

WELCOME

With our agency continuing to grow, we would like to welcome to our staff, Barbara Bomar. Her role will be geared towards assisting in the daily processing and help provide the best customer service.



FROM JT DAVIS INSURANCE AGENCY INC.

We would like to take a moment to thank each of our customers for the opportunity to service your business.

Our office is dedicated 100% to the ever changing world of crop insurance. We take pride in keeping our customers up to date on political views, new products and procedures.

Our goal going forward is to utilize Cindy and Stacie more with on the farm assistance as needed.

Cindy Stacie Barbara
Jason Wanda

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JT Davis Insurance Agency Inc.

September 2018



WHEAT PRICES HIT RECORD HIGH AS GLOBAL DEMAND DEPLETES SUPPLY

Wheat prices are climbing for a number of reasons:

- Bad weather in exporting nations such as Australia
- Demand rising rapidly in countries such as India and China
- A vast majority of U.S. cropland is being devoted to corn for ethanol

With a rise in price be sure your wheat is covered against:

- Wildlife damage
- Causes of loss by mother nature i.e. drought, excess precipitation
- Vomitoxin/mycotoxin
- Price fluctuation

50% to 85% levels of coverage available.

Deadline to write/make changes to your policy is September 30th, 2018.

STATE	CONVENTIONAL	ORGANIC	% OF CHANGE FROM 2018	Prices track through Sept. 15
NC, SC, TN	\$5.73	\$12.86	+18%	
OH, VA, WV	\$5.80	\$13.02	+15%	

Sales Closing Dates for all States

Wheat, Barley and Oats September 30
Pasture and Hay/API November 15



PRODUCTION REPORTING ACCURACY

RMA is now requiring growers to indicate what type of records were used in reporting production. One of the following choices will have to be selected:

- 1. Production Sold/Commercial Storage
- 2. Farm Stored Measured by Insured
- 3. Pick/Daily Sales Records
- 4. Automated Yield Monitoring System
- 5. Farm-Stored Measured by Authorized Representative
- 6. Livestock Feeding Records
- 7. Claim for Indemnity
- 8. Appraisal (non-loss)
- 9. Field Harvest Records
- 10. Other
- 11. Zero Planted Acreage
- 12. UUF or Third Party Damage

Record retention is required for 3 years. If you would like our office to retain settlement/sales receipts, please provide us with a copy upon completion of sales.

In addition, RMA has reigned in on misreported production. Prior to 2018 if a unit was found out of the 5% tolerance an assigned yield (75% of prior year approved yield) would apply to that specific unit.

2018 and forward: if found out of tolerance on 1 farm in excess of 5% an assigned yield will apply to all farms; if optional unit structure is elected on the policy then all units will convert into a basic unit (one unit).

INDUSTRIAL HEMP

The long wait between the U.S. House/Senate Conference Committee on the 2018 Farm Bill will be taking place beginning first of September. There is hope of a reconciliation of differences between the two versions of the bill by September 30th.

Prospects are high that the House will agree to the Senate’s hemp provisions which will establish hemp as an agricultural commodity and remove it from the controlled substance list.

We are entertaining having an Industrial Hemp meeting in the future. Be on the lookout for postcard with more information.



\$12 BILLION TO AID FARMERS IMPACTED BY TRADE TARIFFS

The Market Facilitation Program (MFP), administered by FSA, will distribute money for covered commodities to growers. The payment rate will be dependent upon severity of the trade disruption and based on growers actual production.

Eligibility requirements:

- ◆ Actively engaged in farming
- ◆ Average adjusted gross income for tax year 2014, 2015, and 2016 less than \$900,00
- ◆ Comply with provision of “highly erodible land and wetland conservation” regulations

Signup began September 4th and is available online at www.farmers.gov/mfp. Interested growers can apply after harvest is 100% complete and they can report their total 2018 production.

The initial payment will be calculated by multiplying 50% of grower’s total 2018 production by the MFP rate (see chart below). If a second MFP payment is administered, the remaining 50% of 2018 production will be calculated as the first was.

MFP payments are capped per entity/person \$125,000 for all covered commodities.

Payment for Dairy will be based off historical production reported for the Margin Protection Program for Dairy (MPP-Dairy). For existing dairy operations, the production history is established using the highest annual milk production marketed during the full calendar years of 2011, 2012 and 2013.

<i>COMMODITY</i>	<i>INITIAL PAYMENT RATE</i>
COTTON	\$.06/LB
CORN	\$0.01/BU
DAIRY (MILK)	\$0.12/CWT
SOYBEANS	\$1.65/BU
SORGHUM	\$0.86/BU
WHEAT	\$0.14/BU

“OUR BUSINESS IS KEEPING YOU IN BUSINESS”



ON-LINE PAYMENTS

As of September 1st: Insureds will have the option to make payments on-line, rather than mailing a check. If this is of any interest to you, please give us a call so we can help setup your on-line account.

TOBACCO ADMINISTRATIVE GRADING SERVICE (TAGS)

Having quality issues in your tobacco? Lower grades applied at contract station? Your production to count may be lowered by utilizing TAGS.

- ◊ You must contact us before any damaged tobacco is disposed/sold so the tobacco can be graded.
 - ◊ Tobacco will be eligible for quality adjustment only if the deficiency is from a covered cause of loss.
- ◊ Schedule an appointment with TAGS; toll-free number is 1-855-776-8570
 - ◊ Policy number is required
- ◊ Upon your appointment being made, you will receive your Grading Confirmation Number (GCN).
 - ◊ You will need your GCN and Farm Serial Number (FSN) for the tobacco being graded at the TAGS grading location.
- ◊ Obtain an assigned grade for all tobacco that is eligible for quality adjustment from TAGS.

Currently the fee is \$0.04 per pound for grading with an additional \$0.06 per pound if the grading location reloads your tobacco. Payment is by check only and you will be billed for the service. For contract tobacco you should contact your buying station prior to scheduling an appointment with TAGS.

You will find an example of the new quality discount adjustment procedure as well as a link to TAGS on the Links page of our website: www.jtdavisins.com.

SUPPLEMENTAL COVERAGE OPTION (SCO)

SCO endorsement provides area-based coverage on top of your individual-based coverage and your MPCl policy. Previously SCO endorsement provided coverage for the gap in liability between 86% of expected area yield or revenue and the underlying policy, with you being unable to customize SCO liability.

For 2019 crop year, you have the option to reduce liability by percentage prior to sales closing. This percent is called coverage percentage and ranges from 50% to 100%. The liability is multiplied by coverage percentage when determining guarantee and premium.

Scenario:

Joe Farmer’s Pittsylvania County wheat value is \$29,700 based on 100 acres x average 50-bushel APH x base price \$5.94. His SCO Coverage Range is 11%, the difference between 86% and his underlying MPCl policy of 75%.

The SCO expected area yield for wheat in Pittsylvania County is 40.6 bushels. If the final area yield comes in at 34.9, then it would trigger a minimal loss and max out if yield came in at 30.4 on this example.

Expected Crop Value x	Supplemental Coverage Range =	Supplemental Protection x	Coverage Percentage =	Supplemental Protection	Total Premium
\$29,700	0.11	\$3,267	100%	\$3,267	\$271
			80%	\$2,614	\$217
			60%	\$1,960	\$163

FDA-TOBACCO NICOTINE REGULATIONS

There has been a proposal made about lowering nicotine levels in tobacco by as much as 98%. The adoption of the proposed FDA standards would disrupt the flue-cured market and could eliminate the burley market.

FDA is looking at making a decision this fall. Please contact your local congress members and senators as soon as possible encouraging them to reject this proposal.

Suggestions to emphasize:

- The international market doesn’t want genetically modified plants
 - Wants tobacco with high levels of nicotine.
- 2017 tobacco exports:
 - North Carolina - \$619 million
 - Virginia - \$286 million
- This is a legal product
- Reducing nicotine would increase illegal market on sales of cigarettes
- Billions in lost revenue
- Financial loss
- Equipment/infrastructure
- For every dollar spent, it generates \$3.74
- Most important – any personal effect on your family

NEW GUEST WORKER PROGRAM H-2C

On July 18, 2018, House Judicial Committee Chairman Bob Goodlatte introduced Bill H.R. 6417, known as the AG and Legal Workforce Act. This bill will enable the current outdated H-2A program to be replaced with the H-2C program.

There are 9 modifications from the post H.R. 4760 to be considered by the House. A few of the key modifications are as follows:

- * Increased work authorization periods
- * Secretary of Agriculture will have authority to raise the cap for number of workers
- * H-2C workers must purchase their own catastrophic health insurance
- * H-2A eligibility for dairy industry upon enactment

This bill will require all employees to utilize the E-verify web-based program. This program can quickly confirm 99% of work eligible employees within minutes to avoid illegal immigration.

Currently the bill has 92 cosponsors and is supported by over 200 agricultural groups as well as the America Farm Bureau Federation.

We are asking you to contact your local congress members to solicit their support for this bill. Agriculture needs the new guest worker program to survive.



CLAIM REMINDERS

Help us ensure you get the maximum out of your policy. If there is any chance of a claim, make sure you have completed the necessary steps.

- If you are going to be putting your crop to another use, such as haying, please contact us first so that an adjuster can do an appraisal for you.
- For ALL tobacco claims, we must have an adjuster do a stalk/stubble inspection on any unit with a possible loss. Please do not destroy your stalks or stubble prior to an adjuster seeing them.
- Carryover production needs to be accounted for before storing current year production.
- For Flue and Burley, if you think you may need a quality adjustment on tobacco, it must be graded by a USDA grader through the TAGS system.
- Cotton claims require a stalk inspection.
- Fresh Market Tomatoes require a post-harvest inspection.
- Timely submittals are critical
 - Claims must be submitted the earlier of 60 days after the end of insurance or completion of harvest.
 - Claims submitted after deadline will not be paid.

DAIRY REVENUE PROTECTION (DRP)



DRP provides insurance for the difference between the revenue guarantee and actual milk revenue if prices or revenue decline. Pricing is fair, meaning it will vary daily based on the farmer-selected parameters and on the expected prices and risk in the market.

The federal government will provide premium subsidy based on the coverage level selected.

- 5 decisions made by farmer:
- 1 – method to value milk in policy
 - 2 – amount of milk production to cover
 - 3 – level of coverage (70%-95%)
 - 4 – which quarter to purchase
 - 5 – optional protection factor

We will be reaching out to our dairy farmers as more details and parameters are released.

Sales start October 9th and will be available on a daily basis for quarterly coverage.



PASTURE RANGELAND AND FORAGE (PRF)/
APICULTURE (API)

The PRF program allows you to insure your hay and pasture/hives against inadequate rainfall compared to historical data which goes back to 1948. A producer choosing the 90% level of coverage will trigger a loss if rainfall, in a chosen interval, is 10% below normal.

PRF program has performed well with a payout to date nationwide of \$1,872,697,898 since 2007. Our insureds, since the inception of the program, have received on average \$1.30 for every dollar paid in premium. To achieve this average we analyze the past 10 years history of all 11 intervals.

Carryover insureds will receive an acreage reporting form along with maps to review for acreage to be insured for the 2019 crop year.

The deadline to write a new policy is November 15, 2018. With the new policy certain things need to be considered to make it fit your pocketbook:

- Insure only the acres important to your grazing program or hay operation.
- Select which hives to insure
- Select a Protection Factor between 60 and 150 percent of the County Base Value.
- Coverage levels of 70, 75, 80, 85, or 90.
- Intervals
 - ◆ An Interval is comprised of a 60-day period (i.e. Apr-May)
 - ◆ 11 intervals to choose from
 - ◆ You must choose a minimum of 2 with a maximum of 6
- Elect to insure pasture or hay land. Different county base values apply to each type.