

# CROP INSURANCE NEWSLETTER

VOLUME 16 No. 1

SPRING 2010

COURTESY OF J. T. DAVIS INSURANCE AGENCY, INC.

## A TRIBUTE TO VIVIAN TERRY

Vivian Terry, a long time employee with our agency, passed away October 15, 2009 after a short battle with cancer.

Vivian started in crop insurance with the Cox & Goodridge Insurance Agency in 1981. Vivian came to work with us when we acquired that book of business in 1997.

Her 29 years experience in the Crop Insurance industry provided her with a wealth of knowledge that guided her in the day to day maintenance of policies.

Her expertise in keeping policyholder information updated as well as being persistent in making sure all policy deadlines were met was an asset to you and our agency.

She enjoyed her work with the customers, adjusters, and company representatives. You could tell this by hearing the laughter in her voice as she talked with them.

Vivian will be sorely missed by all of us here and I am sure the same is true with many of you who got to know her over the years.

## Procedure Change When Two Crops are Planted on the Same Acreage Within a Given Crop Year

If you are planting a second crop (i.e. soybeans) on the same land where you planted a first crop (i.e. wheat), we will be requiring a **578 Producer Print (PP)** from FSA so we can flag as **double crop** on the Schedule of Insurance. Double crop acres will

appear on a separate line from single crop acres for each FSN. Schedule of Insurance then can serve as a "quick reference" to you as to acres that are single crop and double crop. This will be helpful to you in proving double crop history.

Production records will have to be kept separate. A farm management record which shows number of loads or combine bins harvested by FSN is sufficient. We can supply you a pocket production record book for ease of keying records.

Double crop production verification makes you eligible for two 100% payments within a given crop year. Failure to maintain verifiable records could reduce your maximum payment for two crops to 135% payment in a given year.

## Acreage Report

Your acreage report is the key to your policy. Accuracy in reporting means you get the correct coverage and, most importantly, you get paid correctly at loss time.

To improve accuracy, we ask that you report all crops to Farm Service Agency (FSA) before reporting to us. Fall crops should be reported to FSA in the Fall prior to our acreage report date which is November 30<sup>th</sup> in most areas even though FSA does not require fall crops to be reported until around May 31<sup>st</sup>. **Obtain a copy of the 578 Producer Print (PP) and forward to us.** We are then assured that we have the same information as FSA. It is most important that both documents, crop insurance and FSA, match.

We would also request a copy of FSA maps for each farm. Having a copy in our files of each FSA map in your farming operation would greatly enhance accuracy. We could then cross reference field data as reported on 578 PP against map for accuracy. We would make the FSA map a permanent part of your file and would not need to acquire another map for future crop years. You would only need to send a new map if you add a farm to your operation after 2010.

The new Comprehensive Information Management System (CIMS) now allows us to import FSA map data which includes FSN, Tract Number, Field number, and Acres into our Farm Map System. We can then regenerate a map at loss time for the adjuster as well as provide a 578 PP which will help expedite your claim. The key, though, is to have a FSA map on file to determine the boundaries of a farm.

In addition, if field boundaries change, we can edit them to provide greater accuracy. If the edited acres are less than originally reported then your yield per acre will be greater and your premium will be less.

Remember, when you provide us with an acreage report please include a **578 PP and maps**.

## Tennessee Soybean Producers

Starting in crop year 2010, soybean coverage will be separated into two practices, Not Following Another Crop (NFAC) and Following Another Crop (FAC). You can now have two separate units, by practice, within a given Farm Serial Number (FSN).

You will be required to report the two practices separately to us which will mean providing us with a 578 Producer Print (PP) from Farm Service Agency (FSA) at acreage reporting time.

In addition, production will have to be reported

## Replant Provisions

Replant provisions are made available for most spring crops provided you meet the minimum requirements. This means you are eligible for a replant payment if you have to replant due to an insurable cause of loss as outlined in your policy.

You must **notify us before** you replant the crop. We will then submit a claim. An adjuster will be in touch with you to assist you in the process. Do not replant the crop until an adjuster has made contact with you. Your claim will be expedited so there will be no delay in replanting your crop.

Courtesy of J. T. Davis Insurance Agency, Inc. separately by practice.

## New Tobacco Policy

A new tobacco policy is being issued for 2010 crop year. The new policy will be combining the Guaranteed Production Plan (Flue Cured and Dark Fired) and the Quota Plan (Burley).

Unit Structure - We were successful in our lobbying effort through the new Farm Bill to maintain separate basic unit coverage by Farm Serial Number (FSN).

Prevented Plant has been added to the policy. Guarantee will be calculated at 35% of timely planted acre guarantee.

Quality Adjustment will trigger when gross price received before incentives is less than 75% of price election. This is consistent with quality adjustment procedures for other crops.

With the termination of the old policy, a **new application will have to be submitted by you to us before sales closing**. You will be receiving a new application from us soon. Please sign where highlighted and return in enclosed envelope as soon as you receive. **Failure to return by sales closing will mean you will not have coverage for 2010.**

## Pasture/Hay Coverage Now Available

The Pasture, Rangeland, Forage (PRF) Rainfall Index pilot plan has been expanded to Virginia and North Carolina.

Some important facts are listed below:

- Good Risk Management
  - Keep plans on track (maintain herd size)
  - Government pays up to 59% of your premium
  - Tax Deductible
  - Affordable cost
    - Tailor your coverage to "fit your pocketbook"

- Satisfies linkage at FSA
  - Disaster program for hayland
  - Livestock Forage program for pasture
  - Eliminates requirement for NAP
    - \$500/pasture and hayland
- Program paid out \$79,017,868 in 2008
  - “The Program Works
- Provides protection when rainfall is below normal as determined by coverage level you choose
  - You must allocate a percentage of your total insured acres-your total risk-for a given type, grid and share into at least 2-month time periods called Index Intervals. You may choose from eleven Index Intervals.
    - How to select an interval
    - What months are most critical for rainfall to produce forage?
- You must elect to insure grazing land or hay land. Different county base values apply to each type.
- You select a Protection Factor with a value between 60 and 150 percent of the County Base

## Insure Your Livestock Against Price Decline

Livestock Risk Protection is now available for cattle, lamb and swine producers in all the states that we serve.

There have been 5,903 policies written for the 2008 reinsurance year.

Payout since inception of the program to date is \$16,299,554.

Comments by Jonah Bowles Ag Risk Management Coordinator for Virginia Farm Bureau: “Cattle producers who are concerned about an adverse market move should consider Livestock Risk Protection crop insurance - a relatively new risk management tool in our area that can be tailored to individual livestock operations.”

## Policy Entity Information

The very first step towards making sure you are properly insured is to verify the policy name and tax I.D. number is correct. **Your name and tax i.d. number should be reported to us the same as it appears on your tax return.**

Value. This further customizes your coverage.

- You choose a coverage level of 70, 75, 80, 85, or 90.
- You can choose to insure only the acres important to your grazing program or hay operation.
- PRF **Sales closing and acreage reporting is September 30<sup>th</sup> 2010.** Premium billing is July 1 of the following year.

We did not get this program until a few days before Sales Closing for the 2010 crop year, thereby limiting all agent’s ability to get insurers enrolled.

This program would have paid off handsomely over the past ten years. Using my home grid as an example, payable losses would have been generated 50% of the time, on average, with a high of 80% in certain intervals.

Contact us for more details.

How your crops are insured and how they are recorded at FSA should be one and the same.

In certain cases, crop receipts may not match crop insurance schedule of insurance. In those cases, a “paper trail” should show how the money was distributed to match the schedule of insurance.

Occasionally, insured **entity types** do change - **marital status** changes; an individual creates a **partnership, corporation** or **LLC**, and **officers** are added or removed from a corporation, etc.

**Any change which involves adding or removing a social security number (SSN) or tax I.D. number (EIN) must be reported to us by sales closing date** or prior to the crop being planted if the change occurs after sales closing date. Failure to do so will void the policy if reported after sales closing and after the crop is planted. Bottom line, notify us of any change or intent to change immediately.

Correcting a SSN or EIN must be done before acreage reporting date. Failure to make timely changes or corrections could result in payments being reduced or denied.

## A Reminder

Any crop that is to be harvested other than originally intended, requires an appraisal before being put to another use. Notify us at least two weeks prior to harvest.

### Examples:

Wheat, soybeans, oats insured as grain, but cut for hay.

Corn insured as grain but chopped for silage.

If procedure is not followed, there will be no coverage on those acres. However, premium remains.

## SURE (Disaster) Program Details Set

12/28/2009

[Roger Bernard](#), Farm Journal Policy & Washington Editor

**Producers who had crop losses during the 2008 crop year** should head to their county FSA offices starting Jan. 4, 2010, to participate in the new Supplemental Revenue Assistance Payments program (SURE) that was contained in the 2008 Farm Bill.

**SURE provides crop disaster assistance payments to eligible producers** on farms that have incurred crop production or crop quality losses. The program takes into consideration crop losses on all crops grown by a producer nationwide. SURE provides assistance in an amount equal to 60% of the difference between the SURE farm guarantee and total farm revenue.

**The farm guarantee is based on the amount of crop insurance and Non-insured Crop Disaster Assistance Program (NAP) coverage on the farm.** Total farm revenue takes into account the actual value of production on the farm as well as insurance indemnities and certain farm program payments.

**To be eligible for SURE**, producers must have suffered at least a 10 percent production loss on a crop of economic significance. In addition, producers must meet the risk management purchase requirement by either obtaining a policy or plan of insurance, under the Federal Crop Insurance Act or NAP coverage, for all economically significant crops. For 2008 crops, producers had the opportunity to obtain a waiver of the risk

management purchase requirement through a buy-in provision.

*Producers considered socially disadvantaged, a beginning farmer or rancher, or a limited resource farmer may be eligible for SURE without a policy or plan of insurance or NAP coverage.*

**In addition to meeting the risk management purchase requirement**, a producer must have a farming interest physically located in a county that was declared a primary disaster county or contiguous county by the Agriculture Secretary under a Secretarial Disaster Designation.

**Regardless of a Secretarial Disaster Designation**, individual producers may also be eligible for SURE if the actual production on the farm is less than 50 percent of the normal production on the farm due to a natural disaster. For SURE, a farm is defined as all crops in which a producer had an interest nationwide.

The regs to implement the program will be published in the Federal Register on Jan. 28. Sign up for the program for 2008 crop losses has not yet been set despite the Federal Register notice specifying that the application deadline is "by March 1 of the calendar year two years after the crop year of the loss." However, a notice sent to state and county offices on the program says that no deadline for sign up has been set. The program is estimated to payout on average \$850 million per year.

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## A Time for Changes

*Sales closing for all **spring crops** in VA, TN, and WV is March 15, 2010. NC & SC sales closing is February 28, 2010. Sales closing for **fall crops** is September 30. What does this mean for you? It's time to review the information.*

Your crop insurance policy is a continuous policy. If you do not make a change, including cancellation, your policy for the upcoming year and subsequent years will be in place with the current plan and level of coverage that you elected the previous year.

You may want to give us a call to go over what crops and counties you currently have on your policy.

Producers who have added a new county, crop, or farm should notify us as soon as the information is available so we can keep your policy up to date.

With high premium subsidies, now is the time to insure all your crops at a very affordable cost per acre.

Any changes to your policy must be completed by sales closing.

The higher the level of coverage:

- ▭ The better the protection.
- ▭ The more the Federal Government pays of your total premium.
- ▭ The higher your free SURE Disaster

Guarantee.

## We Bring To You:

- \* individual risk management planning
- \* toll-free phone service 1-800-248-5480
- \* experienced, competent adjusting staff
- \* office personnel with combined insurance experience of 73 years
- \* devoted 100% to crop insurance
- \* fast claim turn-around
- \* e-business capabilities @ [www.jtdavisins.com](http://www.jtdavisins.com)

**Federal Crop Insurance Corporation requires us to regularly verify information that we have on file.**

Insured Name \_\_\_\_\_

Address \_\_\_\_\_

Phone-Home \_\_\_\_\_

Cell \_\_\_\_\_

Other \_\_\_\_\_

Entity/Martial Status \_\_\_\_\_

Tax ID/SSN \_\_\_\_\_

Spouse's Name \_\_\_\_\_

Tax ID/SSN \_\_\_\_\_

Sign Here \_\_\_\_\_

Date \_\_\_\_\_

**Please complete, sign, date and return to us at PO Box 40, Brookneal, VA 24528 before sales closing or call us at 1-800-248-5480.**

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J T Davis Insurance Agency, Inc.

PO Box 40

Brookneal, VA 24528