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## FALL 2006 NEWSLETTER

### **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 normal yields, turn in a claim to us. We can't turn in a claim for you unless you call.

### **PREMIUM DUE DATES**

For tobacco, corn and soybeans, the due date for premium payments is **October 1<sup>st</sup>, 2006**. Interest will not be charged on the premium until after November 1<sup>st</sup>, 2006. 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 1<sup>st</sup>, 2006, please pay the premium prior to November 1<sup>st</sup>.

For apples and peaches, the premium due date is September 15<sup>th</sup>, 2006. Interest isn't charged until after October 15<sup>th</sup>, 2006.

### **PREMIUM DUE DATES FOR CROP-HAIL INSURANCE**

If you purchased crop-hail insurance, the premium due date is December 1<sup>st</sup> 2006 if you are located in North Carolina. For Virginia farmers, the crop-hail premiums are due on January 1<sup>st</sup>, 2007. Please don't forget these dates. Many producers prefer to pay these premiums prior to January 1<sup>st</sup>, 2006 in order to receive the tax deduction for the 2006 tax year.

### **TAX TREATMENT OF CROP INSURANCE**

Every year, we get many calls at tax time regarding crop insurance. RCIS sends a 1099 to everyone that receives a claim payment of any size. However, many farmers call and tell us that the 1099 doesn't match with the checks that they've received from us. Keep in mind that the 1099 will be for the entire amount of claims that are paid to you during the tax year. The 1099 doesn't take into account the premium that may or may not have been deducted from your claim. When doing your taxes, be sure to show the premium for your different crops as a business expense. You should show the full amount of your claim, not the net amount after premium is deducted, as income on your Schedule F. This will make the 1099 match with your taxes.

### **LOAD RECORDS, BIN MARKING AND COMBINE MONITOR RECORDS ACCEPTABLE IN 2006**

For the 2006 crop year, RCIS is allowing grain policyholders to use bin markings, load records or combine monitor records for production records **and** loss records. This is a very much improved procedure considering that in the past, third-party weigh tickets or bin measurements by the adjuster or an FSA person were the only acceptable records for loss purposes. In the event that you have a loss on your grain crop, be sure to discuss with your adjuster the types of records that you will keep

as you harvest the crop. Bin markings, load records or combine monitor records will be allowed to separate commingled production from various farms provided the following rules are followed.

Rules regarding bin markings – Bin markings are marks made on the side of your storage bin after you finish harvesting each farm serial number. The depth of production in the bin should be written on the bin in permanent marker with the farm number from the which the production was harvested along with a date and your initials. In order to use bin markings, there must be no production from prior years in the bin, unless the production has been measured by an RCIS adjuster or a USDA agency just prior to the current year's production being added.

Rules regarding load records – Load records are a tally of combine bin loads, truck loads, trailer loads, etc. that are harvested from each farm. In order to use load records, you must maintain a contemporaneous ledger, by crop, recording loads of production for the crop identified by unit and field, date of harvest, identity of the conveyance used to transport the grain (or silage) to the farm storage structure and the estimated production per conveyance. A conveyance can be combine hoppers, grain carts, grain wagons, farm trucks, semi trailer loads, railcar, etc. A contemporaneous ledger is a ledger that is maintained as harvest occurs.

Rules regarding combine monitors – Printed records from combine monitors must show the location of the fields, name of the crop, date and number of bushels for the crop. It should also show the farm number.

If RCIS determines, subsequent to this newsletter, that you are not authorized to use these new procedures, you will be notified in writing prior to harvest of your crop.

Of course, weigh tickets are always acceptable, as long as the farm number is shown on the weigh ticket. Also, bin measurements are still acceptable as long as you call the adjuster to measure the bin after you finish each farm. The above procedure for bin markings was allowed this year due to the limited availability of adjusters.

For crops that are not harvested for whatever reason, be sure to file a claim so an adjuster can appraise production, even if you don't expect a low enough yield for us to pay a loss to you. Any insured crop that is cut for hay should also be appraised to determine yield.

Any corn harvested as silage should also be appraised unless you are sure that you will not have a loss. In that case, you should tally silage loads as you cut the corn and the tonnage can then be converted to bushels. You should weigh at least a couple of loads of silage on each wagon or truck that is being used so that the total tonnage can be calculated.

### **REPORT YIELDS ON CORN, SOYBEANS & TOBACCO**

Later this Fall, we will be sending production reporting forms to you in the event that you don't have a loss on some or all of your spring-planted crops.

### **SEPT 30<sup>TH</sup>, 2006 SMALL GRAINS SALES CLOSING DATE**

The final date to transfer, apply for, change or cancel wheat, oats or barley coverage is September 30<sup>th</sup>, 2006. ***All federal crop insurance policies are continuous policies. They will not change from year to year unless you make changes to your policy.*** 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. The cost of wheat coverage is generally from \$2 to \$15 per acre depending on the amount of coverage and type of coverage that you purchase.

It is important that you know that if you have received claim settlements on your wheat crop in recent years, you may have average yields that are depressed. In those cases, your insurance premium

may be increasing due to higher insurance rates. As yields decline, the farm on which the yield declines has a rising insurance cost due to the higher risk perceived on the land on which we have paid claims. If you have a premium on small grains that exceeded \$15 per acre in 2006, we will be contacting you prior to September 30<sup>th</sup> to see if you wish to make changes to assure that the premium will be more tolerable in 2007.

Also, it appears that the base price for wheat for the 2007 crop year will exceed \$4.25 per bushel. While this indicates that you will have plenty of dollar coverage on the 2007 wheat crop, it also indicates about 25% more premium due to the higher price. If you wish to drop back one level, you will reduce your premium roughly by the same 25%. Give us a call and we will review your current coverage level and premium and give you premium rates for other levels.

If you had wheat, oats or barley coverage with us this year, your premium was billed and was due on July 1, 2006. If you haven't paid your premium, you need to do so by September 30<sup>th</sup> or you will not be eligible for any federal crop insurance coverage in 2007.

### **SMALL GRAIN PRODUCERS - DATES TO REMEMBER**

The final plant date is the date by which your crop should be planted in order to receive your full amount of coverage for the crop. The acreage reporting date is the date by which you must report your acres in order to have coverage. Following are the final plant dates and the acreage reporting dates for the counties in which we write business:

<b>County</b>	<b>Crop</b>	<b>Final Plant Date</b>	<b>Acreage Reporting Date</b>
Alamance	Wheat	11/20/06	12/15/06
Alamance	Oats	10/31/06	11/15/06
Alamance	Barley	10/31/06	11/15/06
Caswell	Wheat	11/20/06	12/15/06
Caswell	Oats	10/31/06	11/15/06
Caswell	Barley	10/31/06	11/15/06
Charlotte	Wheat	11/15/06	11/30/06
Charlotte	Oats	10/25/06	11/15/06
Charlotte	Barley	10/25/06	11/15/06
Durham	Wheat	11/20/06	12/15/06
Durham	Oats	10/31/06	11/15/06
Durham	Barley	10/31/06	11/15/06
Franklin	Wheat	11/15/06	11/30/06
Franklin	Oats	10/25/06	11/15/06
Franklin	Barley	10/15/06	11/15/06
Granville	Wheat	12/05/06	12/15/06
Granville	Oats	10/31/06	11/15/06
Granville	Barley	10/31/06	11/15/06
Guilford	Wheat	11/20/06	12/15/06
Guilford	Oats	10/31/06	11/15/06
Guilford	Barley	10/31/06	11/15/06
Halifax	Wheat	11/15/06	11/30/06
Halifax	Oats	10/25/06	11/15/06
Halifax	Barley	10/25/06	11/15/06
Henry	Wheat	11/15/06	11/30/06
Henry	Oats	10/25/06	11/15/06
Henry	Barley	10/25/06	11/15/06
Mecklenburg	Wheat	11/30/06	12/15/06
Mecklenburg	Oats	10/25/06	11/15/06
Mecklenburg	Barley	10/25/06	11/15/06
Orange	Wheat	11/20/06	12/15/06
Orange	Oats	10/31/06	11/15/06

Orange	Barley	10/31/06	11/15/06
Person	Wheat	11/20/06	12/15/06
Person	Oats	10/31/06	11/15/06
Person	Barley	10/31/06	11/15/06
Pittsylvania	Wheat	11/15/06	11/30/06
Pittsylvania	Oats	10/25/06	11/15/06
Pittsylvania	Barley	10/25/06	11/15/06
Rockingham	Wheat	11/20/06	12/15/06
Rockingham	Oats	10/31/06	11/15/06
Rockingham	Barley	10/15/06	11/15/06
Surry	Wheat	10/31/06	12/15/06
Surry	Oats	10/15/06	11/15/06
Surry	Barley	10/15/06	11/15/06

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.

### **NOVEMBER 14<sup>TH</sup> YIELD DEADLINE FOR SMALL GRAINS**

If you had wheat, oats or barley in 2006 and didn't have a loss on all farm serial numbers, we need to hear from you by November 14<sup>th</sup>, 2006 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. Don't forget this important step whenever you have a successful grain crop. You should have received a production reporting form from us if we are still in need of your wheat yields. If you have lost the form, please call and we'll send another one to you.

### **NOVEMBER 20<sup>TH</sup> 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 20<sup>th</sup>, 2006. This is also the deadline for making any changes or canceling your apple or peach policy for the 2007 crop year.

### **PRODUCTION RECORDS FOR TOBACCO**

Many have asked this year about how they should be keeping production records for the different tobacco farms that they tend. Essentially, it is no different than in the past when marketing cards were used. Now, instead of selling bales of tobacco from different farms on different marketing cards, you should mark your settlement sheets showing the bales that came off of different farms. As before, it is your responsibility to keep track of the tobacco from the field to the barn and then to the warehouse scales, by farm serial number.

There is a new tobacco policy that is being proposed by the federal government that would remove optional units from the policy. This would severely detract from the policy due to the fact that all of the tobacco that a farmer raises in a county would be considered one unit of tobacco. In other words, you would not be insured by farm serial number, but rather by county. The proposed change would take effect in 2008 but we, and other agents throughout tobacco producing states, are fighting these changes. We will keep you posted in future newsletters as to things that you may be able to do to help us in this fight.

### **STAFF CHANGES HERE AT FARMERS INSURANCE**

We're happy to announce two changes in our staffing here at Farmers Insurance Agency. **David Adams**, a crop insurance agent with over 25 years of experience, has decided to join forces with our agency. David will be combining his existing customer base with the Farmers' customer base. He will be working with his existing customers and also with some of Farmers' customers as

necessary. The hope is that both David's existing customers will benefit from the change and that Farmers' customers will also benefit by access to another experienced agent. Of course, you may contact Tim Alderson as in the past.

Also, **Rachel Mayhew** has recently joined our staff as a customer service representative. Rachel will complement Betty Pillow and Wendy Scheier in the handling of your crop insurance documents.

### **CROP INSURANCE AND FSA**

Often, we find it necessary to get documents from FSA regarding your crop records. The FSA offices now require that you sign a form or a statement that allows us to request your records. Enclosed is such a form that we need for you to give to your FSA office on your next visit to FSA. The form will be required by FSA each crop year. Therefore, you may wish to give them the form for both the 2006 and 2007 crop years. You may wish to mail the form to FSA instead. A listing of the various FSA offices with whom we work is on the back of the form along with the address and phone number for the FSA offices.

Also, crop insurance agents now pay \$0.20 per page for printed documents that we get from FSA. We pay \$1.00 per page for maps that we get from FSA. After you report your crops to FSA, if you get a copy of the 578 Producer Print from FSA, you can mail or fax the 578 to us and save us the fee. You won't be charged by FSA for your own documents. When you file a claim and the adjuster calls you, let the adjuster know if you already have the 578 Producer Print and the maps for your crop. This will allow him to work your claim faster. However, adjusters aren't charged for the above-mentioned documents when they get them from FSA.

### **PASTURE, RANGELAND AND FORAGE POLICY**

We have received several calls inquiring about a new pasture policy that was recently announced by the Department of Agriculture. This policy is a pilot program in selected counties in Colorado, Idaho, Pennsylvania, South Carolina, North Dakota and Texas currently. It is not a policy that we can write in VA or NC at this time. However, the purpose of a pilot program is to develop a policy for release to other areas once refined. Hopefully, this will be coverage available to this area in the future. Be aware that pilot programs can be released from "Pilot" status in as little as three years but sometimes never get released from the Pilot status before being removed from availability. You may wish to contact your federal legislators to let them know if you would like to see this policy available to you.

### **NAP COVERAGE AT FSA**

FSA handles the Noninsured Crop Disaster Assistance Program (NAP). You may apply at FSA for the following crops by the sales closing dates shown.

Strawberries	09/01/06
Small Grain Hay	09/30/06
Grazing	11/20/06
Hay	11/20/06
Vegetables	01/01/07 & 02/28/07

(Check with FSA for the available vegetable crops and the corresponding sales closing dates.)

NAP offers some protection from crop losses due to a natural disaster on crops that we can't cover through federal crop insurance. NAP coverage is comparable to Catastrophic (CAT) coverage in the federal crop insurance program and costs the same as CAT coverage, which is \$100 per crop per county.

**AS ALWAYS, WE GREATLY APPRECIATE YOUR BUSINESS!!**

