

# Farmers Insurance Agency



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## ***Farm bill calls for changes***

**T**he new five-year farm bill brings small changes to crop insurance, but, nonetheless, changes.

One significant change is that catastrophic insurance (CAT) coverage will require a \$300 per crop, per county fee versus the current \$100 fee.

Another change affecting companies and agents is that the federal government reimbursement to the companies will be reduced by approximately 2.3 percent. However, premium subsidiaries to farmers that reduce farmer premiums have not changed. Therefore, for a given amount of coverage the premiums should remain the same.

The farm bill also included a mandate that the crop insurance program maintain a 100-percent loss ratio or better; therefore, rates could change if loss ratios are unfavorable.

The above changes will take effect beginning with the 2009 wheat crop.

The farm bill spells out that linkage to Farm Service Agency (FSA) programs, primarily to the disaster program, now known as the SURE program, is accomplished by CAT, buy-up crop insurance or the non-insured crop disaster assistance program (NAP), which is

***“Only those farmers who insure all of their crops with either federal crop insurance or NAP are eligible for disaster assistance. If you have even small acres of small grains that you grow for grain, they should be covered by federal crop insurance in order to have linkage. The sales closing deadline for small grains is Sept. 30, 2008.”***

available through FSA. This is an area of high importance considering that only those farmers who insure all of their crops with either federal crop insurance or NAP are eligible for disaster assistance. If you have even small acres of small grains that you grow for grain, they should be covered by federal crop insurance in order to have linkage. The sales closing deadline for small grains is Sept. 30, 2008. If you grow small grains for hay, forage or fallow, you can cover those crops through FSA's NAP program as well. Finally, if a small grains crop

that you grow doesn't have federal crop insurance offered in your county, you may insure that crop through a written agreement (if grown for grain) or through a NAP policy at your discre-

tion.

The new farm bill is effective for the 2008 through the 2012 crop years. For the 2008 crop year only, a buy-in fee is available for those who had no form of crop insurance in order to be eligible for this disaster program. If you had an uninsured crop in 2008, you should contact FSA soon to determine if you want to pay the buy-in fee to be eligible for disaster assistance.

## ***Premiums due dates set***

**W**heat premiums were due on July 1, 2008, and must be paid and posted to your account by Sept. 30, 2008, in order to be eligible for any future federal crop insurance. Due to exceptional wheat yields in 2008, many producers did not receive a claim in excess of their pre-

mium. Remit your payment as soon as possible.

For spring-planted crops, the premium is due on Oct. 1, 2008, and interest will be charged as of Nov. 1, 2008. Premiums will be billed in early September for all spring planted, federal-crop policies.

Crop hail insurance premiums

are due Dec. 1, 2008, in North Carolina and Jan. 1, 2009, in Virginia. If you see that it will be impossible for you to pay your premiums by the respective due dates, the company will sometimes allow for payment plans. If you are in need of such plans, give us a call.

*Working hard to keep you growing*

## Wheat sales closing date is Sept. 30, 2008

Wheat has developed into a very expensive commodity, not only when you sell it but in regards to costs to grow it. With the futures market indicating \$9 per bushel wheat and perhaps higher, coverage for wheat will be correspondingly higher, and premiums will also be correspondingly higher.

The base price for wheat in 2007 was \$5.73. If the base price in 2008 is \$9, this figure represents a 57-percent increase from 2008 to 2009. While 57-percent more coverage is desirable, 57-percent more premium

is not.

It's our intent to send a quotation to every small grains policyholder, showing the 2009 coverage by farm serial number. Because of time constraints, we will be communicating with you by mail and phone considerably.

We will know our final pricing on wheat on Sept. 14, 2008, and we will need to know any desired coverage changes by Sept. 30, 2008, giving us a two-week window to arrive at your coverage for the 2009 crop year.

For those producers who have expressed an interest in wheat,

oats or barley coverage in the past but do not have that coverage, we will be sending a "generic" quote that covers a range of possible yield averages and the different plans available at the different coverage levels. As you have read earlier in this newsletter, it is now very important to have all crops insured that can be insured in order to have "linkage" to the new disaster program (SURE program) that is offered through the Farm Service Agency (FSA) through the new farm bill. 

## Price elections for wheat, oats and barley

As of the writing of this newsletter, the price elections for wheat, oats and barley are as shown below. While the prices shown for the APH (actual production history) plan of insurance are set, there is a provision for the federal government to increase those prices as late as mid-September. The CRC (Crop Revenue Coverage) pricing is simply an estimate based on average pricing to date. The CRC price election is calculated using the average closing prices on wheat futures on the Chicago Board of Trade between Aug. 15 and Sept. 14.

	Wheat		Oats		Barley	
	APH	CRC	APH	CRC	APH	CRC
North Carolina	\$6.50	\$8.80	\$3.50	*	\$4.60	*
Virginia	6.50	8.80	3.50	*	4.60	*

As you can see by the above pricing, there is significant increase from 2008 prices, but there is also better coverage to go along with those higher prices. Premium rates, too, have increased. If you currently have a small grains policy with us, we have already or will be providing a current set of coverages and rates for each farm that you tend by mail. If you haven't already received quotes from us for the 2009 crop, we are probably waiting to hear from you with regards to your 2008 yields so that we can be as accurate as possible in providing a quote to you. 

## Production reporting for spring-planted crops

In the near future, we'll be sending production report forms for all spring-planted crops. It is important that you maintain production records on a "per farm serial number" basis. Those records are most commonly in the form of load records for grain crops.

For tobacco, the best method is to identify bales with a farm serial number from the field to the barn,

and then to the receiving station. The farm serial number should then be identified on the sales ticket from the receiving station. Almost always the farmer will need to manually identify the farm serial numbers on the sales tickets since receiving stations don't normally provide this service as was the case prior to the quota buyout. 

# Small grains dates to remember

It is important that you check the chart below to know when the planting deadlines and reporting deadlines are for your small grains crop. Remember, that there is a 15-day late-planting period on wheat that incurs a penalty of 1 percent of loss of coverage per day for each day that wheat is planted beyond the final plant date.

	<b>Wheat</b>		<b>Oates</b>		<b>Barley</b>	
	<b>Final</b>	<b>Acreage</b>	<b>Final</b>	<b>Acreage</b>	<b>Final</b>	<b>Acreage</b>
<b>North Carolina</b>	<b>Planting</b>	<b>Reporting</b>	<b>Planting</b>	<b>Reporting</b>	<b>Planting</b>	<b>Reporting</b>
Alamance	10-Nov	15-Dec	31-Oct	15-Nov	31-Oct	15-Nov
Caswell	10-Nov	15-Dec	31-Oct	15-Nov	31-Oct	15-Nov
Durham	20-Nov	15-Dec	31-Oct	15-Nov	31-Oct	15-Nov
Edgecombe	30-Nov	15-Dec	10-Nov	15-Nov	10-Nov	15-Nov
Granville	20-Nov	15-Dec	31-Oct	15-Nov	31-Oct	15-Nov
Guilford	20-Nov	15-Dec	31-Oct	15-Nov	31-Oct	15-Nov
Lee	20-Nov	15-Dec	31-Oct	15-Nov	*	*
Montgomery	20-Nov	15-Dec	31-Oct	15-Nov	31-Oct	15-Nov
Moore	20-Nov	15-Dec	31-Oct	15-Nov	*	*
Orange	10-Nov	15-Dec	31-Oct	15-Nov	31-Oct	15-Nov
Person	10-Nov	15-Dec	31-Oct	15-Nov	31-Oct	15-Nov
Randolph	20-Nov	15-Dec	31-Oct	15-Nov	31-Oct	15-Nov
Richmond	20-Nov	15-Dec	31-Oct	15-Nov	*	*
Rockingham	10-Nov	15-Dec	31-Oct	15-Nov	15-Oct	15-Nov
Surry	31-Oct	15-Dec	15-Oct	15-Nov	15-Oct	15-Nov
Wilkes	31-Oct	15-Dec	15-Oct	15-Nov	15-Oct	15-Nov
Yadkin	31-Oct	15-Dec	15-Oct	15-Nov	15-Oct	15-Nov
<b>Virginia</b>						
Bedford	10-Nov	30-Nov	*	*	25-Oct	15-Nov
Campbell	10-Nov	30-Nov	25-Oct	15-Nov	25-Oct	15-Nov
Franklin	10-Nov	30-Nov	*	*	15-Oct	15-Nov
Halifax	10-Nov	30-Nov	25-Oct	15-Nov	25-Oct	15-Nov
Henry	10-Nov	30-Nov	*	*	*	*
Mecklenburg	20-Nov	15-Dec	25-Oct	15-Nov	25-Oct	15-Nov
Montgomery	31-Oct	15-Nov	*	*	*	*
Pittsylvania	10-Nov	30-Nov	*	*	25-Oct	15-Nov

\* If a date isn't shown for a county, coverage is only offered in that county by special written agreement.

## Other insurable crops

If you grow apples, peaches, grapes, blueberries or other perennials, we'd be interested in talking to you about coverage on those crops.

For most perennial crops, the sales closing date is Nov. 20, 2008.

Interestingly, the strawberry pilot crop insurance program was discontinued for the 2009 crop year. Apparently, it was determined that a Dollar Plan of

Insurance design was inappropriate due to lack of individualized coverage.

Perhaps a new form of strawberry coverage will be available in the future.

## **Wheat production reports are due**

**W**heat production reports are due by Nov. 15, 2008. Due to high yields by most producers, we request that you give us your wheat yields as soon as possible so that those yields can be incorporated into your yield database. With an accurate database, we can accurately predict your coverage and premium for the 2009 crop year. Without the 2008 yield data, we will supply quotations using your database as it existed through the 2007 crop. Therefore, please submit your 2008 wheat yields soon. If your yields were excessively high, we may need third-party confirmation of your wheat production. This can be in the form of sales receipts, or storage bin measurements. 

## **Drought is again a problem**

**W**ith recent rains following a period of drought, we've seen a high volume of claims due to drought on most every crop. If you suspect a loss, please file a claim with us as soon as possible due to the fact that the claims adjusters are limited in man hours.

With regards to tobacco, there are many acres that are far behind in maturity versus a normal year. While it's difficult for adjusters to arrive at a settlement that is pleasing to the grower at this time, it is recognized that with an early to normal frost, there will be significant losses. As is typical with drought-stricken tobacco crops, patience is a virtue.

With regards to soybeans, we have reports of many late beans that are poor and where deer damage is significant. As always, deer damage is more severe in a drought year. While a fair amount of early soybeans appear viable, there is a question to pollination,

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## **Prevented-planted and replant**

**P**revented-planted coverage is included in all grain policies. It is payable when weather conditions are either too wet for planting or too dry for seed germination.

It has been our experience that prevented-planted coverage often comes into play with winter wheat when fall rains prevent harvest of spring crops and/or prevent planting of wheat due to soil conditions. It is uncommon to have prevented-planted claims or payments for dry conditions when planting wheat. The old adage, "dust in wheat, daub in oats" seems to apply.

While replant coverage is offered on coarse grains such as corn and soybeans, it is not

offered on winter-planted small grains such as winter wheat or winter oats. Keep this in mind if you experience poor seed germination of wheat, oats and barley, as there is no replant coverage. 

## **Agency writes with multiple insurance companies**

**O**ur agency is a multiline agency. We write insurance products other than crop insurance, including homeowners, auto, farm, life and health. As of May 31, 2008, we are an independent agency, in that we write with multiple companies, which allows us to search out the best rates possible. Previously, we were a captive agency on all lines other than crop insurance, which confined us to writing with only one company.

In the future, you may see offerings from us dealing with home, farm, auto, life and health with the companies with whom we're establishing relationships. We may in the future go to a different name by which we operate under. In any case, when you see our agency logo of the "plow and setting sun", then you know you're dealing with the right agency. 

pod and bean formation.

With regards to corn, we're seeing some corn with strong yields, but we're seeing a majority of corn with average to low yields. Depending on plant dates, pollination and overall growth has been limited.

The general rule is: If you are unsure as to whether your crop will generate a crop insurance loss or not, give us a call, and we'll help you to determine if that's the case. 