

FarmPLUS INSURANCE SERVICES



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Fall 2011

Pasture and hayland sales deadline

Beginning with the 2010 calendar year, a new policy was introduced in Virginia and North Carolina by the name of the Pasture, Rangeland and Forage (PRF) policy. The PRF policy uses National Weather Service data to determine the percentage of average rainfall that has occurred in a particular grid area. Each grid area consists of one-fourth of one degree of longitude and latitude, or approximately 12 miles by 14 miles.

To determine the index or percentage of average rainfall for a grid area, the rainfall data from the four nearest rainfall stations are used. While this system is far from perfect—especially in the summer months—the amount of government premium subsidies makes the PRF policy what we believe to be a good bet.

A participant must select at least two periods of time for each crop. Each time period is two months in duration. Therefore, acreage can be divided for each crop between two to six, two-

month periods per crop. Also, an insured must select a percentage of average rainfall at which a loss will be triggered from 70 percent to 90 percent in 5-percent increments. Premiums decrease as the level or trigger decreases.

Finally, an insured must select the amount of coverage desired per acre of hay or pasture. Coverage amounts for hayland can range from approximately \$90 to \$385 per acre and for pasture from \$23 to \$60 per acre, depending on your location and the amount of coverage you select.

If you are currently insured under the PRF program or are considering coverage, you may wish to visit the Risk Management Agency's (RMA's) Web site known as the Decision Support Tool for Pasture, Rangeland and Forage at <http://agforceusa.com/RMA/RI/PRF/dst>.

From that Web site, you can click on "grid locator" to determine your grid number, and you can look at any num-

ber of scenarios by changing coverage levels, the protection factors (coverage per acre), and the distribution of acres between months to see for yourself how the policy would have performed in the past. Also, if you want to see the indexes for your grid area thus far in 2011, you may access that data from the same site.

For those currently insured in the PRF program, an acreage reporting form with maps showing insured acres has been sent, or will be sent to you soon for you to report your hay and pasture acres for the 2012 crop year.

A person may insure any hay and pastureland in which he or she has an interest in and which was planted prior to July 1, 2011. 

The application deadline for the 2012 calendar year for the PRF program is Sept. 30, 2011.

Small grains sales deadline

The deadline for changes or a new application for coverage for wheat, oats and barley is Sept. 30, 2011.

Often, we receive calls in the fall, winter and spring months from those that are wishing to insure their crop, but due to the Sept. 30 deadline we aren't able to accommodate them. All federal crop insurance requires sign up well in advance of normal planting seasons, so that there are no indications of good- or poor-growing conditions of the crop.

The Farm Service Agency (FSA) has similar deadlines for Non-insured crop disaster Assistance Program (NAP) coverage for the same reasons. Small grains grown for hay are only insurable through the NAP policy at FSA. Small grains grown for harvest as grains are only insurable through federal crop insurance. Other specialty crops such as strawberries have a NAP sign-up deadline well in advance of the normal planting season for the crop. Following

See *Small grains* on page 4

Acronyms used in this issue:

PRF (Pasture, Rangeland and Forage) policy
RMA (Risk Management Agency)
NAP (Non-insured crop disaster Assistance Program)
FSA (Farm Service Agency)
FSN (Farm Serial Number)
LGM (Livestock Gross Margin)
cwt (hundredweight)
GSIs (growing season inspections)
PHI (preharvest inspection)
EU (Enterprise Unit)
OU (Optional Unit)
SURE (Supplemental Revenue assistance payments)

Crop Hints By Brent Craig

Once again budworms are testing everyone's patience. Several insecticides are labeled for them, but a fairly new one is Coragen. I have heard



some positive feedback regarding the performance of it on tobacco.

Coragen is labeled for use in transplant water at a

rate of 7 ounces per acre or as a foliar spray at a rate of 5 ounces per acre. The key at transplant is making sure the root zone receives an adequate amount of solution. The label recommends a minimum of 2 ounces of solution per plant. To put it in terms that I can understand, if your plant population is around 6,000 plants per acre that is a minimum of about 94 gallons of solution per acre.

Coragen is picked up by the roots and moves throughout the plant. The idea makes sense because our previous insecticides only protected the part of the plant that was sprayed, not the new growth, resulting in two- to four-spray applications.

We are constantly reminded that we need to rotate the chemistry of our pesticides to help reduce the likelihood of pests building up resistance. This may be one chemical to try out next year.

Cover crops

Cover crops play a vital role in a cropping system. They increase mois-

ture retention by adding organic matter to the soil. Cover crops also reduce erosion and topsoil loss. They also help to protect the spring crop that will be planted into them.

Imagine two bottles, one filled with paper towels and the other filled with nothing. Then imagine filling both with water and turning them upside down. Within seconds, the one that was empty would be dry. However, the one that was filled with paper towels will take days to dry out. The same is true with our soil. Soils high in organic matter have a much greater water holding capacity. This can pay big dividends with infrequent thunderstorms in the summer months.

Increased organic matter and nutrient levels in soil come with time and money. However, both can be removed in a hurry with torrential rainfall. Bare ground usually is to blame for this. A cover crop can greatly reduce the amount of topsoil that is lost.

Once the cover crop is killed in the spring, it provides protection for the crop that is planted into it. They provide a blanket that reduces moisture loss from the baking sun and the driving wind. They also greatly reduce the amount of weed pressure because the soil and other weed seed are shaded and can't receive enough sunlight to thrive.

Radishes and annual rye

Stay with me on this one, but the theory makes perfect sense. Some producers have been experimenting with radishes and annual rye—DH3, Marshal, etc. The "tillage radish" is used to subsoil or break the hardpan, trap nitrogen and create pores in the soil to catch moisture. The rye is used to minimize erosion, reduce weed pressure, build organic matter and provide cover for next year's spring crop.

Establishment requires planting the radish fairly early, by the first of Sep-

tember or earlier in our area. This gives the radish ample time to grow and drill down into the hardpan before it is killed by winter freeze. Seeding rates for the radish are about 8 pounds (lbs) per acre and for the annual rye about 10 lbs per acre when both are planted together. Some producers have mixed the two but others have planted the radish at about the same row width as they would plant corn then in the spring they plant the corn right beside the row the radish was in. They plant the annual rye in all of the other rows that the radish was not planted in. This does require two seed boxes and taping up a few holes to keep the two seeds from going in the same spout and mixing. The radish and rye do like nitrogen (N) so if there is not any carry over nitrogen available, 40-50 units of N will help get the cover crop off to a good start.

The rye will need to be sprayed down with Gramoxone or a glyphosate product before it gets too tall, say around knee high. If the rye gets too tall, it can tie up spring applied N as it is decomposing, and the corn will not be able to use the N timely.

There is an old saying, "Keep doing what you have been doing, and you will keep getting what you have been getting." I always like to see producers try some new products and practices. I am not saying try it on all acres but just try it on a few acres, that way if you like what you see you can do more next year. On the other hand, if you are not happy with the results, you are not out of a lot because you only experimented in a small way. The best experiments happen on the farm with real producers and real growing conditions. Thanks for your business, and we wish you a prosperous harvest. 

Livestock Gross Margin for dairy

The Livestock Gross Margin (LGM) for dairy products was a big hit from December through March of 2011. Unfortunately, the product was underfunded by the Risk Management Agency (RMA), and new funding will become available to growers in October 2011. The LGM product estab-

lishes a floor on milk prices and a cap on feed prices simultaneously. If you purchase the LGM product through our agency, you should already be on our LGM e-mail distribution list. If you have an interest in the LGM product, please provide us with your e-mail address and request the monthly LGM bulletins.

You may send your e-mail to us at farmersinsagency@earthlink.net. If you do not have e-mail, provide us with your phone numbers, and we will contact you each month to determine if LGM coverage is something that would benefit you at that point in time.

The LGM product is a very affordable risk management tool for dairy farmers due to government premium subsidies and is also billed in arrears, instead of paid for at the time of application. A farmer can insure from 100 hundred-weight (cwt) to 240,000 cwt in any crop year. 

Production records for tobacco

If you are a tobacco grower, it is extremely important that you report your production from each Farm Serial Number (FSN) accurately. While you may have a method that allows you to track your production, following is a possible method of tracking tobacco production:

1. As each FSN is harvested, maintain a calendar or ledger that shows the farm name or FSN that is being harvested and a barn number in which the tobacco is loaded.
2. If a barn contains tobacco from more than one FSN, use cardboard or some other signage marked with the farm name or farm number and attach to the racks or boxes where the split is made between farms so that when baling the tobacco, production can be kept separate as it goes into the bales.
3. Tag bales with the farm name or farm number when the bales of tobacco are completed.
4. As the tobacco is offloaded from the truck or trailer at the receiving station, document the farm number or farm name from each bale in the order that they are offloaded and loaded onto the receiving line for weighing.
5. Mark the sales ticket with the farm names or farm numbers in the same order that the tobacco was offloaded from your truck or trailer as soon as you receive the sales ticket from the receiving station.
6. Maintain all of the above records to be able to show the adjuster or claims auditor the method by which you tracked the production from the field to the sales ticket.

While much of the above documentation is not spelled out in the policy as required, you can never be over-documented if there are any questions regarding your claim, should a claim be necessary.

Due to high loss ratios on tobacco that range from 200

percent to 355 percent since the tobacco buyout occurred, there is tremendous scrutiny being placed on tobacco by the Risk Management Agency (RMA) and other entities within the federal government. There have been several occurrences of farmers, adjusters and agents facing criminal charges and/or convictions for crop insurance fraud. With such scrutiny, and for the benefit of maintaining a crop insurance program for tobacco, it is more important than ever for every farmer to maintain good records.

Also, with the added scrutiny on tobacco, our office asks that every tobacco grower keep their records rather than submitting them to our agency for delivery to an adjuster. While this is often requested of us for the sake of convenience, it could be viewed as an opportunity for fraud to occur.

In the case of very high yields, our office may need to provide proof to the insurance company of the high yield. In that case, we will ask you to provide records to our office. Also, our office will not be able to calculate your loss prior to submission of your records to the adjuster. If you are unable to calculate your own loss, we can provide you with a sample calculation of loss that is part of the policy, but we will be unable to work with your specific overage and yields to calculate your loss.

Finally, according to loss procedures, adjusters are only able to document the production records that you submit to the adjuster. The adjuster is not able to provide you with an amount of your federal crop insurance loss. This applies to all crops. It is in your best interest to know how the loss is calculated. Once a loss has been worked by the claims force, our office can review your loss at your request if you feel that a mistake has occurred. If a mistake is found, we can request that a corrected claim be worked for you. 🐼

GSIs and PHI for tobacco

In an effort to reduce fraud, waste and abuse, the Risk Management Agency (RMA) has mandated a relatively large number of growing season inspections (GSIs) and preharvest inspections (PHI) on numerous tobacco producers.

A GSI involves periodic visits by an adjuster to the farming operation to document farming practices and crop conditions.

The PHI involves appraisals of yield potential for each field of tobacco within a grower's operation.

The tobacco policy establishes a yield floor at the appraised yield regardless of the yield that is reported by a producer. Therefore, if a PHI has been performed on your tobacco crop, it is extremely important that a subsequent PHI is performed whenever

there is additional damage to an insured tobacco crop.

The question has often been asked by tobacco growers: "How was my operation selected for GSI/PHI?" The answer can never be known for sure. Any of the following could apply:

1. An anonymous complaint via the crop insurance fraud hotline.
2. A request from an adjuster or an agent within the crop insurance program.
3. A request from Farm Service Agency (FSA) personnel.
4. A set of criteria established by RMA involving loss ratio, variation in yields from farm to farm, frequency of losses, etc., also known as **data mining**.

It is our understanding that the large numbers of GSIs/PHI being performed

are the result of RMA data mining. Because GSIs/PHI are mandated by RMA, we have no ability to appeal their decision. Because the policy allows for such scrutiny, a grower's only choice is to comply with the procedure, or choose not to participate within the crop insurance program in subsequent crop years.

The areas of interest to RMA regarding tobacco when performing GSIs include the following:

1. Is the tobacco free of weeds and grass consistent with good farming practices?
2. Are there adequate soil nutrients for proper growth of the tobacco?
3. Is the tobacco free of insects and disease consistent with good farming practices?
4. Is the tobacco topped and suckered consistent with good farming practices?

See **GSIs/PHI** on page 4

Small grains production reporting

Generally, there was a bumper crop in 2011 of wheat, oats and barley. Very few claims were filed with most of these claims attributable to poor weed control, especially volunteer rye and ragweed. Still, most every acre was harvested due to the favorable pricing currently available.

The production reporting forms for wheat, oats and barley have recently been mailed to every producer that did not experience a loss. Please report your production as accurately as possible, and if possible, report separately by Farm Serial Number (FSN).

If you achieved yields in excess of 70 bushels per acre for wheat, you may want to send copies of weigh tickets along with your production reporting forms to us. When yields are significantly higher than the county average yield (T-yield), we are often required to provide proof to the company of the high yield.

While premiums are always difficult to pay, high yields pay huge dividends in the future, because of the increase in average yield which is the starting point for

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calculations of crop insurance coverage. Also, average yields above county T-yields tend to cause reduced premiums. Failure to report yields results in an imposed yield—which is 75 percent of the prior year average yield—thus reducing the new average and reducing coverage.

It is always important to report good yields when they are achieved. We must receive your production and yield report for the 2011 crop in order to accurately quote your premium rates and coverage for the 2012 crop. When we receive your production and yield report for small grains and when rates can be quoted, we will mail your 2012 rates to you with alternative coverage levels, unit structures and/or plans of insurance. 

Small grains
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are some NAP sign-up deadlines that might be of interest to growers in our area:

North Carolina

| | |
|--------------------------------|--------------|
| Hay & Pasture | November 20 |
| Wheat, Oats and Barley for hay | September 30 |
| Strawberries | September 1 |
| Peaches and Apples | November 20 |

Virginia

| | |
|--------------------------------|--------------|
| Hay & Pasture | February 15 |
| Wheat, Oats and Barley for hay | September 30 |
| Strawberries | February 15 |
| Peaches and Apples | November 20 |

** Please note that the NAP program is an FSA program and not a program that our office administers. You should check with your local FSA office for details on the NAP program and to verify any dates that apply to your farming operation. NAP coverage or federal crop insurance coverage is needed on all crops of economic significance (greater than 5 percent of the gross value of all crops) within your farming operation to qualify for disaster assistance through the SURE program (Supplemental Revenue assistance payments). 

GSI/PHI
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- Is the tobacco harvested as it ripens?
- Are production records maintained such that production is tracked from the field to the barn, from the barn to the warehouse and finally to the sales tickets so the production can be proven as having occurred on the stated FSN? 

Enterprise Units versus Optional Units

In the 2011 crop year, near record yields were achieved in our general area for small grain crops. Many growers benefited from an Enterprise Unit (EU) structure due to the fact that the crop insurance premium was an expense load that was reduced because EUs are significantly less expensive. Often, this aspect of EUs is forgotten and more often the negative efforts of EUs are lamented when losses are spotty. EUs are often selected in small grain crops due to the more consistent weather from farm to farm experienced during the small grain growing season, and therefore, a more consistent crop from farm to farm. Furthermore, when crops are above average, EU discounts allow for a farmer to be in a higher level of coverage due lower premiums which makes the possibility of a revenue loss due to price drop more likely.

In defense of optional units (OUs), many times there are Farm Serial Numbers (FSNs) that have lower yields than the rest of the crop, and often, those farms generate losses great enough to cover the cost of the higher premiums associated with optional units. Other times, optional units allow for partial losses on individual farms to reduce the premium amount in an above average year where there is variation in yields from farm to farm. However, most growers buying OUs do not select the higher levels of coverage due to higher premiums and the gross claim amount is usually lower when there is an overall poor crop.

Prior to the Sept. 30 deadline, every grower purchasing crop insurance for small grains, will need to consider whether EUs or OUs are their best fit. For you to make that decision, we will be providing quotations for your FSNs that we have on record. Every attempt will be made to contact every small grain customer in person or by phone prior to the Sept. 30 deadline. However, if you have particular questions or concerns, please call us at 434-835-0107. 