

Risky Business

A publication of Spartan Insurance Agency

JUNE 2008



Did you have a wet spring?

There are some areas that had excessive rains this spring. This brings up questions regarding prevented planted acres and replant claims. *Call your agent before you replant or destroy any crop.*

Do you have Prevented Planted Acres?

If you can't get all your intended acres planted by the final plant date and poor weather is the reason, then you may qualify for a prevented payment. Call your agent to verify.

If you have PP acres—these criteria must be met:

- The PP payment is 60% of your coverage (45% on sugar beets). PP Acres must be reported within 72 hours of the final plant date
- There must be more than 20% of the unit or more than 20 acres (whichever is least), prevented to be eligible for payment.
- Payment on prevented planted acres can not exceed the total highest number of acres planted in any one of the last four years, less the acres planted in the current year.

- Your situation must be common to the area.
- You **MUST** report the prevented planted acres on your acreage report and also you **MUST** certify them as PP at the FSA office.
- Planting after the final plant date will reduce your guarantee by 1% per day.
- If you have a GRP or GRIP policy - you do not have prevented planted coverage, unless you signed up for the endorsement by 3-15.

Do You Need to Replant?

- If you need to replant a crop, to the same crop, call your agent. Depending on your policy, you may have coverage or you may not. You need to report the replant intentions **BEFORE** you replant the crop. You must replant to the same crop to be covered, going to a different crop in not considered a replant.
- Replant coverage for CRC and RA policies will pay up to \$43.20 per acre for corn and up to \$40.08 per acre for soybeans, MPCl policies will pay up to \$38.00 for corn and up to \$34.50 for soybeans. GRP, GRIP and CAT policies do not cover replant costs.

DID YOUR ENTITY CHANGE?

Did you recently get married; change your farm operation to a partnership or corporation? Be sure your entity type and tax id number is correct on your insurance policy. If your status has changed - please double check your recent confirmation of coverage to make sure this information is correct. Also make sure the tax ID on your policy is the same as the number you use to certify at the FSA office. If it is incorrect and you have a loss, you could be severely penalized. If you aren't sure, please contact your agent or processor, we would be happy to verify it for you.

FAILED WHEAT:

If you tore up wheat this year—be sure to certify it at the FSA office as failed wheat.

DON'T GET PENALIZED

- If you misreport or don't report acres, you will be penalized. You cannot revise any information pertaining to the planted acreage after the acreage reporting date (7-15) without the company's consent.
- Prevented planted (PP) acres not reported by the deadline will NOT be accepted. The signed acreage report and your FSA certification papers must match. **Be sure that your FSA certifications, including maps are CORRECT and include them with your acreage report.**
- Any policy that has an acreage variance of more than 10% will result in a reduction of your loss payment. This includes prevented planting, replants or a harvest loss payment. If it is discovered that the producer reported any information incorrectly, the producer may be required to provide documentation in subsequent crop years to sustain your acreage report for those years. **You might also be requested to have acreage measurements done at your own expense.**

Don't Ignore The Paperwork!

Missed or incorrectly reported acres can cost you money! Making sure your acreage reports are complete and accurate is your responsibility and is very important! Always check information that is mailed to you to make sure it is correct. **It is your policy and ultimately your responsibility.**

Your Spartan agent will do their best to make the process easier, but you need to certify correctly and report your acres to us promptly. The Spartan Insurance acreage report deadline is **JULY 1, 2008**, so please send it as soon as you are finished planting, no later than July 15! The Spartan deadline is earlier to allow us more time to double check the information.

- If you would like assistance in completing your acreage report - please call your agent.
- It is **your responsibility to report ALL acres correctly**, including uncertified and prevented planted acres. Make sure your FSA certifications are EXACTLY CORRECT.
- **Added Land:** If you have land not included on the acreage reporting form - please add the section, township, acres and share percentage in the added land portion of the form.
- **FSA Papers:** Please send Spartan a copy of your FSA acreage certification forms, including maps. If you cannot certify your acres until after July 15, please send a copy immediately after you certify. This can eliminate potential errors.
- **Replants:** If you need to replant a crop - call your agent immediately. MPCl, CRC and RA policies provide replant coverage; GRP, GRIP and CAT policies **do not**, unless you purchased the proper endorsement by 3-15.
- **Prevented Planted Acres: Prevented planted losses MUST be turned in within 72 hours of the end of the late planting period—there will be NO EXCEPTIONS!** This is a FCIC ruling, not our policy. It is critical that you contact us immediately if you are unable to plant due to weather conditions.
- **DO NOT DESTROY** any crop before an adjuster has appraised the crop and has given you permission to destroy it. You need to report acres that were destroyed and planted to another crop.
- **Sugar Beet, Tomato and Snap Bean Producers**—we must have a copy of the contracts. Acres cannot be insured until we receive a copy of the contract.

FINAL SPRING PLANT DATES

All Prevented Planting Acres Must Be Reported within 72 Hours of the late planting period for each specific crop or it will not be accepted.

There is a 25 day late planting period, in which you may still plant, however the coverage is decreased. Therefore, it is best to call your agent if you are not able to plant by the final date to review your coverage and PP options.

The final plant dates to receive full coverage are:

- CORN—June 5
- SOYBEANS—June 15
- SOYBEANS—June 20—final plant date for parts of Ohio, Illinois and Indiana
- DRY BEANS—June 25
- PROCESSING BEANS—July 15

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Market Time Review

STEVE BEIER, THE ANDERSONS

For the last six weeks farmers have been focused on getting the corn and bean crop planted. As planting winds down, it's time to revisit your marketing plans. Review your cash contracts, take physical inventories of on farm old crop inventories and determine estimated production of the crops you just planted.

As of this writing July wheat is down 39% (\$5.00) from its March double top high of \$12.72. What a difference sixty days can make. An equivalent drop from the spring highs would equate to around \$4.00 corn and \$8.90 beans. Now this is not a prediction of where prices are going to go! It's just that after going up for nearly nine consecutive months, it's possible the price trend for corn and beans could be something other than higher.

The May 9th USDA crop report increased the '07 corn crop carry-out by 100 million bushels to 1.383 billion bushels while decreasing the projected '08 carry-out at .763 billion bushels. The '08 carry-outs are at minimum pipeline supplies. Any reduction, whether it is acreage or yield, would require additional price rationing.

Both old crop and new crop bean stocks were reduced with the '07 stocks pegged at 145 million and the '08 at 186 million bushels. Very little acreage expansion is expected in South America this fall.

With corn planted and emerged it makes sense to sell some at a price exceeding the spring insurance guaranteed price of \$5.40. How much depends on the individual but sell something! Beans are a little trickier. The

spring price was \$13.36 and the day of this writing November CBOT beans closed at \$13.49. Wow—almost too close to call. But how can you go wrong selling some \$12.50 cash beans for this fall?

The new farm bill has just been approved by the House and Senate. The President promises to veto the bill as written today. Stay abreast of further developments especially of the "Direct Payments" section. These payments could potentially add to the price of crop year '08 corn and bean sales.

It goes without saying—commodity markets will be very sensitive to any summer weather concerns. Try to stay agile with your marketing and leverage any crop insurance you purchased this spring.

GRP & GRIP POLICY HOLDERS

Your policy does not have:

- Replant coverage (except for the producers who purchased an endorsement to their hail policy by 3-15)
- Prevented planting coverage (except for the producers who purchased an endorsement to their hail policy by 3-15)
- Hail coverage

Better to be safe than sorry, if you need hail coverage—call your agent immediately. There is no final plant date for GRP or GRIP policies. You need to report the total acres planted per crop and by share percentage, by the acreage reporting date of 7-15.

Please schedule your appointment at the FSA office as early as possible. The acreage reporting deadline, with certifications is July 15, or sooner. Thank you!

CONSIDER HAIL INSURANCE It's Still NOT Too Late

Hail insurance coverage is available up to the value of the crop. The rates are very reasonable, considering the protection it can give. Coverage goes into effect as quickly as two (2) hours after your commitment to purchase. Spartan offers hail insurance with several different companies and offers competitive rates. For 2008 Spartan has added Farmers Mutual Hail Insurance Company of Iowa, the oldest hail company in the US, to give our producers more options.

Hail insurance covers dollar for dollar the value of your crop. It also provides additional coverage due to losses caused by fire, vandalism, transit losses and damage caused to grain while in a storage structure.

GRP and GRIP policies DO NOT specifically cover hail damage—so you may want to set up a separate hail policy. **Remember**—if a hail-storm hits and you have any damage—please call your agent immediately. Your policy indicates you **MUST** contact us within 10 days of the storm. **Call your agent for details and quotes.**

Don't Be Late—Please meet the deadlines!

7-1-08—Acreage Reports Due to Spartan

7-1-08—Wheat premiums are due - the company will bill you

7-15-08—FSA Certification Deadline—Certify your crop acres at your FSA office and give us a copy of the 578 forms and maps, as soon as possible.

August—If you are chopping silage, call your agent—an adjuster must do an appraisal.

9-30-08—Deadline to purchase wheat insurance or change your existing coverage.

10-1-08—Spring policy premium is due—the company will bill you

Farm Bill Update

At the writing of this newsletter, the Senate and House had passed these proposed changes in the Farm Bill regarding crop insurance:

- Instructs RMA to increase research and development for organic agriculture, dedicated energy crops, poultry production, aquaculture, increasing interest in whole farm revenue insurance and the needs of beginning farmers. So there will be changes.
- Provides funds to upgrade the RMA computer system to assist in detecting fraud and abuses with the programs.
- Establishes a new disaster assistance program that complements the existing crop insurance program by providing additional assistance to farmers

based on crop revenue loss for the entire operation.

- The new bill reduces the reimbursement rate paid to the insurance companies by 2.5% for delivering crop insurance. If there is sufficient crop losses in a given year, up to half of the reduction may be restored.
- There will be tighter rules on the potential abuses of the program such as rebating.
- A complete copy of the 12 page Farm Bill Highlight document recently released from Senator Tom Harkin is available on our website, spartancrop.com please click on the Farm Bill Update link on our home page.

Thank you to all of those who made phone calls, sent e-mails or letters to your congressmen.

Photo Contest Deadline extended!

We didn't receive many photos for our contest. If you would like to compete, please e-mail a farm related photo to: kstoneman@spartancrop.com. Prizes are awarded to the top 3 photos. **The extended deadline is June 15, 2008.**

Important Information for Apple Producers

Your apple policy (including the \$100 CAT policy) now guarantees production of USDA Processing grade or better. If weather has caused damage to your apples that reduce them to below Processing grade, those apples in that category will not be counted as production against your guarantee. This includes quality issues such as color, shape, size, and russetting.

If you have selected the Fresh Fruit Endorsement for your policy, the policy insures for USDA Fancy grade. The same perils are covered but there is also an increasing payment factor depending upon the percent of damaged production.

SO—If you have damaged production and/or reduced yields and haven't had an adjuster look at your crop, we recommend

that you call us to request a pre-harvest inspection. At that time a grade appraisal will determine the percent of apples that fail to make the grade requirements. The grade inspection will make things easier for both you and the insurance company if there is a payable loss. Your pack out records may not be sufficient evidence of quality losses.

As soon as you suspect that you may have reduced yields or damaged apples, please call us to submit a notice of loss. This will allow the insurance adjusters adequate time to make arrangements with you on how to proceed before and during harvest. This grade level increase is good for you, but it will require increased efforts on all of our parts to make sure things go smoothly during a loss adjustment.

VISIT US ONLINE AT www.spartancrop.com

For deadlines, reminders, agent listing and important information