

*Summer 2009*

# Insuring the Farm

*Insurance Knowledge For Local Farmers*

***What's Inside This Edition...***

- Prevented Planting
- Wind Insurance For Crops
- Biotech Endorsement Discount
- ACRE

**SAUK VALLEY INSURANCE  
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**Welcome to the early summer issue...** From the time I started writing his newsletter to the time it was finished it looked like there was going to be some serious issues with getting the crops planted. Since then, the weather straightened out and it seems that most of the corn has been put in the ground. With the equipment that is available today it is incredible how fast crops can be planted. Anyway, this issue has information on coverage that is available for crops that have been prevented from being planted. — Dave White

## Final Plant Dates and Prevented Planting

The normal, final planting dates (to be 100% insured) are June 5th for corn and June 20th for soybeans. You may still plant after these dates but with a reduction in guarantee of 1% per day for 25 days. This 25 days is the late planting period. If during the "late planting period" the insured decides that he will no longer try to plant this crop due to weather conditions, he may declare Prevented Planting by turning in a notice of loss within 3 days of his decision, or no later than 3 days after the late plant period.

An adjuster will then make a field inspection to determine if the acreage qualifies for a Prevented Planting payment. Factors to determine this will include calendar date, and if others in the area have or are still planting the same crop.

In the Prevented Planting Loss Adjustment handbook it states "The cause of loss is general in the surrounding area and prevents other producers from planting acreage with similar characteristics (failure to plant when other producers in the area were planting may result in denial of the Prevented Planting claim).

The Prevented Planting payment is equal to 60% of the your per acre guarantee.

### **You have 2 options with Prevented Planting:**

1. Leave ground idle or plant cover crop - Will receive 60% of the your per acre guarantee.
2. Plant a 2nd crop after the end of the late plant period (July 1) - Will receive 35% Prevented Planting payment, and must insure 2nd crop - Will never receive more Prevented Planting payment, whether 2nd crop has a loss or not.

### **If you are able to plant a different crop:**

If after the final planting date for the first insured crop, the company determines that it is no longer practical to replant, they may inspect and appraise the first planted crop, and release that acreage to be planted to a second crop. At this point, the insured has 3 options:

1. Leave the first crop acreage fallow or with a cover crop and receive 100% loss payment.
2. Plant a second crop but don't insure it and receive 100% loss payment on the first crop.
3. Plant a second crop and insure it and receive 35% indemnity -Receive additional 65% loss payment less 65% additional premium on first crop if second crop does not have a loss.

Before the first crop acreage is released, you must sign a form certifying your intentions whether to plant a second crop and whether or not to insure it.

There are a lot of other details to this coverage. It is important that if you have not planted corn by June 5<sup>th</sup> you **must notify us** within 72 hours of determining that you will not be able to plant an insured crop either after the final planting date for the crop or within the late planting period. You must notify us so we can get a company adjuster to explain all the details of the Prevented Planting coverage.

## Wind Insurance For Crops

You may add either Wind or Green Snap coverage or both to your hail insurance policy. "Green Snap" covers stalks that have been severed by the wind at joint, normally below the ear and the ear is nonrecoverable. It also means ears that have been severed from the stalk due to wind.

Wind insurance may also cover "Lodging". Lodging is defined as stalks that have been blown over by wind and that are nonrecoverable by normal harvesting equipment. Prices vary but normal premium for the wind coverage is \$.35 per 100 of coverage.

### **Extra Harvest Expense**

This can be purchased when wind coverage is purchased. The amount of coverage is 6% of the amount of insurance coverage per acre. For example if you carry 800.00 per acre than you would have \$48.00 coverage for all acres blown down. The cost is \$.65 per 100 of coverage.

### **Insuring the Farm**

is created by Dave White



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# BYE to BE . . .

....That is Biotech Yield Endorsement to Biotech Endorsement. Only a couple of things beside the name are different this year. First, Monsanto, and Syngenta added as qualifying hybrids. Second, the dealer does not have to complete the certification. It is to be completed by you and agent. You **MUST** have invoices from all **PURCHASES** and **RETURNS** as the amount of seed purchased must calculate to the correct acres planted. These invoices must be attached to the certification paperwork. I have enclosed a copy of the certification to show what information is needed.

It is imperative that you are able to identify acres planted to biotech as a certain number of farmers will be subject to a random check and leaves will be tested for correct traits. If the corn fails, the penalty is severe. The policy will be voided if the test fails twice. Also, this year some additional wording is added to the certification that you must sign. See Item C on the certification. It states: **"I understand that failure to comply with all terms and conditions of the Pilot BE will result in loss of the premium reduction or my policy being voided. Further,**

**"I understand I may be subject to administrative, civil or criminal sanctions."**

### Biotech Endorsement STATS:

Number of policies with BYE discount in 2008	27,467
Number of policies checked	997
Number of policies failed at least one unit on first test	116
Number of policies resubmitted for second test	89
Number of policies failed the second test	18
<b><i>27 were never submitted as it was not requested by the policyholder.</i></b>	

### Estimated Premium Savings per acre based on 175 average yield.

#### CRC

Level	75%	80%	85%
Per acres savings	2.79	3.58	4.83

#### CRC – Enterprise Units

Level	75%	80%	85%
Per acres savings	1.04	1.65	2.64

#### RA


Level	75%	80%	85%
Per acres savings	2.97	3.06	3.99

#### RA – Enterprise Units

Level	75%	80%	85%
Per acres savings	.86	1.29	2.07

#### Guaranteed Bushel

Level	75%	80%	85%
Per acres savings	.81	2.35	4.04



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## Biotechnology Endorsement Certification Statements

### INSURED'S CERTIFICATION STATEMENT

1. Insured's Name (Print): \_\_\_\_\_ 2. Crop Year: \_\_\_\_\_ 3. Insured's Policy Number(s): \_\_\_\_\_  
 4. State: \_\_\_\_\_ 5. County: \_\_\_\_\_

6. Seed Purchaser's Name (Print)	7. Seed Purchaser Number	8. Brand Name and Hybrid Name of Qualifying Hybrids*	9. Number of Units of Qualifying Hybrid Seed**	10. Average Seeding Rate (acres per unit of seed)	11. Acres (Item 9 multiplied by item 10)
<b>TOTAL:</b>					<b>TOTAL:</b>

\* Qualifying Hybrids means a corn hybrid that meets the definition of Qualifying Hybrid as defined in the Pilot Biotechnology Endorsement.

\*\*A unit of seed equals 80,000 kernels. Most qualifying hybrid seed is sold in a bag that contains 80,000 kernels (1 unit). However, qualifying hybrid seed may also be sold in a mini bulk unit that normally contains 4 million kernels (50 units). In rare situations, a bag of qualifying hybrid seed may contain only 40,000 kernels (0.5 units).

**By signing below, I certify to all of the following:**

A. I have received and read a copy of the Pilot Biotechnology Endorsement (BE), and I am in compliance with all of its terms and conditions, including but not limited to, the planting requirements provided in section 3 of the BE.

B. I have reviewed the information provided in items 1 through 11 above and certify that are true and correct. In addition, the accompanying copies of the seed invoice(s) and the Biotechnology Endorsement Supplemental Seed Documentation form, if applicable, attached hereto are true, correct and represent all the qualifying hybrid seed I obtained for planting in the crop year identified in item 2 (the seed was NOT carried over from a previous year) and for the policy identified in item 3. Additionally, I authorize the seed company/dealer listed on the accompanying documents to disclose all purchase and return invoices for all corn seed that was purchased or returned by me or someone else on my behalf.

C. I understand that failure to comply with all terms and conditions of the Pilot BE will result in loss of the premium reduction or my policy being voided. Further, I understand I may be subject to administrative, civil or criminal sanctions (18 U.S.C §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes).

Insured's Signature

Date

See Reverse Side of Form for statement required by Privacy Act of 1974 and Nondiscrimination Statement.

GAINS MFC F. 8/28/10 (09)

# ACRE

I am sure everyone has heard about enough about this program but has anyone really decided what to do? It seems that it will help to wait as long as you can to sign up and the sign up date has been extended to August 14th . I have been emailing back and forth with Jerry Quinton at Lee Co. FSA. They still have not decided what numbers to use to establish a yield for your farm.

The worksheets, on this page, show corn and soybeans. This is a very simple Microsoft Worksheet that you can plug any numbers you want into and play some different 'what-if' scenarios. If you have Office 2007, I can email this worksheet to you or get it to you on disc.

There are several on-line worksheets but they are complicated and require you to enter a lot of data. This worksheet allows you to just revise your average yield, the fall price and fall yields.

Acres Payment Example for Lee County Corn

	Spring Guarantee	Actual Harvest Numbers
First Trigger, State Loss	90.00%	
Benchmark State Yield (5 year Olympic Average)	182.00	165.00
<b>TIMES</b>		
ACRE Program Guarantee Price (2 year national average marketing price)	4.05	4.00
Per Acre	663.00	660.00
Shortfall		-3.00 State Loss is Triggered

Second Trigger, Farm Loss		
Farm Yield History	185.00	150.00
ACRE Program Guarantee Price (2 year national average marketing price)	4.05	4.00
Insurance Costs	20.00	
Per Acre	769.00	600.00
Shortfall		-169.00 Farm Loss is Triggered

Loss Payment is the lesser of:		
State Guarantee Times 25% Equals	663.00 165.75	
Or:	83.30%	of Farm Yield History Divided by the State Yield Times the difference between the State Guarantee and Actual State
State Guarantee	663.00	Guarantee.
Actual State Revenue per acre shortfall	660.00 3.00	
ACRE per Acre Payment	2.54	
Payable only on base acres at FSA		

Acres Payment Example for Lee County Soybeans

	Spring Guarantee	Actual Harvest Numbers
First Trigger, State Loss	90.00%	
Benchmark State Yield (5 year Olympic Average)	46.00	37.00
<b>TIMES</b>		
ACRE Program Guarantee Price (2 year national average marketing price)	9.55	10.50
Per Acre Revenue	395.00	389.00
Shortfall		-6.00 State Loss is Triggered

Second Trigger, Farm Loss		
Farm Yield History	49.00	46.00
ACRE Program Guarantee Price (2 year national average marketing price)	9.55	10.50
Insurance Costs	20.00	
Per Acre Revenue	488.00	483.00
Shortfall		-5.00 Farm Loss is Triggered

Loss Payment is the lesser of:		
State Guarantee Times 25% Equals	395.00 98.75	
Or:	83.30%	of Farm Yield History Divided by the State Yield Times the difference between the State Guarantee and Actual State
State Guarantee	395.00	Guarantee.
Actual State Revenue per acre shortfall	389.00 6.00	
ACRE per Acre Payment	5.32	
Payable only on base acres at FSA		

## DEADLINES

— June 1st —  
Your Early Season Hail Insurance Runs Out

— July 15th —  
Signed Acreage Report With Crops, Acres & Planting Dates

Have any questions on your crop insurance?

Contact Dave White,  
Sauk Valley Insurance Services, 815-288-2541 or  
email [dwhite@saukvalleyinsurance.com](mailto:dwhite@saukvalleyinsurance.com)  
Check us out at [www.saukvalleyinsurance.com](http://www.saukvalleyinsurance.com)