

FarmPLUS INSURANCE SERVICES



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Spring 2013


New breaking ground

Every year, the Risk Management Agency (RMA) places their focus on different aspects of crop insurance. A recent focal point for RMA has been new breaking ground (NBG). NBG is land that has not been in row-crop production for the past three crop years. NBG is normally uninsurable with a few exceptions. They are:

- (1) land exiting the Conservation Reserve Program (CRP) is considered NBG but is insurable in the first two years after exiting the CRP program with a yield starting point of the county T-yield for the crop
- (2) land that has been in a forage crop such as alfalfa or orchardgrass for the past three years, and on which the farmer can demonstrate a history of rotation to such forage crops between row crops. Such rotational acres are not considered NBG and are insurable as normal added land. Those acres can receive a yield starting point of the farmer's average yield in the county or the county yield whichever is higher

- (3) NBG that constitutes less than 5 percent of the insured planted acreage in the unit is insurable
- (4) NBG not planted in two of the three previous crop years in order to comply with a U.S. Department of Agriculture (USDA) program is insurable
- (5) land that is NBG as described above, but proof exists that the land was in a row crop previous years can be insured with proper documentation. The yield starting point for such acreage is 80 percent of the county T-yield*
- (6) NBG as described above with no provable history of prior crops can be insured at 65 percent of the county T-yield.

If you have NBG in your operation for 2013 on which you intend to plant an insurable row crop, now is a good time to do some of the "legwork" involved in insuring such acres. Of course, land that is considered NBG can be elected to be uninsurable. In any case, NBG that is planted to an insured crop after the initial year must be insured, even if planted to another insured crop. If you have questions about NBG, feel free to call.

*Additional information needed includes (1) soil maps (2) method of clearing land of existing plant life (Roundup, burndown, plowing land, etc.) and (3) demonstrate that a conservation plan exists on that land.) Our office can obtain soil maps for you if we know where land is located. 

Tobacco issues

With most tobacco growers considering 2012 as a successful year, crop insurance on tobacco was not as successful in terms of crop insurance loss ratio. The final loss ratio on tobacco for 2012 was 97 percent, and that number represents only the second year in the last 15 in which the loss ratio

was below 100 percent.

While an improvement, better loss ratios must be obtained before pressures on the crop insurance program for tobacco are relieved. Many are aware of an As-

sociated Press news article that was released on March 14, 2013, citing various convictions and sentences that have been handed down and comparing the guilty parties to drug cartels. It is expected that investigations will continue and other such news will follow.

For 2013, the Risk Management Agency (RMA) introduced three changes to the tobacco program that should be noted: (1) tobacco grown on the same acreage for a third year in a row will be uninsurable in 2013 (2) the final plant dates for insurability on flue-cured tobacco have been advanced 10 days earlier on the calendar. (3) a slight change was made on quality adjustment (QA) for tobacco to allow for sale of all tobacco even if the tobacco is deemed to have unmarketable grades such as NOG. Producers will no longer be

Acronyms used in this issue:

CRP	Conservation Reserve Program
FSA	Farm Service Agency
GSIs	Growing Season Inspections
NBG	New Breaking Ground
QA	Quality Adjustment
RCIS	Rural Conservation Insurance Services
RMA	Risk Management Agency
RSA	Representative Sample Area
SURE	Supplemental Revenue assistance payments
USDA	U.S. Department of Agriculture

See *Issues* on page 4

Brent's Two Cents

by Brent Craig

Apples and peaches 2013

Just a reminder to turn in a claim if any weather event occurs to your apple and peach crop that may affect the quality of the fruit or the amount of production. If another weather event occurs at a later date, call us back and turn in another claim. Most all of our apple and peach producers will need to have an appraisal if they are to be paid a loss. The adjuster will grade the apples and assess the amount of damage. The only way this will happen is if a claim is turned into our office. Even if we have a perfect season and you have the best crop you have ever had, still turn in a claim at least two weeks before you pick any

fruit. If you pick half your crop and a devastating hail storm destroys the other half, then you need to have a claim turned in at least 15 days before you pick the first piece of fruit, if you are to be paid a loss.

One change that was made for peaches for 2013 was a quality adjustment feature in the loss procedure. A reduction in quality that was caused by an insurable cause of loss will reduce the amount of production to count. This will increase the loss. Prior to 2013 with peaches, you either had them or not and every bushel was counted. This will not be the case for 2013, so pay close attention to your peaches, and if you have any kind of damage as a result of windstorm, hailstorm...give us a call so we can get a claim in. We recommend getting a claim in on all apple and peaches at least 15 days before you begin to pick. Again, they will need to be appraised if quality adjustment will be taken into account for the calculation of a loss.

Quality adjustment may be beneficial on peaches, but it will require good recordkeeping. It is my best guess that before any peach claims are paid on fresh type, a fresh verification will take place. It is fairly similar to the fresh apple verification process. The requirement states a producer must sell at least 50 percent of his total production at a price that is equal to or greater than the price election established by the Risk Management Agency (RMA) for the given year he submits the records for. This could be any one of four years prior to the current crop year. So for 2013, a producer could submit records for 2012, 2011, 2010 or 2009. An example: Jack sends us sales tickets and a schedule F for 2012. He turned in 1,000 bushels of peaches to us for his production for 2012. His sales tickets add up to 1,200 half-bushel baskets sold at \$14 per basket. Jack's total bushels sold were 600 bushels at \$28 per bushel. He is over the 50 percent amount sold as fresh because his bushels sold were over 500, and the price per bushel at \$28 is well above the \$18.50 price election for the 2012 crop year for peaches. His schedule F shows \$18,000 in gross farm sales. He should

pass the fresh verification without any trouble. Since he used 2012, he will not have to prove fresh on the peaches again until 2017, unless there is a rule change between now and then.

The records can be sales tickets or a sales ledger and a schedule F. The sales tickets and the sales ledger must include seller's name, address, phone number as well as date sold, price per volume sold and volume sold. They cannot be a summary for the year. They must be kept daily. The schedule F is used to back up sales tickets and ledger. If you receive a letter from the Rural Community Insurance Services (RCIS) stating that you will have to comply with the fresh verification process in order to keep your apple or peaches insured as the fresh type and we have not contacted you, please give us a call, and we will get the process started.


Halifax office merged with Blairs office

After much thought and discussions, we had no choice but to consolidate the business held at the Halifax office with our office located in Blairs, Va. The crop insurance industry is dealing in very different economic times than that of 2010 and earlier. The new Standard Reinsurance Agreement, which is a contract between the private sector (agents and insurance companies) and the federal government, placed a cap on the amount of commissions that can be paid in the United States for the entire crop insurance program. This cap reduced our 2011 commissions per policy by about 40 percent. Whenever you reduce the gross receipts of any business by such a large amount, drastic changes have to take place in order for it to survive.

We realize this change is an inconvenience for some of the existing Southside customers because the Farm Service Agency (FSA) office was within rock throwing distance of the Southside Agency. However, when you report to FSA after planting, get a copy of your 578 producer print and mail to us. We can fill it out for you and mail it back for you to verify and sign. Once you do that, mail it back to us.

In some cases, a few producers have expressed concern in the acreage-reporting process. Once you report to FSA and get your 578 producer print come by our office in Blairs or give us a call and schedule an appointment, so we can meet with you somewhere. The address of the Blairs office is 5048 U.S. Highway 29, Blairs, VA 24527. The office number is 1-800-458-3440 or 1-434-835-0107.


Acreage-reporting deadline

Our 2013 spring crop sales season was a success. We started meeting with growers in December 2012 and ran through March 15. We made over 800 farm visits during that timeframe. Our acreage-reporting deadline is the next hurdle we are faced with. Please help us help you by reporting your acreage to FSA, and our office as soon as you get done planting your crops. This will allow us to review your acreage report with you, and if mistakes are found we will have time to get them corrected. We are handling a tremendous amount of volume, and timely reporting has never been more important. We just want to thank our existing customers for their continued support, and also thank our new customers for giving us an opportunity to work with them. 

New producer status

A new producer in the crop insurance program is a person that is growing a crop for the first or second year in a county. The benefit of being a new producer is that a new producer receives the full county T-yield for the crop he or she is growing as a starting point for determining the amount of coverage.


A person adding coverage that has grown the crop in the past but does not, or will not, provide records of prior yields receives 65 percent, 80 percent or 90 percent of the county T-yield depending on the number of years of records that are actually provided at the inception of the crop-insurance policy. Obviously, a new producer can benefit from new-producer status only once in that person's life. The Risk Management Agency (RMA) has stepped up efforts to back check new-producer status by referencing Farm Service Agency (FSA) data when new-producer status is elected on current and past policies. If the new-producer status is proven to be untrue, corrections to yield databases are made, and if necessary overpaid past claims are corrected and refunds of past claims settlements are being requested.

If you are considering growing a new crop or adding coverage in a new county, new-producer status may be available to you; however, be aware RMA will be verifying new-producer status. 


Farm bill update

As part of the fiscal cliff negotiations, the farm bill as it existed in 2012 was extended for another year until Sept. 30, 2013. Of special note is the fact that the Supplemental Revenue assistance payments (SURE) program was not extended for the 2013 crop year. The SURE program contained a requirement for linkage to crop insurance for eligibility. In other words, a person had to purchase crop insurance on all crops to be eligible for SURE.

It is unknown whether a disaster program will be implemented for the 2013 crop year or if adhoc disaster assistance will be implemented in the event of bad weather. If this occurs, linkage will almost certainly be a requirement and based on past practices. Crop insurance would be required of all recipients of disaster payments for future crops.

In 2008, a \$100 per crop "buy-in" was mandated in order to provide retroactive linkage. Many uncertainties exist, and hopefully Congress will enact a farm bill before the Sept. 30 expiration of current law. 

E-mail addresses wanted

If you would like to receive an advanced copy of subsequent newsletters, please send us an e-mail to cropins@farmplusins.com. Also, there are times when information 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. 

Acreage reporting forms are either with the newsletter or will be mailed to you very soon. Your prompt attention to reporting acreage after planting is much appreciated.

Replant coverage


Replant coverage is available on many spring-planted crops, including corn, soybeans and grain sorghum. Replant coverage is not available on tobacco, wheat, oats or barley. The maximum amount payable on a replant payment is the equivalent of eight bushels of corn, one ton of corn silage, seven bushels of grain sorghum and three bushels of soybeans.

A maximum replant payment is calculated using the price elections for crop insurance for each of the above listed crops. For example, in North Carolina the expected harvest price for corn is \$5.82; therefore, the maximum replant payment is 8 *times* \$5.82 or \$46.56 per acre.

Replant payments are also limited to 20 percent of the total amount of coverage per acre available to a farmer. For example, if a corn farmer only has 40 bushels of guarantee and thus has coverage of 40 bushels of guarantee *times* \$5.82 or \$232.80 of coverage, then the maximum replant payment is 20 percent of that figure or \$46.56 per acre.


Another rule involving replants is that to be eligible for a replant payment a farmer must replant at least 20 acres or 20 percent of a unit of coverage. As an example, a unit containing 30 acres must have at least 20 percent of the 30 acres replanted or six acres of the unit replanted in order to be eligible for a replant payment.

Another rule that is often a stumbling block to growers is that replant claims must be received prior to the replant having occurred. If a farmer replants and then turns in a replant claim, that claim will be denied.

For replants involving less than 50 acres being replanted within a unit, a "self-certified replant claim" can be accomplished. In these cases, a form is mailed to the farmer to be completed by the farmer and mailed back to the adjuster, and the replant payment is then made. In the event of larger replants over 50 acres in the unit, an adjuster will need to make a site visit and will perhaps give authorization for an RSA (Representative Sample Area) to remain without replanting so that the site visit can occur after the replant has been done. 


Toxins in grain

Mycotoxins such as vomitoxins and aflatoxins in grain are residual toxins from molds that develop on grains prior to harvest. These molds only develop in certain growing conditions, and therefore, are prevalent some years more than others. Generally, these toxins are only discovered after harvest has begun and when grain buyers reject loads because of toxins. Crop-insurance policies allow for significant changes in loss amounts due to toxins; however, the measurement of the quantity of toxins must be performed in a U.S. Department of Agriculture (USDA) lab, and the samples must be obtained by a loss adjuster prior to production being stored in a grain bin.

With any crop—especially wheat and corn—if you suspect toxins, call our office with a notice of loss (claim) requesting that an adjuster take samples. The cost of sample analysis at a USDA lab must be paid by the grower and can range from \$45 to \$75 per sample. Therefore, a farmer should be fairly certain of problems with toxins in his geographic area before spending money on samples. 


Claims extensions

Many farmers are unaware that a relatively new rule allows for as much as 180 days of extension for a claim to be finalized when farm-stored production is expected to be sold within 180 days of harvest completion. This extension can be beneficial to the farmer if the grain quality is poor* or in cases where accurate measurement of the grain in a storage bin is difficult. The 180-day extension can be requested of the adjuster that is assigned the claim in question and the claim is finalized once the grain is sold or the 180 days has elapsed. If the grain isn't sold within the 180 days allotted, the farmer must allow the claim to be worked based upon the adjuster's storage-bin measurement.

*It's important to note that toxins in grain can only contribute to a loss if samples are taken by the adjuster prior to the grain being stored in a grain bin. 


Technology improvements

There have been significant improvements in technology. Among those improvements, additional aerial photography is available through the use of satellites, and yes, even drones to provide photo-

graphs of crop land. Plant dates, when in doubt, can be verified with aerial photographs. This type of information is being used to verify plant dates in an effort to reduce fraud, waste and abuse in crop insurance. 

The e-mail of the FarmPlus Insurance Services has changed. Our new e-mail is cropins@farmplusins.com. The old e-mail address will be active for a few more months, but we want to transition folks to our new e-mail as soon as possible.


Farm maps are available

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. 


Price elections for various crop insurance policies are:

Apples, fresh:	\$11.70
Apples, processing	3.60
Barley	6.99
Burley tobacco	1.80
Corn, NC	5.82
Corn, VA	5.65
Cotton, NC	0.81
Cotton, VA	0.83
Dark air tobacco	1.50
Dark fire-cured tobacco	2.07
Flue-cured tobacco	1.75
Grain sorghum, NC	5.70
Grain sorghum, VA	5.53
Oats	3.60
Peaches, fresh	18.25
Peaches, processing	6.25
Soybeans, NC	13.10
Soybeans, VA	12.91
Wheat	8.57

Saving a buck or two

In the past, we have always sent a self-addressed stamped envelope with any document that we've needed to have signed and returned to us. With fax machines, scanners, e-mail and many farmers who prefer to visit our office to turn in paperwork, we will no longer be adding postage to return envelopes. 


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 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. 


Prevented-planted claims procedure

Hopefully, this spring will allow every farmer with ample windows of opportunity to get his/her crop in the ground. Of course, we need plenty of rain, but sometimes, too much of a good thing can be bad too. If you are prevented from planting your crop due to weather conditions, keep in mind that claims must be turned in for prevented planting within a certain time period. The last day to turn in prevented-planted acreage to the Farm Service Agency (FSA) is within 15 days of the final-plant date for the crop (see the attached table for final-plant dates).

Prevented-plant acreage must be turned in to our office by the acreage-reporting deadline shown on the enclosed chart. However, prevented-planted claims or "Notices of Loss" must be filed within 72 hours of the event that ultimately stops you from planting. This notice of loss must occur no later than 72 hours from the end of the late-planting period.

The late-planting period lasts 25 days after the final-plant date for corn, soybeans and grain sorghum and 15 days after the final-plant date for tobacco. 

Tobacco plant clearinghouse

As in the past, our office will assist farmers in locating plants or selling excess plants. We maintain a list of those needing plants and those wanting to sell plants in an attempt to match buyers with sellers. We also share our list with several tobacco Extension agents who also maintain such lists. At this point in time, it appears there'll be a general shortage of tobacco plants for 2013. 

2013	Corn		Soybeans		Grain Sorghum		Flue-cured Tobacco		Fire-cured Tobacco		Burley Tobacco		Cotton	
	Final Plant	Acre Rept.	Final Plant	Acre Rept.	Final Plant	Acre Rept.	Final Plant	Acre Rept.	Final Plant	Acre Rept.	Final Plant	Acre Rept.	Final Plant	Acre Rept.
Virginia														
Augusta	6/10	7/15	6/20	7/15	6/15	7/15	—	—	—	—	—	—	—	—
Bedford	5/31	7/15	6/20	7/15	6/15	7/15	6/5	7/15	6/15	7/15	6/20	7/15	—	—
Bland	6/10	7/15	6/20	7/15	—	—	—	—	—	—	6/20	7/15	—	—
Campbell	5/31	7/15	6/30	7/15	6/15	7/15	6/5	7/15	6/15	7/15	6/20	7/15	—	—
Carroll	6/10	7/15	—	—	—	—	6/5	7/15	—	—	—	—	—	—
Charlotte	5/20	7/15	6/30	7/15	6/15	7/15	5/31	7/15	6/15	7/15	6/20	7/15	—	—
Craig	6/10	7/15	6/20	7/15	—	—	—	—	—	—	—	—	—	—
Floyd	6/10	7/15	6/20	7/15	6/15	7/15	—	—	—	—	—	—	—	—
Franklin	5/31	7/15	6/20	7/15	6/15	7/15	6/5	7/15	6/15	7/15	—	—	—	—
Halifax	5/20	7/15	6/30	7/15	6/15	7/15	6/5	7/15	6/15	7/15	6/20	7/15	—	—
Henry	5/31	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	—	—	—	—
Mecklenburg	5/20	7/15	6/30	7/15	6/15	7/15	5/31	7/15	6/15	7/15	6/20	7/15	—	—
Montgomery	6/10	7/15	6/20	7/15	6/15	7/15	—	—	—	—	—	—	—	—
Patrick	5/31	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	—	—	—	—
Pittsylvania	5/20	7/15	6/30	7/15	6/15	7/15	6/5	7/15	6/15	7/15	6/20	7/15	—	—
Pulaski	6/10	7/15	6/20	7/15	—	—	—	—	—	—	—	—	—	—
Tazwell	6/10	7/15	—	—	6/15	7/15	—	—	—	—	6/20	7/15	—	—
Wythe	6/10	7/15	6/20	7/15	—	—	—	—	—	—	6/20	7/15	—	—
North Carolina														
Alamance	5/20	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	—	—	—	—
Caswell	5/20	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	6/20	7/15	—	—
Catawba	5/20	7/15	6/30	7/15	6/15	7/15	—	—	—	—	—	—	—	—
Durham	5/20	7/15	6/30	7/15	—	—	5/31	7/15	—	—	—	—	—	—
Edgecombe	5/15	7/15	6/30	7/15	6/15	7/15	5/25	7/15	—	—	—	—	5/15	7/15
Forsyth	5/20	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	—	—	—	—
Granville	5/20	7/15	6/30	7/15	6/15	7/15	5/31	7/15	—	—	6/20	7/15	5/15	7/15
Guilford	5/20	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	—	—	—	—
Lee	5/20	7/15	6/30	7/15	6/15	7/15	5/31	7/15	—	—	—	—	5/15	7/15
Orange	5/20	7/15	6/30	7/15	6/15	7/15	5/31	7/15	—	—	—	—	—	—
Person	5/20	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	6/20	7/15	—	—
Randolph	5/20	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	—	—	—	—
Rockingham	5/20	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	6/20	7/15	—	—
Stokes	5/31	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	6/20	7/15	—	—
Surry	5/31	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	6/20	7/15	—	—
Vance	5/20	7/15	6/30	7/15	6/15	7/15	5/31	7/15	—	—	—	—	—	—
Wake	5/20	7/15	6/30	7/15	6/15	7/15	5/31	7/15	—	—	—	—	5/15	7/15
Wilkes	5/31	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	—	—	—	—
Yadkin	5/31	7/15	6/30	7/15	6/15	7/15	6/5	7/15	—	—	6/20	7/15	—	—

**Sales closing dates: NC= All 02/28 except burley 03/15; VA=all 03/15

**Determine the latest AR date for all crops on the policy. This is the AR date for all spring crops on this policy.


required to destroy tobacco assigned unmarketable grades in order to achieve assistance

through QA rules.

It can be expected that more changes are in store for future crop years with regards to crop insurance on tobacco. If you have tobacco acreage that is not insurable with federal crop insurance for 2013, crop hail insurance—with or without a wind endorsement—can be acquired on this tobacco.

Tobacco GSIs

For the past two years, tobacco policyholders have been data-mined for possible abuses of the crop insurance program. For 2013, it is rumored that there will only be 25 to 35 percent as many Growing Season Inspections (GSIs) as we have seen in the past two years. We believe this is in part due to the financial strain that the GSIs place on the insurance companies that perform the GSIs (adjuster costs). Also, there is discussion of an increased focus on burley tobacco in Kentucky and Tennessee. This comes as good news as the GSIs are not pleasant for the farmer, the adjuster or the agent.


The list of GSIs that must be performed is normally distributed from RMA in an April/May timeframe. Any growers whose name appears on a GSI list will be contacted by our office as soon as possible. 

Hail insurance

Tobacco hail insurance

If you have purchased hail insurance for tobacco in past years, we will be in contact with you during the month of May. Since we are working with three different crop insurance companies, we have different rates and plans available. Our best efforts will be made to custom fit a hail insurance plan to your specific needs using the products available to us. Rates have changed; and therefore, a fresh look is needed before buying hail insurance for 2013.

Small grain hail insurance

Hail insurance has always been available for wheat, oats and barley and is relatively inexpensive for the risk involved. Typically, coverage costs \$1.40 per \$100 of coverage purchased. Spring hail storms represent one major threat that can be covered. Another threat is fire after the crop is dried down but before harvest. Crop hail policies include fire as an insured peril, regardless of whether the fire was caused by lightning or originates from a piece of machinery. Vandalism is covered as long as it is not a family member or an employee. For most small grain crops, a maximum of \$500 per acre of coverage can be purchased. Vandalism is covered as long as it is not a family member or an employee. 

The Supplemental Revenue assistance payments (SURE) program sign up for the Farm Service Agency (FSA) for 2011 crop year ends on June 7, 2013.

FarmPLUS INSURANCE SERVICES

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Wheat claims

Recent travels have shown a tremendous amount of variations in the quality of the current wheat, oats and barley crops. A long winter has delayed the crop somewhat, and stands range from poor to good but primarily good.

While we are several weeks from final harvest, much has happened and can still happen to damage your small grain crop. Any such damage should be reported with a "Notice of Loss" to our office. You should give us a Notice of Loss if you think there is any possibility of production below or near your guaranteed yield.

With revenue protection, you have the added peril of reduction and price. This year, we may see as much as a 25-percent reduction in price from the expected harvest prices that were announced in September 2012. These expected harvest prices were \$8.57 on wheat and \$6.99 on barley.

As an example of a revenue loss, a wheat farmer with a 50-bushel average yield and a 70-percent level of coverage would

have a 35-bushel yield guarantee. At \$8.57 per bushel, his minimum revenue guarantee is 35 bushels *times* \$8.57 or \$299.95, which would be rounded to \$300.00. If the farmer actually yields 35 bushels but the harvest price is calculated at \$7.00, his revenue would be 35 bushels *times* \$7.00 or \$240.00. In this example, the farmer would be paid \$300.00 *minus* \$240.00 or \$60.00 per acre even though he didn't suffer a production loss. In its simplest form, a 25-percent reduction in price means that a loss is triggered when yields are 25 percent above the yield guarantee (or less). It should be also understood that even when prices have dropped yields can be high enough to offset any drop in price; and therefore, no loss is payable. Also, farmers should market their crops for as much as possible because the harvest price used to calculate losses is calculated by averaging futures market prices over an entire month. Losses are not calculated using the actual price that a farmer receives. 

Billing dates

Coverage on the current small-grain crop will be billed in June with a July 1 due date. Coverage for the current pasture and hay crops will be billed in August with a Sept. 1 due date. Coverage for spring-planted crops will be billed with an Aug. 15 due date. Apples and peaches will be billed with an Aug. 15 due date.

All billing due dates have at least a 30-day grace period. With spring-planted crops and perennials having a 45-day grace period. Interest is added on the first day of each month that a premium payment is late after the grace period. 