

CROP INSURANCE NEWSLETTER

Courtesy of J T Davis Insurance Agency, Inc.

IMPORTANT CROP INSURANCE NEWS FOR 2000

THE WEATHER IN 2000???

“Why Has Mother Nature Gone Mad?” This caption was on the cover of Life Magazine a few years ago and appears to be unfortunately all too true.

What are the causes? Some scientists say global weather patterns such as prolonged droughts, wet periods, flooding are being brought on by El Nino, a strange phenomenon known as the warming of the Pacific Ocean. La Nina, a reversal of El Nino is also said to bear part of the blame. Scientist claim the depletion of the rain forests are adversely affecting global weather as well.

To add a final note, weather experts say we are in a Cape Verde hurricane cycle. Hurricane experts fear that the East coast faces the recurrence of a weather system that delivered devastating “Cape Verde hurricanes” to the area from 1941 to 1965. These storms start near the Cape Verde Islands off Africa and link up with the Atlantic conveyor belt, a wind pattern that follows the Gulf Stream along the coast from Florida to Virginia.

The conveyor belt flows at speeds that vary in 25 to 30-year cycles, and has been slow

for the past 25 years. However, a USA Today article reports it is now picking up speeds that create optimum conditions for Cape Verde hurricanes. A new cycle of these storms could bring staggering problems.

In 1999 twelve tropical depressions developed in the Atlantic. Eight of these developed into hurricanes with four reaching category 4 status, 131 mph. 1999 set a record for the most category 4 hurricanes within a given year.

No one has a crystal ball to predict the weather however, we now have the most sophisticated long range weather predicting equipment ever available. The experts say expect more of the unstable weather patterns we are now experiencing. To ignore these warnings could spell disaster to many unless steps are taken to prepare.

GOOD NEWS

All new and carryover insureds will receive an estimated **25% premium discount** in addition to the premium subsidy. This means in most cases the Federal Government will be paying about **57%** of your total premium.

The premium discount is part of the Emergency Assistance package passed by congress in

1999. \$400 million of the \$8.7 billion will be earmarked for premium reductions. The purpose of the discount is to encourage more participation in the crop insurance program.

CROP INSURANCE REQUIRED FOR CERTAIN USDA PROGRAMS

If you receive payments under USDA's Crop Loss Disaster Assistance Program (CLDAP) through FSA then you will be required to carry crop insurance on crops of “economic significance” as defined by FSA for crop year 2000 and 2001.

Other programs such as USDA low interest loans which could qualify a farmer for up to \$500,000 @ 3.75% interest with a 7-20 year payback will also require linkage. See your FSA director should you have questions.

CROP INSURANCE PROGRAM EXPANDED

Many Specialty (Vegetable) crops are now insurable. Call or see us on which crops are insurable in your area.

PREVENTED PLANT PAYMENTS

Crops such as corn, soybeans, grain sorghum, wheat, and barley are covered which means

you could be eligible for a payment (up to 70% of your guarantee) should you be prevented from planting your crop due to a weather related problem (drought or excess moisture).

REPLANT PAYMENTS

Should you have to replant due to an insurable cause you will be reimbursed for replant cost and you will keep your full guarantee.

LATE PLANT COVERAGE

This coverage is now available for most crops should you have to plant after established final plant dates.

CROP REVENUE COVERAGE (CRC) EXPANDED

This plan guarantees dollars (\$\$) rather than production. Your \$\$\$ guarantee is not tied to a production loss. If your \$\$ guarantee is not met due to low prices you get paid. Should prices exceed your established base price then your final guarantee is raised with no additional premium cost to you.

CRC popularity has grown tremendously in light of low prices on commodities such as corn, soybeans, and wheat.

CATASTROPHIC (CAT) COVERAGE AVAILABLE

CAT provides 50% coverage @ 55% of price election. Cost is \$60 per crop.

Although this coverage is basic, it beats no coverage at all. CAT also serves as linkage requirements for FSA programs.

Nationwide in 1998 CAT policies paid out \$114,615,000.

CROP LOSSES REACH RECORD LEVELS

1998 was the 2nd driest year on record in 131 years. Just when we thought things couldn't get worse the summer of 1999 rolled around bringing with her the possibility of the drought of the century. The events, Hurricane Dennis and Floyd, that stopped this from happening turned to another extreme, flooding, and at record levels in areas in Eastern Virginia and Eastern North Carolina. These areas received as much as 30" of rain in a 30

day period.

What a topsy turvey year.

Crop losses Nationwide in 1998 reached a record \$1.674 billion. The three major states we cover suffered record losses as well:

Virginia	\$26.9 million
North Carolina	\$79.7 million
Tennessee	\$19.9 million

The most chilling news is to come. When all the figures are in 1999 will exceed 1998.

Crop Insurance does work. Without crop insurance many farmers, after back to back disaster years, would not be planting another crop in 2000.

*** WE AT J. T. DAVIS INSURANCE AGENCY, INC. OFFER:**

*** Multi-peril Crop Insurance (MPCI)
which insures your crops against:**

- * Drought
- * Excessive Moisture
- * Hail/Wind
- * Frost/Freeze
- * Disease
- * Flood
- * Insects
- * Fire
- * Wildlife Damage
- * Crop Revenue Coverage (CRC)
 - * Protects you against price crops
 - * Increases coverage should prices exceed established base prices
 - * Includes same causes of loss as MPCI

*** Additional Hail & Wind Coverage -**

We serve six individual companies. This gives us the opportunity to provide you with the best coverage at the most affordable prices as rates vary from company to company.

* At J. T. Davis Insurance Agency, Inc. We bring to you:

**personal on the farm service*

**individual risk management planning*

**toll-free phone service*

**round-the-clock service when you need it*

*Experienced, Competent, local adjusting staff

**office personnel with combined insurance experience of 69 years*

**devoted 100% to crop insurance*

**fast claim turn-around*

CALL US TODAY TOLL FREE

1 - 800 - 248 - 5480

SALES CLOSING IS MARCH

15, 1999

Implement a plan to protect your farm and family from the next Disaster! Risk Management is your responsibility. We can help...

“OUR BUSINESS IS KEEPING YOU IN BUSINESS”