

# FarmPLUS INSURANCE SERVICES



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## Return wheat acreage reports by the deadline

In late October, our office mailed acreage reporting forms for fall-seeded crops such as wheat, oats and barley. It is important that these reports are returned to us by the acreage reporting deadline for your county shown in the chart on Page 3.

The final plant dates shown indicates the last day for which full coverage is available if the crop is planted by that date.

All small grains have a 15-day late-planting period whereby coverage is decreased by 1 percent per day during the late-planting period. Beyond the late-planting period, wheat may be insured at the prevented-planted (PP) guarantee which is typically 60 to 70 percent of normal coverage. If a cause of loss, such as wet weather, was not the reason for planting beyond the late-planted period, the crop would be uninsurable.

If weather conditions prevent planting by the final-plant date, acreage can be reported as prevent planted. Also, it should be noted that a deadline exists at the Farm Service Agency (FSA) for reporting PP acreage. Their terminology is

intended planted, and intended acres must be reported within 15 days of the final plant date for the crop in order to be considered timely reported. You should check with your FSA office about their reporting requirements.

Below, you will find the definition of PP contained in the Basic Crop Insurance Provisions. Along with weather conditions, a large factor in determining whether PP payments will be made is based upon whether your neighbors were able to plant the crop or not.



**Prevented planting**—Failure to plant the insured crop with proper equipment by the final

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## Pasture and hayland insurance

For the first time in Virginia and North Carolina, a viable insurance policy was introduced for the 2010 crop. The Pasture, Rangeland and Forage (PRF)—Rainfall Index (RI) uses rainfall indices to determine if a payable loss exists. An RI of 100 percent is considered to be average rainfall for an area. Land areas are divided into grids that measure one-fourth of one degree in longitude and latitude, or approximately 12-miles square.

A rancher can insure his pasture and/or hayland for 60 percent to 150 percent of a county's base value, which is a determination of the value of an acre of hayland or pastureland. Also, hayland and pastureland must be broken down into not less than two

periods of time lasting for two months.

Coverage levels are available from 70 percent to 90 percent, which establish the trigger point for a loss to occur. For example, a grower with a 90-percent-coverage level would receive a claim settlement if the rainfall for an insured two-month period is below 90 percent of the average for that two-month period.

Our experience for 2010 was that the PRF policy worked very well for some growers and not well at all for other growers. The PRF program uses a complete two-month window of time without regard to the benefit to hay and pasture crops that a rain event might have. For example, a tropical storm (Nicole) in the last four days of Sep-

tember was not very beneficial for making a good fall hay crop, considering there was very little rain in September prior to the storm. However, the tropical storm produced so much rain at the end of September that most grids will show above average rainfalls for the August/September or September/October insurance periods.

Many areas had a similar result in the March/April or April/May insurance periods. For most growers, April was a very dry month, and that drought generated hay yields well below average.

For those growers that selected the June/July insurance period, claim settlements were paid even to those with the 70-percent coverage level. The lesson learned from 2010 in that indices will occur that are below 100 percent roughly half the time. It is impossible to predict

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## Crop Hints By Brent Craig

Once again, another calendar year is nearing end, and the 2011 crop year has begun with wheat. I know a lot of growers are ready to put this year




behind them and concentrate on a more productive new year. One way to get a leg up on the spring-planting season is to get soil sampling done as soon as possible.

Let's face it. Soil sampling is

not much fun but is a very beneficial nutrient-management tool. With corn, soybean and wheat prices escalating to their present levels, these nutrients: nitrogen, phosphate and potash have already reacted, and there is no telling where they will end up. This is why we need to make sure we use the soil samples as a basis for a fertilization program. When too much fertilizer or lime is used, your wallet is hurt, while too little fertilizer or lime usually ends up with a yield reduction. With grain prices at today's levels, we definitely do not want that.


Soil pH is more important than ever. With a soil pH too high—rarely the case—or too low, the plant is not able to take up fertilizer. It is bound to the soil and remains locked up the entire growing season. Would you apply fertilizer on a crop if you knew it would rain 20 inches the following day? I would not either, because you would lose most, if not all, of it. That is what is going to happen if the soil pH is too high or low.

One more reason to sample early is to get ahead of the spring rush. I do not know very many fertilizer dealers who will let a load of lime get in front of a load of fertilizer in the spring. Another consideration in making an early lime application is the timeframe it takes for lime to fully react to the soil and raise pH; in sandy soils this will take place at a faster rate than clay soils. It will begin working immediately but will take several months to completely get the full benefit and also depends on whether it is incorporated or applied on top of the soil. Some growers have even applied potash in the winter on years like this, in order to hedge against price increases, especially in no-till situations.

Some fertilizer dealers will assist in soil sampling. This may vary from dealer to dealer. Some will help with the interpretation of the sample recommendations, mail the samples off for you, and some will even handle the entire process for you. 

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when these rainfall deficiencies will last for a two-month period; therefore, our advice has been to insure many more periods than simply two periods for each crop. With an excess of 50-percent government subsidy toward premiums, it is very smart to participate in the PRF program since there is an expectation by the program designers to pay claims in excess of premiums by a significant amount.

The sales closing date for PRF for 2011 was Sept. 30, 2010. If you did not sign up your hay and pasture for the 2011 crop but would like to do so for 2012, please give us a call. Also, you may want to consider talking with your Farm Service Agency (FSA) office about their Non-insured crop disaster Assistance Program (NAP), which is a form of catastrophic insurance for hay and pasture, in order to be eligible for disaster assistance available through the FSA office. 

If you are interested in seeing the content of prior newsletters, visit our Web site at [www.farmersontheweb.com](http://www.farmersontheweb.com). Click "Agribusiness" then on the newsletter that you would like to view.


## Pasture, Rangeland and Forage (pasture and hayland) claims

With the advent of hay and pasture coverage for the 2010 crop year and beyond, there has been plenty of interest in the product and participation as well. Many growers have been paid claims, and most always, a claim settlement requires explanation in order for a grower to determine how the settlement amount was arrived at. Also, if a grower has acres and a time period insured and there is no loss paid, the grower has no easy way of determining why a claim wasn't paid and what did actually happen.

As an example, let's assume a grower has the 90-percent coverage level and \$150 of coverage per acre and insures the June/July time period with half of his 200 acres of hayland, or

100 acres. If the actual index is calculated to be 75 percent, the producer would be paid 15 percent (90 percent-75 percent) of \$150 multiplied by his 100 acres, or 15 percent x \$150 x 100 acres or \$2,250 for that period. The actual indexes are announced approximately 60 days after the time period has expired. In our example above, the index would be announced around the first of October. To calculate your own loss, you will need to know the acreage that is insured in each time period, the grid that you are located in, the coverage per acre and the time periods that you have chosen. All of that information is on the "Schedule of Insurance" that you receive from us after the acreage is received from you and input into

our computer system.

The only other piece of information that you will need is found at Risk Management Agency's (RMA's) Decision Support Tool Web site at <http://agforceusa.com/rma/ri/prf/dst>. At that Web site, you will need to input your state, county and grid number. From that site, you can even input your acreage and protection factor to arrive at how the claim was calculated. If you want to calculate the loss yourself, you will see the burgundy words "Click here for 2010CY Final Indices" on the above Web site. By clicking on that link, you will be taken to RMA's site for obtaining indices for the specific grid in which you have insured acreage. Don't forget to save the Web site to your Favorites so that you can check the indices for each period that you have covered. Of course, you can always call our office if you have questions. 

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planting date designated in the Special Provisions for the insured crop in the county. You may also be eligible for a prevented-planting payment if you failed to plant the insured crop with the proper equipment within the late-planting period. You must have been **prevented** from planting the insured crop **due to an insured cause of loss that is general in the surrounding area that prevents other producers from planting acreage** with similar characteristics.

Below is the language in the Basic Crop Insurance Provisions that initiates the section of the policy that discusses PP payments. As you can see, the

weather and your neighbors are the primary determining factors in whether payments are made.


**17. Prevented planting.**

(a) Unless limited by the policy provisions, a prevented-planting payment may be made to you for eligible acreage if:

(1) You were prevented from planting the insured crop (Failure to plant when other producers in the area were planting will result in the denial of the prevented-planting claim) by an insured cause .....

As you can tell, PP payments are highly dependent upon weather conditions as well as your neighbor's ability to plant their small-grain crops. Due to

the high number of PP claims in recent years, it is likely to expect a strict adherence to policy language with regards to PP.

PP claims must be filed within 72 hours of the date that you make your decision not to plant any further small-grain acres. The final possible date to file a PP claim is 72 hours after the end of the late-planting period. For example, if Nov. 10 is your final plant date and Nov. 25 is the end of the late-planting period, Nov. 28 would be the last possible date to file a timely PP claim. It is important you realize that the final date for filing PP claims is in many cases before your acreage report is due to us. To file a PP claim, you simply have to call our office. 

<u>North Carolina</u>	<u>Wheat</u>		<u>Oats</u>		<u>Barley</u>	
	<u>Final Planting</u>	<u>Acreage Reporting</u>	<u>Final Planting</u>	<u>Acreage Reporting</u>	<u>Final Planting</u>	<u>Acreage Reporting</u>
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
Forsyth	10-Nov	15-Dec	31-Oct	15-Nov	31-Oct	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
Stokes	10-Nov	15-Dec	*	*	*	*
Surry	31-Oct	15-Dec	15-Oct	15-Nov	15-Oct	15-Nov
Wake	30-Nov	15-Dec	31-Oct	15-Nov	31-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><u>Virginia</u></b>						
Bedford	10-Nov	30-Nov	*	*	25-Oct	15-Nov
Campbell	10-Nov	30-Nov	25-Oct	15-Nov	25-Oct	15-Nov
Floyd	*	*	*	*	*	*
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	*	*	*	*
Patrick	10-Nov	30-Nov	*	*	*	*
Pittsylvania	10-Nov	30-Nov	*	*	25-Oct	15-Nov
Wythe	31-Oct	15-Nov	*	*	*	*


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

## Production reports due for spring-planted crops

Recently, you should have received a production reporting form which is used to report yields for spring-planted crops such as corn, soybeans, tobacco and grain sorghum.

Yields are needed on any farms where losses did not occur. On farms where losses did occur, your production will be obtained from the loss documents. If you suspect that a loss exists on your crops, a claim should have already been turned in to us. However, if a loss has not been turned in to us and you suspect a loss, please file a claim with us immediately. Your production report should be filled in and returned to us as soon as possible. With 2010 yields in place, we can accurately calculate average yields for 2011, and also we can accurately quote insurance rates for 2011.

Your production report contains other information that you should review. For example, farm serial numbers, farm names and acreage for 2010 should be reviewed and if needed should be corrected. Please be aware that any loss discovered after 15 days beyond the end of the insurance period for each crop cannot be paid. The end of the insurance period for tobacco is Nov. 30, and for corn and soybeans it's Dec. 10.

Your production reporting form was sent with a return envelope. Do not forget to sign both pages marked for signature before returning your report to us. 

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## Dinner meetings for 2011

It's hard to believe that we are contemplating a new crop year as it seems only a short time ago that we held update meetings for the 2010 crop.


For 2011, our meetings will be in a similar time frame and at some of the same locations as in 2010. In our next newsletter, we will specify the dates and times.

However, we will be having a meeting in Montgomery County, Va., at the Montgomery County Government Center on Dec. 7, at 6:30 p.m.

We will be adding a dinner meeting in Wythe County, Va., to be held on Dec. 9 at 6 p.m. at the Old Stage Restaurant in Wytheville.

If you would like to attend the meeting in Montgomery County or Wytheville, give us a call at 1-800-458-3440. 

## E-mail addresses wanted

If 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 there is information that might be beneficial to you that with your e-mail address, we will be able to get this information out to you as quickly as possible. 

While our primary focus has always been crop-insurance coverage, Jennifer Minter 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.

## Quality adjustment on tobacco

With a new tobacco policy for 2010, questions still abound as to the exact workings of the tobacco policy as it exists today. Tobacco guarantees in pounds are calculated in the same way that it has been down since the tobacco buyout. That is, an average in pounds per acre is arrived at for each farm serial number. A guarantee is arrived at by multiplying the yield average by the coverage level (50 percent through 75 percent).

If a producer achieves a yield below his or her guaranteed pounds, the policy pays the shortfall in pounds below the guarantee at the price election (\$1.75 for 2010).

Quality adjustment has proven to be highly controversial and perhaps complicated. Quality adjustment involves compensation for a reduction in quality due to adverse weather or other insurable causes of loss such as disease. Quality adjustment is triggered when the average **value** of the tobacco from a unit is below 75 percent of the price election (75 percent of \$1.75 for 2010). The operative word in the last sentence is of course value. Many would argue that the value of tobacco is identical to the price received; however, due to "wildcat tobacco" grown without a contract and sold through the best means possible, the price received is

perhaps less than the true value of that tobacco.

Each crop insurance provider has determined a method for assigning value to tobacco that is part of a crop-insurance claim. Most companies are using averages of the various standard contract price sheets to determine the value of tobacco. In the case of Rural Community Insurance Services (RCIS), our primary carrier, such an average price sheet is being used. Disputed claims involving quality adjustment have been and will be elevated to claims supervisors and evaluated on a case by case basis.

For 2011, it is our hope that the Risk Management Agency (RMA) will give much clearer procedure for determining quality adjustment for tobacco. 