you didn't turn in a loss this year, we are sending with this newsletter a form that is used for reporting production to us.**

REPORT PRODUCTION ON CORN AND SOYBEANS

If you planted corn and have cut the corn for silage, you can use the number of tons of silage that you produced on each farm number as evidence of production on that farm. We can convert your tonnage figures to bushels of grain that the tonnage would have produced. Be sure to measure a couple of loads of the trucks or trailers that you use to haul silage. Don't forget to get the tare weight as well. Although silage tonnage can't be used to pay a loss, it can be used to establish production for future years.

With regards to harvested production, be sure to get a weight ticket for the corn or beans produced on each farm serial number. If you are not going to have a loss, you can keep track of production by tallying the combine bin loads from each farm as you harvest. If you don't plan to combine all of the acres that you planted, be sure to leave a sample of the crop in each field for appraisal. If you leave samples of corn or soybeans for appraisal, let us know so that we can send an adjuster to work the appraisal.

Most people don't see the benefit of a good crop year to their crop insurance. A good year helps you build your average yield for future years when you need the coverage. A good year also keeps the crop insurance companies strong so that they will be there for you when you need them.

NOVEMBER 20th IS THE SALES CLOSING ON APPLES & PEACHES

If you have an apple or peach policy with us or would like to insure your apple or peach orchard, the deadline for signing up for that coverage is November 20th, 2004. This is also the deadline for making any changes or cancelling your apple or peach policy for the 2004 crop year.

CHANGE IN DOUBLE CROPPING RULES

As of the 2004 crop year, there are new rules in place for paying losses on wheat. These new rules are intended to reduce payment of two losses on the same land in the same crop year when farmers don't have a history of double cropping. **For farmers with a recorded history of double cropping, the new rules will have no real effect. However, interpretation of "double cropping history" has been an issue on several wheat claims that were worked this year.**

The policy now dictates that a person must have double cropping history for **two out of the last four years that the first crop was planted.** Also, the insurance company can investigate the double cropped acreage to verify that the insured has a history of double cropping similar acreage to that which is double cropped in the current crop year. If the acreage that was double cropped in the past was less than the current year, the company can consider the farmer a double cropper up to the number of acres that the farmer can show double cropping history. This becomes especially complicated when acres were not reported to FSA in the past or in the event that the acres were recorded incorrectly in the past at FSA.

In cases where the double cropping history is not present, the loss on the first crop (as well as the premium) is **reduced by 65%**. The insured can collect the full 100% of the first crop loss if he elects not to insure the second crop. If he elects to insure the second crop after a first crop loss and doesn't have a loss on the second crop, the remaining 65% of the first crop loss is then paid. If the second crop has a loss, the insured is paid the higher of the remaining 65% of the first crop loss or 100% of the loss on the second crop.

We have been in contact with almost everyone that has been affected during this crop year by the new double cropping rules. However, if you feel that a wheat claim was paid to you in error, please give us a call.

WHEAT PRODUCERS - DATES TO REMEMBER

The final plant date for wheat for North Carolina policyholders is November 20th, 2004. For Virginia policyholders, the final plant date is November 15th, 2004. There is a 15 day late planting period in both states that allow for planting within 15 days after the final plant date but there is a corresponding loss of coverage of 1% per day for each day late planted.

The acreage reporting deadline for wheat in NC is December 15th, 2004 and November 30th, 2004 in VA. We will send reporting forms to everyone.

We appreciate your business!!!