A crop insurance newsletter

FarmPLUS INSURANCE SERVICES

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Planting time again

The warmer weather brings with it a feeling of anxiety to get things prepared for the upcoming planting season.

By now everyone has made their decisions regarding crop insurance for spring-planted crops. Now, the challenge is actually planting the crop and reporting the acreage.

Below see the chart of final planting dates and acreage reporting deadlines for the major

*See **Planting** on page 4*

2010	Corn		Soybeans		Grain Sorghum		Flue Tobacco		Fire Tobacco		Burley Tobacco		Cotton	
Virginia	Final Plant	Acre Rept.	Final Plant	Acre Rept.	Final Plant	Acre Rept.	Final Plant	Acre Rept.	Final Plant	Acre Rept.	Final Plant	Acre Rept.	Final Plant	Acre Rept.
Augusta	6/10	7/15	6/20	7/15	6/15	7/15	——	——	——	——	——	——	——	——
Bedford	5/31	7/15	6/20	7/15	6/15	7/15	6/15	7/15	6/15	7/15	6/20	7/15	——	——
Bland	6/10	7/15	6/20	7/15	——	——	——	——	——	——	6/20	7/15	——	——
Campbell	5/31	7/15	6/30	7/15	6/15	7/15	6/15	7/15	6/15	7/15	6/20	7/15	——	——
Carroll	6/10	7/15	——	——	——	——	6/15	7/15	——	——	——	——	——	——
Charlotte	5/20	7/15	6/30	7/15	6/15	7/15	6/15	7/15	6/15	7/15	6/20	7/15	——	——
Craig	6/10	7/15	6/20	7/15	——	——	——	——	——	——	——	——	——	——
Floyd	6/10	7/15	6/20	7/15	6/15	7/15	——	——	——	——	——	——	——	——
Franklin	5/31	7/15	6/20	7/15	6/15	7/15	6/15	7/15	6/15	7/15	——	——	——	——
Halifax	5/20	7/15	6/30	7/15	6/15	7/15	6/15	7/15	6/15	7/15	6/20	7/15	——	——
Henry	5/31	7/15	6/30	7/15	6/15	7/15	6/15	7/15	——	——	——	——	——	——
Mecklenburg	5/20	7/15	6/30	7/15	6/15	7/15	6/15	7/15	6/15	7/15	6/20	7/15	——	——
Montgomery	6/10	7/15	6/20	7/15	6/15	7/15	——	——	——	——	——	——	——	——
Patrick	5/31	7/15	6/30	7/15	6/15	7/15	6/15	7/15	——	——	——	——	——	——
Pittsylvania	5/20	7/15	6/30	7/15	6/15	7/15	6/15	7/15	6/15	7/15	6/20	7/15	——	——
Pulaski	6/10	7/15	6/20	7/15	——	——	——	——	——	——	——	——	——	——
Tazwell	6/10	7/15	——	——	6/15	7/15	——	——	——	——	6/20	7/15	——	——
Wythe	6/10	7/15	6/20	7/15	——	——	——	——	——	——	6/20	7/15	——	——
North Carolina														
Alamance	5/20	7/15	6/30	7/15	6/15	6/30	6/15	6/30	——	——	——	——	——	——
Caswell	5/20	7/15	6/30	7/15	6/15	6/30	6/15	6/30	——	——	6/20	7/15	——	——
Catawba	5/20	7/15	6/30	7/15	6/15	6/30	——	——	——	——	——	——	——	——
Durham	5/20	7/15	6/30	7/15	——	——	6/5	6/30	——	——	——	——	——	——
Edgecombe	5/15	7/15	6/30	7/15	6/15	6/30	5/31	6/30	——	——	——	——	5/15	7/15
Forsyth	5/20	7/15	6/30	7/15	6/15	6/30	6/15	6/30	——	——	——	——	——	——
Granville	5/20	7/15	6/30	7/15	6/15	6/30	6/5	6/30	——	——	6/20	7/15	5/15	7/15
Guilford	5/20	7/15	6/30	7/15	6/15	6/30	6/15	6/30	——	——	——	——	——	——
Lee	5/20	7/15	6/30	7/15	6/15	6/30	6/5	6/30	——	——	——	——	5/15	7/15
Orange	5/20	7/15	6/30	7/15	6/15	6/30	6/5	6/30	——	——	——	——	——	——
Person	5/20	7/15	6/30	7/15	6/15	6/30	6/15	6/30	——	——	6/20	7/15	——	——
Pitt	5/15	7/15	6/30	7/15	6/15	6/30	5/25	6/30	——	——	——	——	5/15	7/15
Randolph	5/20	7/15	6/30	7/15	6/15	6/30	6/15	6/30	——	——	——	——	——	——
Rockingham	5/20	7/15	6/30	7/15	6/15	6/30	6/15	6/30	——	——	6/20	7/15	——	——
Stokes	5/31	7/15	6/30	7/15	6/15	6/30	6/15	6/30	——	——	6/20	7/15	——	——
Surry	5/31	7/15	6/30	7/15	6/15	6/30	6/15	6/30	——	——	6/20	7/15	——	——
Vance	5/20	7/15	6/30	7/15	6/15	6/30	6/5	6/30	——	——	——	——	——	——
Wake	5/20	7/15	6/30	7/15	6/15	6/30	6/5	6/30	——	——	——	——	——	——
Wilkes	5/31	7/15	6/30	7/15	6/15	6/30	6/15	6/30	——	——	——	——	——	——
Yadkin	5/31	7/15	6/30	7/15	6/15	6/30	6/15	6/30	——	——	6/20	7/15	——	——

****Sales closing dates: NC= All 02/28 except burley 03/15; VA=all 03/15**
****Determine the latest AR date for all the crops on the policy. This is the AR date for all spring crops on this policy.**

Crop Hints
By Brent Craig

By now, most of you are making preparations or in the process of planting spring crops. Wheat prices are still pretty attractive, and wheat in most areas has really improved in stand thickness which may still lead to some impressive yields. I have been asked by a few producers what to do with thin stands of wheat. I still think, depending on the set up of your operation and crop rotation, yields of 40-bushel plus will be profitable if wheat prices maintain strength. Just remember, if you decide to put the crop to another use, such as plant corn or beans on the land and destroy the wheat, give us a call so we can put a claim in before doing so.

With the madness of the spring planting rush, sometimes we forget to scout wheat fields for insect pressure. Cereal leaf beetle is the next potential threat. Here are a few things to keep in mind.

The actual adult beetles have bluish-black head and wing covers. Their legs and front segment of the thorax are reddish orange. They overwinter in undisturbed residue and wooded areas close to where grain fields were last year. They do feed on the wheat but do not damage it to the degree their young do. They will lay eggs in late March through mid-April. The eggs will be a yellowish-orange color and are on the leaf of the plant along the midrib. They will hatch out and become the larvae which are black in color. This is when they begin to damage the wheat in an aggressive manner.

Scout fields at least once a week. They usually will start out sporadically in a field. This makes it important to check several places in one field. Thresholds for spraying are 1 egg or larvae per 4 plants. Also, you have to consider the fact that you may lose roughly 5-7 percent of wheat due to knocking it down with spray equipment. Some years you can get by without spraying for them if there is a mild outbreak. Some years they do not even show up at all. They tend to show up worst when the wheat is thin and drought stressed. They will feed on the flag leaf, and the wheat will turn a pale green and white color. The flag leaf is important for grain fill of the head. Excessive pressure from the beetle can reduce yields by as much as 50 percent. However, those are extreme cases.

Several different chemicals are available. Karate and Warrior have worked well for many in the past. Talk with your local agronomist or chemical dealer concerning rates and other spray related precautions. From all of us at FarmPlus, have a great and prosperous growing season.

Tobacco crop hail

During the month of May, we will be contacting tobacco growers regarding hail insurance (unsubsidized private insurance). If you have purchased hail insurance in the past or you are a new customer to our agency, we will certainly be in contact. If you have never purchased crop hail for tobacco through our agency, we will rely on you to contact us if you have an interest in crop-hail coverage for your tobacco.

Your federal crop insurance policy covers hail damage on a farm-by-farm basis; however, federal crop insurance has the limitation of a large deductible and hail rarely hits on a farm-by-farm basis. Crop-hail insurance involves a small deductible from 0 percent to 10 percent, and claims are paid on a field-by-field basis. Crop-hail rates have remained very consistent for the past several years.

Optional wind coverage can be added to a crop-hail policy to cover leaf breakage and loss due to high winds. As a side note, the wind endorsement for crop hail does not provide any coverage for tobacco that is blown over by wind unless leaf or stalk breakage occurs. The federal crop policy does provide coverage for windblown tobacco that is leaning or lying on the ground if the tobacco cannot be harvested due to the wind damage. This coverage primarily comes into play if a producer harvests his tobacco solely with mechanical harvesters.

Risk Management Agency cuts agent commissions

In 2010, the Risk Management Agency (RMA) renegotiated the contract between the crop insurance companies and the government for the 2011 crop year and beyond. This contract is called the Standard Reinsurance Agreement (SRA). In that agreement, agent commissions were “capped” at $1.221 billion. To put this number into perspective, agent commissions exceeded $2 billion in the 2008 crop year. With 2011 being another year of very high commodity prices, our agency has been notified that commissions will be factored downward by approximately 38.2 percent. Normally, commodity price increases of 25 percent would mean a 25-percent pay raise, but in the new SRA, the effect to the agent for 2011 is a significant decrease in commissions from the 2010 crop year, especially on Actual Production History (APH) crops such as tobacco. In fact, the net effect appears to be a 20-percent to 25-percent decrease in total income.

Without a doubt, this very significant cut will mean that we have to change some of the ways in which we do business. Every expense will be looked at for its merit and impact to your experience as the customer versus the magnitude of that expense. Maintaining our current staff will be given a high priority. We recognize that our people and their knowledge are your best source of customer service. Personal site visits to your farming operation will also be one of the highest priority items. By the fall of 2011, our budget should be known more precisely.

We greatly appreciate your business!!

Hail insurance coverage for small grains

When riding through the countryside, it is hard to miss the waves of dark-green color of heavily top-dressed small grains. With the recent increases in commodity prices, it appears that no expense is being spared for this year in grain production. Many growers have purchased higher levels of crop insurance to cover higher input costs, and everyone is hopeful that commodity prices will remain high through harvest.

A well-kept secret to the farmers in the southeast is that hail insurance (unsubsidized private insurance) is available on small grains at a relatively low cost. The maximum coverage for hail insurance on small grains is typically $300 in coverage per acre, and the cost is typically $1.40 per $100. Therefore, for $4.20 per acre, $300 in coverage can be added to your small grain crop, which would prove highly valuable if the small-grain crop were lost to hail.

The coverage is a zero dollar deductible, but a 5 percent loss must be achieved in order to collect for the first 5 percent of damage. If you are interested in hail coverage for your small grains, it can be handled via phone, fax, e-mail or mail, in order to get the coverage in place as soon as possible.

Tobacco policy clarification

On March 16, 2011, the U.S. Department of Agriculture's (USDA's) Risk Management Agency (RMA) issued an informational memorandum entitled, "Guidelines for Quality Adjustments (QAs) for the Tobacco Program."

Our office has sent a copy of this document to all tobacco policyholders. In that document, RMA spells out the recommended values for each grade of tobacco for the flue-cured and burley types. Upon review of RMA's recommendations, it is apparent that QA on tobacco will not be easily achieved. Primarily, QA will be utilized in situations where tobacco receives unmarketable grades or no grade. Remember that QA on tobacco is only triggered if the average value of the tobacco within a unit is less than 75 percent of the price election. The price election for 2011 is $1.64 for flue-cured tobacco; and therefore, the trigger for QA for 2011 is $1.20. RMA's clarification of procedure is not surprising considering that loss ratios for tobacco have exceeded 200 percent since the quota buyout took place.

The primary benefit of crop insurance on tobacco in the past has been payment for the deficit in pounds of production below the production guarantee for a unit. This coverage has not changed. In fact, prior to the quota buyout, QA rarely came into play due to the fact that the QA trigger was based on an average of Stabilization's support prices. Few farmers received averages below support prices, because support prices in a poor-quality crop was the price normally received. In other words, we have returned to pre-buyout conditions with regards to Multi-peril Crop Insurance on tobacco.

Pasture, Rangeland and Forage

In the beginning of 2011, the ground was very thirsty. For January and February, most areas in which we serve experienced from 10 to 60 percent of normal rainfall during those months. March and April, however, has returned most of us to normal levels of precipitation.

The Pasture, Rangeland and Forage (PRF) policy works by paying the deficit below a selected trigger point. The trigger point is the percentage of average rainfall that occurs in a roughly 12-mile by 12-mile grid area. Farmers can choose trigger levels from 70 percent to 90 percent of average rainfall. Farmers may also vary the amount of coverage per acre that they wish to have.

PRF coverage is available for any permanent grasslands planted prior to July 1 of the covered crop year. The sign up deadline for PRF is Sept. 30 of the year prior to coverage being initiated. Therefore, to obtain PRF coverage for 2012, it must be applied for by Sept. 30, 2011.

Livestock Risk Protection

Many cattlemen are smiling these days due to a rise in cattle pricing during the last several months. In fact, as of the writing of this newsletter, feeder-cattle and live-cattle futures prices are at an all-time historic high. We have a product known as Livestock Risk Protection (LRP) with which a producer can lock in today's prices on cattle that he intends to sell in the future. The premiums range from $2 to $6 per hundredweight (cwt).

This is a federally subsidized product that is unfortunately often overlooked by cattlemen in this part of the country. However, in other parts of the country this product is heavily utilized. The benefit of the LRP product is that there is no contract too small; whereas, there are minimum orders when using the commodities markets to hedge. Of course, we are simply a phone call away if you have interest.

Livestock Gross Margin for dairy

Livestock Gross Margin (LGM) for dairy is a product designed to lock in the gross margin between milk revenues and feed costs that are offered by current pricing on the commodities market. LGM premiums range from 25 cents to 45 cents per cwt of milk. Participation in the LGM product during the 2011 crop year has already increased over 15 times the participation in 2010. Many dairymen that we currently deal with have purchased this coverage. In fact, participation has been so high that budgeted monies for this product have been depleted, and we are now awaiting further funds.

LGM for dairy is a good tool for pricing milk at profitable levels in the event that the "train wreck" of 2009-2010 reoccurs. LGM can only be purchased the last business Friday of each month. If you have an interest, give us a call, and we will arrange to meet with you.

Planting
Continued from page 1

crops in most of the counties in which we write coverage.

Keep in mind that final planting dates are rigid, but there are provisions for late planting beyond the final planting dates.

For corn, soybeans and grain sorghum, there is a 25-day late planting period beyond the final planting date, during which there is a loss of coverage of 1 percent per day.

For tobacco coverage, there is a 15 day late planting period, during which there is a 1 percent loss of coverage per day for the first 10 days and a 2 percent loss per day for the last five days. Of course, if weather conditions prevent planting, there is prevented-planted coverage on all spring-planted crops.

In regard to acreage reporting deadlines, if you have multiple crops insured, the latest acreage reporting deadline applies for each individual county.

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Acreage reporting forms will be mailed to all of our existing customers with coverage for spring-planted crops by May 15, 2011. Please be on the lookout for these important forms.

If you would like to receive an advanced copy of subsequent newsletters, please send us an e-mail to *farmersinsagency@earthlink.net*. Also, there are times when there is information that might be beneficial to you. With your e-mail address, we will be able to get this information out to you as quickly as possible.

Don't forget replant coverage

The coverage that is automatically part of most spring-planted grain coverage and is most often overlooked is replant coverage. Replant coverage for corn and soybeans has changed somewhat for the 2011 crop year in that the coverage is paid at the maximum payable rate without the farmer having to show seed and labor receipts to prove that the crop was replanted. However, replant claims are often verified by the claims force with a personal visit.

With all replant claims, the insured must file a replant claim prior to replanting, and the adjuster will contact the insured to verify that a replant is feasible based on weather conditions and the lateness of the year. For claims under 50 acres on a unit, the adjuster may allow for a "Self Certified Replant Claim". This type of claim allows for the adjuster to simply send a form to you to identify the acres that are replanted along with other information and a signature. Once complete, you send the form back to the adjuster, and the claim is paid. For replant payments over 50 acres, an adjuster has to make a field visit to verify that the replant occurred.

There is a 20/20 rule that applies to replant payments also. This rule states that 20 acres or 20 percent of the acreage in a unit must be replanted to be eligible for a replant payment. This rule is intended to avoid trivial claims on a very small acreage.

For 2011, the replant payments for corn will be 8 *times* the projected harvest price, which is $6.01 for Virginia growers and $5.93 for North Carolina growers. This makes for a replant payment of $48.08 per acre for Virginia growers and $47.44 for North Carolina growers. Also, there is the added benefit that replant payments do not take any of the coverage away from the crop insurance guarantee.

For 2011 soybeans, the replant payment is 3 *times* the projected harvest price for soybeans, or 3 *times* $13.52 equals $40.56 for Virginia growers and 3 *times* $13.55 or $40.65 for North Carolina growers.

Relief regarding double cropping

On March 4, 2011, a manager's bulletin was issued by the Risk Management Agency (RMA) regarding procedures used in determining the history of double cropping that a grower can demonstrate. In the past, if full-season soybeans and double-cropped soybeans were planted on the same farm serial number, separate records of production were needed for each planting practice in order to prove double-cropping history. With the recent manager's bulletin, RMA will allow for production to be prorated between full-season and double-cropped practices. Therefore, if a farmer maintains records of production by farm serial number, he or she will be able to prove double-cropping history more easily. However, our office still recommends maintenance of records by planting practice, due to the fact that double-cropping rules require a reduced payment of 35 percent on the first insured crop when sufficient double-cropping history does not exist.

This will occur when a farmer increases his operation in acreage or simply increases the amount of double-cropped acreage. In the event that claims are reduced to 35 percent for the first insured crop and a farmer can show that the second crop did not generate a loss, the remaining 65 percent of the claim for the first insured crop can be paid.

Tobacco plant clearinghouse

Over the past few years, we've discovered that a service we can offer is matching growers with other growers who are in need of extra tobacco plants. If you have tobacco plants for sale, call and let us know how many, and which varieties you have. If you're in need of tobacco plants, let us know what you need. We provide this service at no charge to the growers.

We greatly appreciate your business!!