

# FarmPLUS INSURANCE SERVICES



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## ***New crop insurance policy for tobacco in 2010***

Since the tobacco buyout, there has been a need for the Risk Management Agency (RMA) to rewrite the old quota tobacco policy. In rewriting the policy, the effort has been to convert to an Actual Production History (APH) policy much like the APH policies for grain. That work has been completed, and a new APH tobacco policy exists. For that reason, the companies have cancelled all existing tobacco policies for the 2010 crop year and are relying on the agent force to rewrite all tobacco policyholders to the APH plan of insurance.

There are a few key differences between the old quota policy and the new APH policy. A major difference is the change in quality adjustment procedures. As with the quota tobacco policy, the APH policy will pay for yield losses below the guaranteed pounds (average yield x coverage level) at the price election (\$1.75 for 2010).

In 2009 with the quota policy, the

quality adjustment procedures "triggered" when the average price received was less than the price election.


In 2010, the quality adjustment procedures will not trigger unless the average price received is less than 75 percent of the price election of \$1.75, or \$1.31 for 2010. Also, quality adjustment procedures can only be utilized if an adjuster has verified in advance of harvest that there is a quality problem with the insured's crop.

Another change with the new APH policy is that in the 2010 crop year all lease agreements that create split ownership or "shares" in a tobacco crop must be submitted with the acreage report, showing the share arrangement. For example, if Joe farmer shares with James Smith, and Joe farmer has a 75 percent share of the crop and James Smith has a 25 percent share of the crop, a written and signed copy of the agreement generating that share arrangement must ac-

company the acreage report.

As with other APH crops—such as corn, soybeans and wheat—prevented planted coverage has been added to the APH tobacco policy. While we have not seen a major problem in the past with growers being able to plant their crop by the June 15 final-plant date, it is hoped that prevented planted coverage will not be utilized unless extreme wet-weather conditions exist.


Another change with the 2010 tobacco policy is that all types of tobacco such as burley, flue-cured, dark fire-cured, dark air-cured, etc. will be covered by the same tobacco policy, but each type of tobacco will be issued as a separate policy and can carry different levels of coverage.

As with the old tobacco policy, there is still no requirement that the grower have a contract to be able to insure his or her tobacco. 

## ***Ineligible list***

The Risk Management Agency (RMA) maintains a list known commonly as the ineligible list. This is a list of anyone with a past-due debt for a prior crop year's crop insurance to the federal government.

A person's tax ID number is added to the ineligible list if premiums for crop insurance are not paid by the cancellation date for a given policy. Usually, the cancellation date for a crop is the same or a nearby date to the sales-closing date. The sales-closing date for all spring-planted crops in North Carolina is Feb. 28, and for all spring-planted crops in Virginia is March 15.

If you have an outstanding premium for your 2009 spring-planted crop, it is imperative that your payment is made by these dates. 

## ***Dinner meetings***

Our informational crop insurance dinner meetings have been scheduled, and the meeting locations, dates and times are shown below. Seating for these meetings will be taken on a first-come, first-serve basis as some locations are limited in seating capacity. If necessary, we will add meetings to accommodate everyone. Please call us as soon as possible and let us know which meeting you wish to attend and how many will be in your party.

- Jan. 28, Thursday, at 6 p.m., McLeansville, N.C., McLeansville Wildlife Club.
- Feb. 2, Tuesday, at 6 p.m., Reidsville, N.C., Golden Corral Restaurant.
- Feb. 9, Tuesday, at 6 p.m., Roxboro, N.C., The Perfect Venue, 309 Long Avenue (behind the Person County FSA).
- Feb. 11, Thursday, at 6 p.m., Roxboro, N.C., Outer Banks Restaurant.
- Feb. 23, Tuesday, at 6 p.m., Danville, VA, Mary's Diner.
- Feb. 25, Thursday, at 6:30 p.m., Rocky Mount, VA, Fisherman's Galley.

# Prevented planted wheat and double cropping

## Double-cropping

If you suffered a loss on wheat in 2009 and normally double-cropped wheat and soybeans, you were made aware of the painful loss-adjustment procedure that was introduced in 2009 for claims involving double-cropping.

For 2010, that procedure is unfortunately unchanged. What this means is that although past double-cropping can be easily proven by the Farm Service Agency (FSA) records, hard copy production records will be necessary on past double-cropped acres. Hopefully, double-cropping that was proven during the 2009 crop year will not be re-proved in 2010.

The key to this procedure being simple for the grower is good recordkeeping and good record organization. Also, records should be created as the crops are harvested. We suggest a folder for crop insurance purposes containing a copy of every weigh ticket and sales receipt for the crop year.

We also recommend that combine-bin records or truckload records be maintained on a field-by-field basis as the crop is harvested. This is essential if the grain crop is being stored in a storage bin and commingled with production from other farms before being sold.


## Prevented planted wheat

If land that has been reported to us as prevented planted wheat for 2010 is left idle in 2010, a prevented planted payment could be paid at 100 percent. If that land is planted to a crop such as corn or tobacco which is not a recognized double-crop rotation, the maximum prevented planted payment would be 35 percent of the normal prevented planted payment.

Also, anytime a prevented planted or first-crop payment is reduced to 35 percent, the premium charge for those acres is also reduced to 35 percent of the normal premium. If a reduction to

35 percent occurs, the grower also receives a yield for the current crop year on the prevented planted acreage at 60 percent of the yield average for that farm.

If soybeans are planted on land that has been reported to us as prevented planted wheat, a prevented planted payment of 100 percent can be paid if double-cropping acreage eligibility (sometimes referred to as double-cropping history) has been verified or proven with the adjuster.

Double-cropping acreage eligibility is considered to be the second highest number of acres that were double-cropped in the last four years, in which the first crop was planted (wheat). Proof of double-cropping history is described above. When double-cropping acreage eligibility has been exhausted, all remaining acreage of prevented planted wheat will be paid at the reduced 35-percent payment. 

## RA vs. CRC vs. APH

For corn and soybean growers, there are three plans of insurance that are available. One challenge in each crop year is determining which plan of insurance is best for you. Also, it's important to determine what level of coverage meets your risk-management needs. Before the sales deadlines for 2010, our policyholders will receive quotations showing the different plans and coverage levels available using their specific farms and yields. For those who attend dinner meetings, that information will be supplied at the dinner meetings. For those who don't attend a dinner meeting, the information will be mailed. All policyholders will receive personal visits from our staff if possible prior to the sales deadlines.

To evaluate which coverage is the best for you, following are the major differences between the plans:

The Actual Production History (APH) plan of insurance is a yield protection policy only. Changes in commodity pricing through the crop year would not affect any claim settlement.

The Crop Revenue Coverage (CRC) plan of insurance and the Revenue

Assurance (RA) plan of insurance protect against low yields and also against fluctuations in commodity prices. The only difference between the CRC plan of insurance and the RA plan of insurance is the method of determining the prices that are used to determine coverage limits and are used to pay claims. The CRC plan of insurance uses September commodities futures for determining prices for corn and soybeans in North Carolina. The CRC plan also uses November soybeans and December corn in Virginia. The RA plan uses November soybeans and December corn in North Carolina and also in Virginia.


It has been our experience that the November futures price for soybeans and the December futures price for corn are more representative of the prices that we can expect in our local area at harvest.

There is also a difference in the levels of coverage offered with the different plans of insurance. The CRC plan is offered from the 50-percent level to the 75-percent level in North Carolina and Virginia on corn, soybeans and

wheat.

The RA plan of insurance is offered from the 65-percent level to the 85-percent level on corn and soybeans in North Carolina and Virginia.

The APH plan of insurance offers the 50-percent through the 75-percent level on corn, soybeans, tobacco, wheat and most other crops in North Carolina and Virginia.

In North Carolina only, an 80-percent or 85-percent level is available on APH tobacco if an enterprise unit structure for tobacco is chosen by the grower. 

While our primary focus has always been crop-insurance coverage, Charlie Lloyd is always eager to help you with your farm, home, auto or any other insurance coverage that you have an interest in.

A new addition to the staff, Amy Alderson, can also be of service to you in these areas.

We are an independent agency, which means that we have many companies to offer, and therefore, are almost always very competitive.

## Sales closing dates for tobacco, corn, soybeans and grain sorghum: North Carolina—February 28th, Virginia—March 15

### MPCI Price Elections and Revenue Product Pricing

	2009	2010	Change
<b>Apples</b>			
Fresh	9.45	9.45	0%
Processing	2.45	2.45	0%
Varietal Group A	9.95	9.95	0%
Varietal Group B	7.85	7.85	0%
Barley (APH)	5.00	3.70	-26%
Burley Tobacco	1.85	1.75	- 5%
Cabbage, per CWT	7.60	8.90	17%
Corn (Silage, APH)	37.25	35.75	- 4%
Corn (APH)	4.00	3.90	- 3%
Corn (CRC) Base Price, NC	4.27	4.32	1%
Corn (CRC) Harvest Price, NC	3.27	TBA	
Corn (CRC) Base Price, VA	4.04	TBA	
Corn (CRC) Harvest Price, VA	3.87	TBA	
Corn (RA) Projected Harvest Price, NC	4.13	TBA	
Corn (RA) Harvest Price, NC	3.87	TBA	
Corn (RA) Projected Harvest Price, VA	4.04	TBA	
Corn (RA) Harvest Price, VA	3.87	TBA	
Cotton (CRC) Base Price, Jan. 31 cancellation	0.63	0.75	19%
Dark Air-Cured Tobacco	1.50	1.50	0%
Dark Fire-Cured Tobacco	2.20	2.10	- 5%
Flue-Cured Tobacco (APH)	1.85	1.75	- 5%
Grain Sorghum (APH)	3.85	3.81	- 1%
Grain Sorghum (CRC) Base Price, NC	3.77	4.22	12%
Grain Sorghum (CRC) Harvest Price, NC	2.88	TBA	
Grain Sorghum (CRC) Base Price, VA	3.56	TBA	
Grain Sorghum (CRC) Harvest Price, VA	3.28	TBA	
Oats (APH)	3.50	2.70	-23%
<b>Peaches, VA</b>			
Fresh	13.50	16.25	20%
Processing	3.30	3.85	17%
<b>Soybeans (APH)</b>	9.90	9.15	- 8%
Soybeans (CRC) Base Price, NC	9.63	10.15	5%
Soybeans (CRC) Harvest Price, NC	10.66	TBA	
Soybeans (CRC) Base Price, VA	8.80	TBA	
Soybeans (CRC) Harvest Price, VA	9.66	TBA	
Soybeans (RA) Projected Harvest Price, NC	9.16	TBA	
Soybeans (RA) Harvest Price, NC	9.66	TBA	
Soybeans (RA) Projected Harvest Price, VA	8.80	TBA	
Soybeans (RA) Harvest Price, VA	9.66	TBA	
Wheat (APH)	7.35	5.20	-29%
Wheat (CRC) Base Price, NC, VA	8.58	5.29	-38%
Wheat (CRC) Harvest Price, NC, VA	5.80	TBA	

## Tobacco financial assistance program

**D**anville Community College (DCC) Educational Foundation Inc. in Danville, Va., is offering a tobacco financial assistance program funded by the Virginia Tobacco Indemnification and Community Revitalization Commission. To be eligible, applicants must follow these guidelines:

- Recipient must be a tobacco farmer, have an immediate family member who is a tobacco farmer, or have an occupation that is related to

## Reduced indemnity wheat claims in 2009

**I**f you double-cropped in 2009 and received a claim settlement for the first crop at 35 percent of the normal full settlement, you're entitled to the remaining 65 percent on that first crop if there was no loss on the second crop.

We are currently reviewing all such reduced indemnity claims to determine where additional monies are due to the grower. This work is ongoing and should be completed by the end of February.

## DC history and the SURE program

**T**he Supplemental Revenue Assistance (SURE) program, administered by the Farm Service Agency (FSA), is permanently legislated by the 2008 farm bill to provide assistance in the event that your county or a surrounding county is declared a disaster area. The SURE program triggers a payment if your farming enterprise experiences a loss in such a disaster year.

In order to be eligible for the SURE program, all crops of economic significance to your farming operation must be insured in some way. In fact, the data used to calculate a SURE-program payment originates from your crop insurance production data.

There appears to be a (problem) involving double-cropping and the SURE program for the 2008 crop year. If you double-cropped in 2008 and did not file a wheat claim in 2008, the problem may affect you. Contact your FSA office if this is the case, and you may wish to contact your federal representative about this issue once your FSA office brings you up-to-date.


the decline or loss of tobacco production since the year 2000, as verified by the 1040 Federal Tax Return or the Tobacco Indemnification Settlement letter. A copy of either must be submitted with the application. Immediate family is defined as spouse, father, mother, stepfather, stepmother, son, daughter, brother, sister, grandfather, grandmother, step-grandfather and step-grandmother.

- Scholarship recipients must be enrolled either full-time or part-time in credit courses at DCC.
- Recipients

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must maintain a 2.0 grade-point average (GPA) in order to be eligible for an award.

An applicant also must apply for Federal Financial Assistance. Information on the Financial Aid Program is available in the DCC Financial Aid office and on the DCC website at [www.dcc.vccs.edu](http://www.dcc.vccs.edu). Return your application, proof that you have applied for Financial Aid, and a copy of either the 1040 Federal Tax Return or the Tobacco Indemnification Settlement payment letter to: Danville Community College Educational Foundation Inc., 1008 South Main Street, Danville, VA 24541

For more information call, 434-797-8437 or 1-800-560-4291. 

#### **FarmPLUS INSURANCE SERVICES**

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## ***Hay and pasture insurance***


**I**n September of 2009, you received from us a solicitation for coverage for hay and pasture insurance known as the Pasture, Rangeland and Forage (PRF)—Rainfall Index (RI) policy. We made our best efforts in responding to anyone who showed interest in the product.

The deadline for sign up was Nov. 30, 2009, for the 2010 crop year. The

response to this product was somewhat overwhelming. The PRF policy is subsidized such that it is designed to return an average of greater than 150 percent of premiums paid.

If you did not participate in the PRF-RI policy for 2010, you will want to consider signing up for the Non-insured crop disaster Assistance Program (NAP) with the Farm Service Agency

(FSA) for hay and pastureland. Remember, that all crops of economic significance must have some form of insurance on those crops to be eligible for disaster assistance under the Supplemental Revenue Assistance (SURE) program.

Sign up for the 2011 PRF-RI policy is ongoing and will continue until Sept. 30, 2010. Because of the substantial time required to initiate a PRF-RI policy, we would appreciate anyone interested contacting us as soon as possible. 


## ***Enterprise units***

**F**or the 2009 crop year and beyond, additional subsidies were allowed by the Risk Management Agency (RMA) for an enterprise unit structure on corn, soybeans, wheat and tobacco in North Carolina, and for corn, soybeans and wheat in Virginia.

An enterprise unit is simply one unit comprising all acres of the insured crops in which the farmer has a share

in the county. In other words, the farmer has one unit for the crop in the county. Enterprise units are offered on the Crop Revenue Coverage (CRC) and Revenue Assurance (RA) plans of insurance on grain crops and on the APH plan of insurance for North Carolina tobacco only. The CRC plan is available on corn, soybeans, and wheat, and the RA plan of insurance is available on corn and soybeans. Also, with the CRC plan of insurance, there

is a minimum acreage requirement of 50 acres.

The discounts from the normal optional unit (farm-by-farm) rates are from 45 percent to 65 percent. To qualify for enterprise units, there is now a rule known as the 20/20 rule that applies. To meet the 20/20 rule a farmer must plant at least 20 percent of the acreage in the county on each of two separate farm numbers or 20 acres on each of two separate farm numbers. 


## ***Proposed cuts to the crop insurance program***

**F**requently, we face attacks on existing agricultural programs in various forms from our federal government. In 2008, the companies that distribute crop insurance received a reduction of 2.3 percent of premium volume for the monies received to administer the crop insurance program.

Currently, there is a proposal to cut 30 percent from the companies' gross proceeds from the crop insurance program. It's important to note that premium subsidies to assist farmers in purchasing crop insurance are to remain unchanged. However, if the pro-

posed cuts are adopted, the agent force would see at least a 30-percent reduction in gross revenues. What this would mean to you is that the level of service currently provided by our agency could no longer be afforded. In the event of such a cut and in order to preserve jobs, money would have to be saved by changes such as removing

dinner meetings, fewer farm visits, not distributing promotional products, etc.

While this is not directly your fight as a grower, the proposed changes would certainly affect the service that you're provided. Any aid that you can give by calling your federal representatives would be appreciated. 

### **E-mail addresses wanted**

**I**f you would like to receive an advanced copy of subsequent newsletters, please send us an e-mail to [farmersinsagency@earthlink.net](mailto:farmersinsagency@earthlink.net). Also, there are times when information might be beneficial to you, and with your e-mail address, we will be able to get this information out to you as quickly as possible.