

Farmers Insurance Agency



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Winter 2008

Farmers Insurance Agency continues the fight

There have been a lot of questions on tobacco regarding the unit structure for the 2008 crop year. We now know for the 2008 crop year optional units will be available. We also now know that the price election for flue-cured tobacco for the 2008 crop will be \$1.60. There is still a push from the Risk Management Agency (RMA) to change the policy to one

unit per county for 2009 and beyond, but this is an ongoing fight. There has simply been a "lull" in the battle since RMA received many comments from growers, agents and farmer's groups speaking out against one unit per county.

The losses from the 2007 crop year are highly indicative of the need for optional units because of acreage

that could be irrigated versus acres that could not be irrigated, yet the heavy losses paid in the 2007 crop year certainly are damaging in our fight for optional units at the current premium rates.

We would expect that in 2009, if optional units are available, premium rates could very well be higher. If optional units are not available and we are given a policy

with one unit per county, it is hard to speculate on what the premium rates will be.

With regards to the policy that was proposed by RMA, there will still be a push to allow crop insurance only to those who hold contracts. All of this is something that we have fought. This is probably going to happen, but we will keep up the fight. 

Sales closing dates fast approach

The sales-closing dates for corn, soybeans and tobacco will be **Feb. 28, 2008 in North Carolina** and **March 15, 2008 in Virginia**. By that date, we would need to add any new coverage, make any changes

on those crops with regards to level of coverage or options. Cancellation of coverage on those crops and changes of entity type, like from spousal to corporation or individual, also needs to be done by the sales

closing dates.

With regards to burley tobacco, those policies require what is called a written agreement so those policies have to be completed by the sales closing date. With written agreements, there is more paperwork involved; therefore, we would need to get started as early as possible. 

Crop insurance dinner dates scheduled for February 2008

As in previous years, we will again be hosting several crop insurance dinners. We will be contacting each of you to see if you will be attending one of the meetings. However, if you will call and tell us the meeting that you plan to attend and the number of people attending, we would appreciate it. The meeting locations and dates are as follows:

McLeansville, N.C. – McLeansville Hunt Club, Tuesday, Feb. 5, 2008 at 6 p.m.

Roxboro, N.C. – Outer Banks Restaurant, Thursday, Feb. 7, 2008 at 6 p.m.

Reidsville, N.C. – Golden Corral Restaurant, Thursday, Feb. 21, 2008, at 6 p.m.

Danville, Va. – Mary's Diner, Tuesday, Feb. 26, 2008 at 6 p.m.

Rocky Mount, Va. – Fisherman's Galley, Thursday, Feb. 28, 2008 at 6:30 p.m. 

Working hard to keep you growing

Choose the right plan for your needs

What crop insurance plan is right for you? Multi-peril crop insurance offers several different types of insurance for most crops, and within each type of insurance there are often several options available. While we always try to tailor crop insurance programs to fit each grower's individual operation, it is still helpful for you—the grower—to understand what is available to you.

- Actual Production History (APH) program is strictly a yield-based program that is one of the least expensive and was the original form that crop insurance took. It strictly protects against yield losses and pays a set price per bushel or per pound for a shortfall in yield. It is available on grain crops and tobacco.
- Crop Revenue Coverage (CRC) and Revenue Assurance (RA) are two very similar programs available on grain crops only. These

plans protect against losses in yield and/or revenue. With the use of options that are available, we can establish yield and money guarantees or simply money guarantees. Currently, there has been a huge movement in grain prices over the past 18 months due to biofuels, weakening dollar, etc. An advantage to the CRC and RA programs is they are the best tools for managing the risk associated with such price swings.

- Group Risk Plan (GRP) and Group Risk Income Protection (GRIP) are available on grain crops only. These programs protect against yield losses experienced throughout a county (GRP), or yield and income losses throughout a county (GRIP). GRP and GRIP have the benefit of low cost; however, the downside is that local weather conditions sometimes are not consistent with weather

throughout the county. Another disadvantage is that these plans use statistical yield data for the county based on surveys. Sometimes these survey results aren't truly indicative of yields throughout the county.

- Adjusted Gross Revenue (AGR) and (AGR-Lite) were designed as a one-size-fits-all insurance program. The basis for these programs is protection of the net revenue that a farmer shows on his Schedule F tax form. The negative to this program is that it tends to be more expensive than traditional crop insurance. A positive is that many uninsurable crops and specialty crops can be insured under these programs. Both programs require five years of tax returns to establish coverage. AGR insurance can be bought to supplement traditional crop insurance at an additional cost. 

Fill out USDA/NASS yield surveys

If you recently received a crop and livestock survey—which is a survey that originates from the U.S. Department of Agriculture (USDA) and the National Agricultural Statistics Service (NASS)—these surveys are extremely important as they determine average yields on different crops within counties and states.

In Virginia, these surveys were due on or before Dec. 15, 2007 and are very important, because NASS statistics are used to determine payments for the Group Risk Plan (GRP) and Group Risk Income Protection

(GRIP) programs; therefore, it is important that those who achieved poor yields as well as good yields return these surveys. It is suspected that often the majority of respondents are those that made above-average yield. If we can get good statistical data for our counties, then the GRP and GRIP programs will be more viable. 

In our last newsletter, we mentioned that one of our staff, Joyce Willis, underwent open-heart surgery. We are happy to report that Joyce is back to work and in good health. Your prayers are appreciated.

Premiums due

For those folks who have not paid their crop hail premium, it was due Dec. 1, 2007 in North Carolina and Jan. 1, 2008 in Virginia. Multi-peril crop insurance (MPCI) premiums were due Oct. 1. On the first of each month thereafter, interest is being added. Anyone who has not paid those premiums needs to go ahead and get that done. MPCI premiums that are left unpaid as of the upcoming sales closing dates will cause a person to be ineligible for any form of MPCI. 

Reductions in deer populations sought

Thanks to a producer, John Hall, in Durham County, N.C., there is a push in North Carolina to reform the deer hunting laws to extend hunting seasons in an effort to decrease deer populations. Besides drought, wildlife damage is the leading cause of losses to the soybean crop in the south-east. Drought conditions generally cause increased deer damage claims due to the decreased forage in the wild. We will insure over 30,000 acres of soybeans in north central North Carolina and south central Virginia and will pay out over \$3 million in soybean claims from this agency alone for the 2007 crop. Of this amount, we estimate approximately one-third to one-half of the damage is due to the deer population.

Also, deer damage accounts for untold millions of dollars in damage to vehicles in many parts of the country.

Every soybean producer has a vested interest in this effort. We suggest the North Carolina Soybean Growers Association as a contact. Also, Winkie Wilkins, a North Carolina General Assembly representative, is making some efforts within the N.C. General Assembly.

If you would like to give your opinion regarding changes that need to be made to reduce deer pressure on your soybean crop or other crops, below are a list of North Carolina and Virginia contacts that you can send your comments to:

North Carolina

David S. McLeod, assistant commissioner
NCDACS

1001 Mail Services Center
Raleigh, NC 27699
Phone: 919-733-7125, Ext. 238

www.ncagr.com
david.mcleod@ncmail.net

Charles Hall, chief executive officer
North Carolina Soybean Producers Association
211 Six Forks Road, Suite 102
Raleigh, NC 27609

Phone: 919-839-5700
Fax: 919-839-5775

www.ncsoy.org
cshall@ncsoy.org

Virginia

Dick Atkinson, executive
151 Kristiansand Drive, Suite 115, E&F

Williamsburg, VA 23188

Phone: 757-564-0153

Fax: 757-564-8165

www.vasoybean.org
soybean@visi.net

Don Blankenship, deputy commissioner
VDACS

102 Governor St.
Richmond, VA 23219
Phone: 804-786-3501
Fax: 804-371-2945

www.vdacs.virginia.gov 

Report wheat acreage

With regards to wheat acreage reports that we recently took, all acres of the insured crop need to be reported whether planting for grain, forage or fallow. All acres planted to the insured crop need to be reported. Acreages that are planted to fallow and forage are uninsurable but still need to be reported to get the full benefit of the crop insurance on the insurable acres. This applies even on acres that are planted well beyond the final plant dates. If you haven't reported all of your wheat acres to us, please give us a call so that we may revise your report. Also, check your Schedule of Insurance for accuracy. Keep a copy of the Schedule of Insurance for use in reporting to the Farm Service Agency (FSA) if you haven't reported to FSA already. It is imperative that your crop insurance acres match exactly with FSA and that you report to FSA in the same entity as your crop insurance is written. 

Consider a higher coverage

If you are accustomed to forward-contracting your grain crops and wish to increase your crop insurance guarantee to be able to safely forward-contract more bushels, you may wish to consider a higher level of coverage. Some may consider going with Enterprise Units (one unit per county) in order to be able to buy the 80 percent or 85 percent levels of coverage. While these higher levels of coverage have a higher premium, there are discounts that apply, depending on the number of farms that you tend or the number of acres that you plant. 

During these winter months, if you are working with the Farm Service Agency (FSA) to establish new farm serial numbers, if changes in farm serial numbers occur, if farm serial numbers are reconstituted into additional farm serial numbers, if you break tracks of land into multiple farm serial numbers, or if you combine tracks of land into a single farm serial number, we need to be kept in the loop. We need to be informed of those changes as soon as they happen.

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Work comp insurance quotes available

Recently, we were contacted by AMERISAFE Inc. of Deridder, La., which specializes in workers' compensation insurance (work comp) for the agricultural industry and other blue-collar, higher-risk industries. The rates are typically very advantageous. The downside is that they require a \$5,000 minimum premium. While this company is not for everyone, for those who maintain year-round employees or larger operations this may be a company you would want to look at. We also have a company that offers work comp for agricultural risks that has a minimum premium of \$2,500. In either case, we will be glad to give you a quote. 

Maintain good production records for 2008

As a reminder to all multi-peril crop insurance (MPCI) customers, every policyholder is required to maintain records of production for the current crop year and three prior crop years. In 2007, we ran into several claims that exceeded \$100,000, which automatically triggers an audit of

Sign/return production reporting forms

Recently, we sent production reporting forms on all corn, soybean and tobacco crops on farms that did not experience a loss below crop insurance guarantees. Please return those forms as soon as possible with bushels or pounds of production. While the due date on production reports is always 45 days after the sales closing date, it is important that we get this information soon in order to "tailor" your 2008 insurance coverage to your needs. Make sure you check this acreage carefully.

*Whenever we send a mailing that has a return envelope in it with a stamp on it, we are expecting a signature and/or information to be returned, so please address those mailings promptly. **Do not forget to sign the forms!*** 

New software generates color map booklets

With Rural Community Insurance Services (RCIS), we have new software that will allow us to generate color map booklets showing a map for each of the farms that you tend with acres in each field. These maps can be generated with your help. They are excellent for making planting records, production records and simply for reference. However, this is a service that is somewhat time-consuming and that requires high-speed Internet availability. Therefore, if you would like a map booklet for your operation, please call us for an appointment. We will arrange for a time to sit down with you and locate all of the tracks of land in your operation. 

a producer's yield database. When that audit occurs, the company, at the Risk Management Agency's (RMA) direction, is required to verify the three years of records retained by the farmer as well as the current loss records regarding the current loss. It is important that everyone

maintain those records from the three prior crop years. These records could be sales tickets, Farm Service Agency (FSA) yield records, records generated when harvesting, and/or combine and yield monitor records. 