

# FarmPLUS INSURANCE SERVICES



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Winter 2012

## Federal crop insurance sales deadline draws nears

For all spring-planted crops in North Carolina the deadline for applications for new coverage changes to existing coverage, or transfer of coverage to another agent or company, is Feb. 28, 2012.

The deadline for making these changes in Virginia is March 15, 2012.

As in the past, it is our goal to meet with every grower that we currently insure prior to the deadline. Our goal is always to meet you on your farm or at your house, but if you wish to meet us at our office feel free to call, and we will appreciate that opportunity.

Every customer is important to our agency, whether large or small. In order to meet with every customer prior

to sales deadlines, we schedule a heavy workload in January, February and up to the March 15 sales deadline in Virginia. If you aren't among the first customers that we visit, rest assured that you will receive a contact prior to your deadline. Unfortunately, not everyone can be seen in the final 15 days before a deadline. Those 15 days are the only days in which we have completely accurate pricing due to the late date when the final prices for each crop are published. However, we always monitor the markets to estimate the pricing as closely as possible. If you are amongst the first customers that we visit, you benefit by having plenty of time to make a decision. If

you are amongst the last customers that we visit, you benefit by having very accurate pricing. Pricing for tobacco is already known, and our efforts will be to see those customers that are primarily tobacco growers first.

If you feel that you will be unable to decide on your coverage for your spring-planted crops when we meet with you at your location, give us a call, and we will mail quotations to you so that you can review the numbers prior to our visit.

When we do meet, our hope is to cover the following items:

1. Is the entity name and the tax ID number correct and does this information correspond to the

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## Crop insurance meetings

Below you will see the meeting locations and dates for 2012. If you can attend one of these meetings, please call and let us know which meeting you wish to attend. Space is plentiful at most every meeting, but a head count is necessary for meal preparation. Also, if we know that you will be attending our meeting, we will have documents prepared for you that are specific to your operation.

The goal that we have at these dinner meetings is to bring everyone up to speed regarding any changes that have occurred within the crop insurance program. Also, it is common for many growers to review their quotations at the dinner meetings and to give us their decisions for their crop insurance for the upcoming crop(s). For many people, especially smaller

growers, the decision-making process is simpler and decisions can be made at a meeting. However, regardless of size of the operation, our commitment is to visit with you personally.

**Jan. 31, Tuesday, 6 p.m.**  
McLeansville, N.C.  
McLeansville Wildlife Club  
6045 Rock Quarry Road  
Catered by Kelly Sheperd

**Feb. 7, Tuesday, 6 p.m.**  
Roxboro, N.C.  
Person County Office Building  
304 S. Morgan St.  
Catered by Fat Boys (Jimmy Harris)

**Feb. 14, Tuesday, 12 p.m.**  
Chatham, Va.  
Olde Dominion Agricultural Complex  
19783 U.S. Hwy. 29S  
Lunch provided

**Feb. 14, Tuesday, 6 p.m.**  
South Boston, Va.  
Ernie's Restaurant  
1010 John Randolph Blvd.  
Buffet

**Feb. 16, Thursday, 12 p.m.**  
Wytheville, Va.  
Wytheville Meeting Center  
333 Community Blvd.  
Lunch provided

**Feb. 16, Thursday, 6 p.m.**  
Mount Airy, N.C.  
Golden Corral Restaurant  
2226 Rockford St.  
Buffet

**Feb. 21, Tuesday, 12:30 p.m.**  
Rocky Mount, Va.  
The Franklin Center  
50 Claiborne Ave.  
Lunch provided

## Crop Hints By Brent Craig

This winter has been very kind to small grains thus far. If you remember, we had just the opposite for the start of last winter.



Last winter, most of the stands of wheat were thin, but this winter I have noticed many fields of wheat that have covered the row.

This article will address a few strategies to manage both thick and thin stands of wheat.

About the only option to increase tiller count or stand thickness at this point is to apply nitrogen (N). A split application may be in order for this year, with the first in early February

followed by a second in early to middle March around growth stage 30.

Begin the decision-making process with a tiller count. Only count plants with at least three leaves. One formula used is Tillers per square foot = (Tillers per yard of row *times* 4) divided by the row width in inches. You can also measure off one foot square and count within the square. Do this in several places and fields to get some averages. If tiller counts exceed 50 per square foot, do not apply N at this time, wait until growth stage 30. If N is applied, the wheat could lodge or go down. Also, freeze damage could occur later.

After checking the tiller count, the question still remains how much N to apply. If stands are very thin, around 25 tillers per square or less, apply 50

to 70 pounds of N per acre. If stands are 25 to 45 tillers per square foot, then apply 40 to 50 pounds of N per acre.


The second application of N should be applied around growth stage 30. This usually occurs late February to about the middle of March, depending on the season and variety of wheat. Around growth stage 30, the wheat will appear to stand up. If you split a stalk of wheat from top to bottom with a knife, you should be able to see the growing point or head about one inch above the first roots. After this, it will move up the stem above the soil surface. At this time, N uptake will begin, and the availability of N will be detrimental to yield.

A ballpark figure for units of N per acre is

See **Column** on insert page A

## Pricing for corn and soybeans for 2012

Within the crop insurance policy there is a document known as the Commodity Exchange Price Provisions (CEPP). For corn or soybeans, the expected harvest price for North Carolina is the average daily closing price from Jan. 15 to Feb. 14 on December 2012 futures for corn and January 2013 futures for soybeans.

In Virginia, the projected harvest price is the average daily closing price for Feb. 1 to Feb. 28 using December 2012 futures for corn and January 2013 futures for soybeans. Therefore, exact pricing will not be known until these calculations are completed. 


## NAP signup deadlines

In Virginia, the signup deadline for Non-insured crop disaster Assistance Program (NAP) is Feb. 15, 2012 for hay and pasture and also for most spring-planted vegetables. If you were not able to purchase or did not want to purchase, Pasture, Rangeland and Forage (PRF) coverage for your hay and pastureland for 2012, we recommend that you purchase NAP


## PRF policy in review

The Pasture, Rangeland and Forage (PRF) policy was introduced for the 2010 crop year. Signup for the PRF program in 2010 was brisk, but due to the method which claims are determined there was not a tremendous amount of success in 2010 with the program. The prevailing thought in 2010 was to cover hay and pasture only during the months that were most critical for hay and pasture production. Because the insurance periods are 60 days in length, single rainfall events that have little affect on hay and pasture production often took away any opportunity for a claim settlement.

In 2011, the prevailing thought was to spread insurable acres over more time periods in order to improve the odds of insuring a time period in which a claim could be paid. However, this has the effect of diluting the amount of coverage in each time period. The end result for 2011 for our specific agency was that approximately \$1.15 was paid out per \$1 of premium. In reviewing 2011 data, we realized that the payment figures would have been considerably better if the coverage had been spread over the entire year. Therefore, for 2012 many of our customers are insuring all possible time periods. The hope is that if there are any dry periods in 2012 there will be some return on the premium investment.

With the coverage in each period diluted significantly, we don't expect monstrous returns even in a dry year, but we do expect that over time farmers will be paid more claim monies from this program than premium payments. The reason for this expectation is due to government premium subsidies in excess of 50 percent. 

coverage for 2012 in order to be eligible for any potential Supplemental Revenue assistance payment (SURE).

In North Carolina, the signup deadline for NAP for hay and grassing land was Nov. 20, 2011. So unfortunately, both the PRF signup deadline (Sept. 30, 2011) and the NAP deadline have passed. However, most vegetable crops in North Carolina have a NAP signup deadline of Feb. 28, 2012. 

The Supplemental Revenue assistance payment (SURE) program signup for the 2010 crop year is ongoing. That signup ends June 1, 2012. Most counties in which our office operates either had a secretarial disaster declaration or were in an adjoining county to a county with a disaster declaration. We recommend that you signup at your local Farm Service Agency (FSA) office so they can determine if you're eligible for a SURE payment.

# Changes to the tobacco program

Since the tobacco buyout, the crop insurance policy for tobacco has evolved. Primarily, the changes that have occurred have to do with quality adjustment (QA). Quality adjustment is intended to provide a safety net when a crop is of poor quality regardless of quantity. Immediately after the buyout the price election was the threshold at which QA began. In 2009 and 2010, QA was only triggered if a grower's average price was below 75 percent of the price election.

For 2012, each bale will be considered separately in the QA procedure. The policy language is shown below:

In lieu of section 12(f) of the Tobacco Crop Provisions, tobacco production may be adjusted for quality deficiencies as follows:

1. You must contact us before any damaged tobacco is disposed of so the tobacco can be inspected to determine the amount of tobacco that may be eligible for QA. If you dispose of any damaged tobacco without giving us the opportunity to inspect it, such tobacco will not be eligible for QA.
2. Tobacco will be eligible for QA only if the deficiencies resulted from a cause of loss insured under section 10 of the crop provisions.
3. Quality will be a factor in determining tobacco production to count only if:
  - (i) You obtain an assigned grade for all tobacco that is eligible for QA; and
  - (ii) The tobacco is graded by a tobacco grader who is employed by the Agricultural Marketing Ser-

vice (AMS) or successor agency who assigns a grade in accordance with U.S. Department of Agriculture (USDA) Official Standard Grades published at 7CFR part 29.

4. Any adjustment in production to count will be determined by multiplying the pounds of damaged tobacco production by the QA factor for the corresponding grade as specified below.

The QA Factor (QAF) is 1.000 minus the applicable Discount Factor (DF) expressed in the chart below as three decimal places. The production to count is multiplied by the QAF (not less than zero) to determine the net production to count.

As you can see from the provisions, quality adjustments only occur if the tobacco is graded by a USDA grader. Also, QA for tobacco is now being handled by using DF, which is akin to the DFs that are used for QA for other crops such as grain. The DF effectively reduces the weight of a quality adjusted bale which could, in turn, create a higher claim settlement. **The price received for your tobacco will no longer have any effect on any claim settlement on tobacco.**

#### Price election

The price election for flue-cured tobacco in 2012 will again be \$1.60 per pound. For burley tobacco, the price election for 2012 is \$1.63 per pound. For

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## Discount Factor Chart

On the date of final inspection for the unit, the discount factors are determined using the following chart. No quality adjustment will be made on any production which has been assigned a grade that does not appear on the discount factor chart.

Grade*	DF	Grade*	DF	Grade*	DF
B4G	0.400	C4KL	0.200	N1XL	0.800
B5G	0.800	C4S	0.200	N1XO	0.800
B4GK	0.600	H6K	0.200	N0-G	**
B5GK	0.800	M4GK	0.600	P5F***	0.200
B6K	0.200	M5GK	0.800	P4G***	0.800
B5KF	0.400	N2	**	P5G***	0.800
B6KF	0.800	N1BO	0.800	P5L***	0.200
B5KL	0.400	N1GF	**	S-Scrap	**
B4KV	0.400	N1GG	**	X4G	0.400
B5KV	0.600	N1GL***	**	X5G	0.400
B6KV	0.800	N1GR	**	X4GK	0.600
B5V	0.200	N1K	0.800	X4KF	0.200
C4G	0.600	N1KV	0.800	X4KL	0.200
C4GK	0.400	N1L	0.800	X4KV	0.400
C4KF	0.200	N1R	0.800	-----	-----

\* U (unsound), W (doubtful keeping order), or wet are special descriptors that may be added to any grade. We may at our discretion adjust production assigned such a descriptor according to the underlying grade.


\*\* Any production which due to insurable causes is assigned the corresponding grade will be considered to have zero market value. Such production will not be considered production to count if the production is destroyed in a manner acceptable to us. No adjustment in production to count will be made on such production that is not destroyed.

\*\*\* Includes production with the Sand descriptor.

**Federal crop**  
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information at the Farm Service Agency (FSA) for the farming operation?

2. Are all crops insured?
3. If a grain crop is the farmer's preference to have yield protection or revenue protection.
4. For each crop, is the farmer best suited to have optional units (farm by farm coverage) or enterprise units (one unit per crop per county)?
5. Is there a desire for separate crop hail insurance? This applies to not only tobacco but perhaps wheat, barley or other grain crops.

Of course, much of the decision making can be handled via telephone. If you would prefer that your update be handled by phone, call us and we will e-mail or mail the necessary forms and quotations and will then discuss your risk management plan with you by phone. 


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dark fire-cured tobacco, it is \$2.06 per pound. For dark air-cured tobacco, the price election is \$1.50 per pound. For Maryland tobacco, it is \$1.50 per pound.

For 2012, there are no additional prices for organically grown tobacco; therefore, organically grown tobacco will receive the same price election as conventionally grown tobacco. However, organically grown tobacco will be treated as a separate unit from conventionally grown tobacco on the same Farm Serial Number (FSN). 

## Apple and peaches

All policies for apples and peaches are currently being reviewed by our office, and in some cases, by Rural Community Insurance Services (RCIS) or by the Risk Management Agency (RMA). All apple policies are being required by RMA to be reviewed for qualification for the Fresh type. What this means is that every grower must submit documentation to show that at least 50 percent of the apples sold in at least one of the last four growing seasons was sold on the fresh market. The records that you submit will have to be substantiated with Schedule F tax forms or apple tax documentation. Over 50 percent of the apple growers have submitted the required documentation and have been approved for the fresh type and the fresh option.

Also, acreage reports, pre-acceptance worksheets (PAWs), and production reports are due by Jan. 31, at the latest. Most growers have submitted this information to us, but if you have not please do so right away. Our office has been in contact with you if you haven't submitted the required information. 


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## A message to Southside Insurance Agency customers

In the event that you are a Southside Insurance Agency customer, we want for you to know that your business is valued. Many of the resources of FarmPlus Insurance Services are being poured into the Southside Insurance Agency business in order to bring those customers to the level of service that our FarmPlus customers have been accustomed to. Vivian Anderson has been working diligently with our staff in Blairs, Va., to review accounts to discover and correct any problems that might exist. Brent Craig is assuming the role of agent for those customers, and he has visited with some of the Southside customers and will be visiting with all of them prior to the sales deadlines for those customers. The price for attaining the Southside Insurance business was large, but it was justified because the business is valuable to us.

We ask that every Southside Insurance customer give us at FarmPlus the benefit of the doubt for 2012 and remain a customer to see what level of service you will receive from us. Others may ask for your business, but you are currently insured with perhaps the fastest growing agency in this part of the country. Unparalleled service is the reason for our growth, and we ask that you remain a customer to experience the service that we give.

The office in Halifax will be staffed on Tuesdays and Thursdays by Vivian Anderson. If you need to drop off documents at that office on other days, there is a mail slot in the back door (on the Farm Service Agency (FSA) side of the building). Also, you can continue to call the number for the Southside office. On days when Vivian isn't in that office, the calls are forwarded to our office in Blairs, and Vivian can take your call there. Beginning in late May or early June, the Southside office in Halifax will be staffed every day in order to receive your acreage reports most efficiently. If you wish to meet with Vivian or Brent at the Halifax office on Monday, Wednesday or Friday, let us know, and we will arrange to meet you there. We look forward to working with you in 2012 and beyond. 

**Maps of your farming operation are available through our office, which are in full color and in full page, half page or quarter page formats. The half page and quarter page formats are printed in such a way that they can be stapled to make booklets. These booklets contain forms for note pages where a grower can insert plant dates, chemical application dates, etc. If you would like a map booklet for your operation, contact Joyce Willis at Ext. 309.**

# New breaking ground and CRP rules changes

**D**ue to high commodity prices on grain, the Risk Management Agency (RMA) has put new emphasis on rules that have existed for some time now regarding insurability of crops planted on land that has been idle for three years or more. In the past, little or no attention has been given to insurability of crops on such land but a large emphasis will be given to these rules for 2012 and beyond. The policy language that applies to these rules is shown below:

## 9. Insurable Acreage.

(a) All acreage planted to the insured crop in the county in which you have a share:

(1) Except as provided in section 9(a)(2), is insurable **if the acreage has been planted and harvested or insured (including insured acreage that was prevented from being planted) in any one of the three previous crop years.** Acreage that has not been planted and harvested (grazing is not considered harvested for the purposes of section 9(a)(1)) or insured in at least one of the three previous crop years may still be insurable if:

(i) Such acreage was not planted:

(A) In at least two of the three previous crop years to comply with any other USDA program;

(B) Due to the crop rotation, the acreage would not have been planted in the previous three years (e.g., a crop rotation of corn, soybeans, and alfalfa; and the alfalfa remained for four years before the acreage was planted to corn again); or

(C) Because a perennial tree, vine, or bush crop was on the acreage in at

least two of the previous three crop years;

(ii) Such acreage constitutes five percent or less of the insured planted acreage in the unit;

(iii) Such acreage was not planted or harvested because it was pasture or rangeland, the crop to be insured is also pasture or rangeland, and the Crop Provisions, Special Provisions, or a written agreement specifically allow insurance for such acreage; or

(iv) The Crop Provisions, Special Provisions, **or a written agreement** specifically allow insurance for such acreage; or

(2) Is **not insurable if:**

(i) **The only crop that has been planted and harvested on the acreage in the three previous crop years is a cover, hay (except wheat harvested for hay) or forage crop (except insurable silage).** However, such acreage may be insurable only if:

(A) The crop to be insured is a hay or forage crop and the Crop Provisions, Special Provisions, **or a written agreement** specifically allow insurance for such acreage;


As you can see, land that was in hay or pasture for three years or more is generally uninsurable acreage. This only applies to that land for the first year that it is planted and then it would be insurable for the second year and beyond.

Land being removed from CRP will be insurable due to provision 9 (a) (1) (i) (A) shown in the policy language if that land is being removed for the 2012 crop year.

The procedure further states that the land can be insurable if a written agreement is obtained prior to the


sales closing date requesting coverage on the crop to be planted on that land. The written agreement must include information about the most recent crop planted on the land other than grass, aerial photos of the land and also soil maps of the land. If the written agreement is approved, the crop planted on the land would be insurable. The question then becomes, "What is the approved yield for the crop planted on that land?" When RMA answers a written agreement request regarding New Breaking Ground, they will allow a yield of 65 percent to 100 percent of the county T-yield. Their determination will be based upon the growers experience on other farms in the county, type of land and risk involved. Once a written agreement offer is received by the farmer, he may accept or decline the offer.

If a written agreement is not obtained prior to the sales deadline, you will need to report all acreage planted on the uninsurable land and you will need to tell us that the land is New Breaking Land. **If you don't inform us that you have planted on New Breaking Land and we insure those crops, you will be subject to repayment of any claims paid even if the discovery is made in future years.** RMA is expected to use data mining tools to determine if crops are planted on New Breaking Ground and if those crops have been reported and insured correctly.

Remember that New Breaking Ground is only insurable if a written agreement is requested and signed for prior to the February 28 sales closing date in North Carolina and March 15 sales closing date in Virginia. 

## Billing date change for 2012


**T**he billing date for all spring-planted crops will be changed from October 1 to August 15. The billing date for pasture and hayland as well as fall-planted crops will continue to be July 1. We recognize that this is a change that will be unwelcome for farmers but it is a change instituted by the Risk Management Agency (RMA) and therefore, can't be changed. In many cases, spring-planted acreage will be keyed just prior to the due date.

For that reason, a 45-day grace period is being given until October 1. Going forward, the premiums must be received in the company's main office or in our office before the first of each month in order to avoid interest being charged. Postmark dates will not be used to determine if interest will be charged or not. 

## Farm bill being contemplated


The crop insurance program, due to recent severe cuts to the companies and the agents, appears to be off the chopping block in the upcoming farm bill negotiations. However, some Farm Service Agency (FSA) programs have been effectively given up as lost in the next farm bill. Every farmer should consider which government programs are most important to him or her and should make their opinions known to their politicians.

Some interesting facts:

- The entire U.S. Department of Agriculture (USDA) budget is 0.46 percent of the federal budget.
- 76 percent of the USDA budget is allocated to nutrition; therefore, 0.11 percent of the federal budget is allocated to farm programs (basically one tenth of 1 percent).
- Crop insurance is typically 9 percent of the USDA farm bill and is; therefore, four one hundredths of 1 percent of the federal budget.
- One out of seven people in the United States are on food stamps.
- 56 percent of kids are on free lunches, 9 percent are on reduced lunches, and 75 percent are on free breakfast.
- One half of all babies born in the United States are on the WIC program.
- One out of eight Americans uses food banks. 

Cumberland, Pittsylvania and Powhatan counties in Virginia were designated primary natural disaster areas as a result of drought and excessive heat that occurred from May 25, 2011 through Aug. 27, 2011. All additional counties are also included for natural disaster assistance.

## Farm, home, auto, life and health insurance

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. Claudia Franklin and 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. If you bought your coverage through Southside Insurance Agency, Jennifer, Amy and Claudia will be happy to help you with your policy. Vivian, when at the Southside office, can receive your payment or can help you with your policy with the help of Jennifer and our staff in Blairs. 


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about 120 per year. Some of the best producers may push this limit on some fields but may back down on others. So consider any applied at planting, and if you applied any in a split application. Another thing to take into consideration is leaching due to excessive rainfall in the fall and carryover N from other crops. This does require some guesswork.

One method that takes a lot of guesswork out is a tissue test. This is done around growth stage 30, and many agronomists and fertilizer dealers will assist you with this. The greatest downfall with this is turnaround time for lab results, unfavorable weather conditions and time constraints. But if you are like me, I can find an excuse for about anything I do not like to do, especially housework. However, take a little time and try it on a field or two. We are dealing with very high wheat prices, and I think we will be dealing with very high fertilizer prices. It may save you some money and increase your yields.

Remember, if you are using liquid N, there are additives that can decrease N volatility such as NutriSphere and Agrotain. Also if you split-apply or apply all your N in March, remember to take out the broadleaf weeds and ryegrass. Also, a mid- to late-March application of N with a pesticide can reduce the likelihood of having to spray for cereal leaf beetle later on. A few of these products are as follows: Prowl H20 for pre-emergence of ryegrass. Harmony for broadleaf, Warrior for cereal leaf beetle, Osprey for post-emerged ryegrass (DO NOT MIX WITH N). Always read the label, remember personal protective equipment (PPE), timing of application is important and may harm some crops if applied incorrectly, and take into consideration cropping rotations for which crops will follow after spraying these chemicals.

A fair amount of visual chemical damage is present this year in wheat following tobacco. I say visual because sometimes the wheat grows out of it, and this makes the damage hard to measure. Some years, the damage is transparent to a loss in yield. Monty's Plant Food has a product called NanoBind. I have not worked with this product but have heard mixed results on its effectiveness in minimizing damage. Again, I think if you are constantly plagued with Command damage this may be a product that is worth trying.

There are many products made by many companies that will probably work just as well, and I am not biased to those in this article; however, I have used some of these and am familiar with them. This article is merely to inform you and let you know, "We are working hard to keep you growing." 

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.

**If you are a member of a growers' group or association such as Young Farmers, we would be glad to sponsor or cosponsor meetings and give an overview of crop insurance to the members. Often, small group meetings provide the best venue for questions and answers that all growers want and need to know. Let us know if we can serve you.**