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This educational supplement brought to you by the Garden State Crop Insurance Education Initiative.

September Crop Insurance Tips

Loss Reporting Reminder
Report damage immediately to your insurance agent. The policy requires reporting damage to your agent for each insurance unit within 72 hours, 15 days before harvesting begins and again within 15 days after harvesting is completed, but not later than calendar date for end of the insurance (10/20 for corn insured as silage, 12/10 for corn insured as grain and soybeans). Reporting deadlines must be met by insurance unit. Don’t destroy evidence of damage until a loss adjuster evaluates it! Also notify FSA of loss for SURE Program. SURE Deadline: Sept. 30, 2010, is the deadline to submit 2008 crop year applications for payment to their FSA/USDA county office, under the 2008 Supplemental Revenue Assistance (SURE) Program (see page 8).

Good Records are Important
Specific detailed record keeping is required if production will be fed before the claim is adjusted or production from two insurance units will be mixed, when a loss is anticipated or to prove your APH yield. If you have enterprise units on your CRC corn and soybeans, you may want to continue to keep records on an optional unit basis to keep your options open on choosing optional units in the future. Discuss these topics with your insurance agent to determine the record requirements. If you need a record keeping system, an approved one is available at the webpage: http://cropins.aers.psu.edu/.

Many Premium Discounts
Your crop insurance premium bill for buy-up policies in 2010 will be discounted three times to get to the net amount due. On a state aggregate basis, the discounts are estimated to be $ 4.5 million of the standard federal subsidy, $100,000 of a special federal subsidy of up to $150 per Buy-up crop policy.

Upcoming Crop Insurance Deadlines

9/30 Barley, Wheat, Forage Production Sales Closing Date
10/20 Barley Final Planting Date
10/31 Wheat Acreage Report Due
11/15 Forage Production Acreage Report Due
11/22 Apple, Peach, Blueberry, Cranberry Sales Closing Date
COMBO: New Crop Insurance Policies for 2011
Affecting All Corn, Soybean, Grain Sorghum, Wheat and Barley Policies

When your next deadline for crop insurance sign up rolls around (September 30) all the familiar names for the various crop insurance policies will be different although the policies themselves will be pretty much the same.

Instead of Crop Revenue Coverage (CRC), your policy will be called “Revenue Protection.” Instead of Actual Production History (APH) there will be “Yield Protection.” The Catastrophic (CAT) polices will be replaced by “Revenue Protection with Price Exclusion (50% coverage / 100% price).

This new “Common Crop Insurance Policy” (COMBO) kept and combined the principle features in revenue plans that producers bought most often. Now all insurance coverage is consistent in insurance protection and cost to producers.

Policy Will Automatically Convert

Your crop insurance policy is a continuous contract; therefore, your policy will renew and automatically convert to the coverage most similar to the type of policy you had last year. If you do not wish to make changes to your crop insurance policy for the 2011 crop year, then no additional paperwork is required. Figure 1 below describes how your 2010 policy will be converted to the new policy for the 2011 crop year. Both yield and revenue protection policies are available for the 2011 crop year under the new Basic Provisions and related crop provisions for wheat, barley, corn, grain sorghum, and soybeans.

### Figure 1.

<table>
<thead>
<tr>
<th>Insurance Plans</th>
<th>Basic Units</th>
<th>Optional Units</th>
<th>Enterprise Units</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2010 Name</strong></td>
<td><strong>2011 Name</strong></td>
<td>Brief description of new plan (see policy for details)</td>
<td>By different persons sharing in crop (10% premium discount)</td>
</tr>
<tr>
<td>CRC - Crop Revenue Coverage</td>
<td>Revenue Protection</td>
<td><strong>Revenue Protection</strong> is based on APH yield X level of coverage selected X higher of projected price (early) or harvest price = <strong>Guarantee</strong>. Production valued at harvest price. Revenue losses paid due to low yield or price fluctuation.</td>
<td>Available</td>
</tr>
<tr>
<td>Not previously available in NJ</td>
<td>Revenue Protection - Harvest Price Exclusion (HPE)</td>
<td><strong>Revenue Protection-HPE</strong> is based on APH yield X level of coverage selected X projected price (early) = <strong>Guarantee</strong>. Production valued at harvest price. Revenue losses paid due to low yield or price decline.</td>
<td>Available</td>
</tr>
<tr>
<td>APH or MPCI Yield Coverage</td>
<td>Yield Protection (CAT available)</td>
<td><strong>Yield Protection</strong> is based on APH yield X level of coverage selected = <strong>Yield Guarantee</strong>. Loss is paid for difference between guarantee minus production times X projected price (early).</td>
<td>Available</td>
</tr>
</tbody>
</table>

*Note: All prices are based on Chicago Board of Trade.*
COMBO, continued

If you are buying insurance for the first time, you would start by selecting which option you want.

- Revenue Protection is similar to the old Crop Revenue Coverage, where prices and revenue guarantees are calculated twice during the season. If prices increase at harvest, your revenue guarantee also increases.

- A new option for New Jersey is Revenue Protection - Harvest Price Exclusion, which works similarly to CRC but prices and revenue guarantees are calculated only once, before planting. If prices increase at harvest, you have to keep your original revenue guarantee.

The prices for each commodity are based on daily Chicago Board of Trade prices, averaged during a certain timeframe (discovery period).

To see an example of how the different options would work under the same conditions on an example wheat crop, see Figure 2 below.

Figure 2.

<table>
<thead>
<tr>
<th>Generic Illustration of Yield &amp; Revenue Coverage Plans - Wheat</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Illustrates impact of price fluctuations</strong></td>
</tr>
<tr>
<td><strong>Coverage Plan 2011 Description</strong></td>
</tr>
<tr>
<td><strong>Coverage Plan 2010 Description</strong></td>
</tr>
<tr>
<td>APH Yield Bu./A.</td>
</tr>
<tr>
<td>% Level of Coverage (50 to 75*)</td>
</tr>
<tr>
<td>Yield Guarantee Bu./A. ***</td>
</tr>
<tr>
<td>Projected Price</td>
</tr>
<tr>
<td>Revenue Guarantee</td>
</tr>
<tr>
<td>Actual Yield (&amp; Appraisals) Bu./A.</td>
</tr>
<tr>
<td>Bu. Shortage/A.</td>
</tr>
<tr>
<td>Harvest Price</td>
</tr>
<tr>
<td>Insurance Value of Production</td>
</tr>
<tr>
<td>Indemnity/A.</td>
</tr>
</tbody>
</table>

* 85 percent available in some locations (see actuarial table http://webapp.rma.usda.gov/apps/actuarialinformationbrowser/)
** Guarantee recalculated at harvest time using higher of Projected or Harvest using applicable BOT prices (not to exceed 2 times projected price, no down price limit).
*** Yield on which revenue coverage is based rather than the insurance guarantee

Obtain details on the various insurance plans and related premium cost from a crop insurance agent

Crop insurance agent list available from RMA Web at: http://www3.rma.usda.gov/apps/agents/index.cfm
Not all crop insurance policies are for guaranteeing a set yield for a specific crop in a given year. In fact, there was a policy offered called crop revenue coverage (CRC) that insures revenue rather than yields. With the change to COMBO (page 2), it is now called Revenue Protection. The CRC described in this article is similar to the new Revenue Protection.

CRC crop insurance protects against low yields, low commodity prices, or a combination of low yields and low prices. When developing a CRC policy for a specific operation, a revenue guarantee would be established and if the actual gross revenue (actual yield times harvest price) from a crop falls below the revenue guarantee, an indemnity would be paid.

Revenue guarantee would be the APH yield (yield specific to a farm or unit based on yield history) times the higher base price or harvest price. Using corn as an example, base price would be determined by averaging December’s futures contracting price in February and harvest price would be the average of December’s futures price during October.

To determine a premium, considerations would include the county of the insured crop, units insured (basic, optional or enterprise), the APH yield for the crop, and the selected coverage level. Coverage levels from 50% to 85% (some crops) must be chosen, with higher coverage levels resulting in higher premiums.

CRC can be a valuable tool for those producers who forward contract crop, giving them peace of mind that they will not get “caught” with a large contract to fill after having a less than stellar growing season.

The following is a testimonial of how a local New Jersey farmer used CRC to his advantage:

Steve Jany farms over 2,000 acres of grain crops in Mercer and Middlesex Counties of NJ. He alleviates some of his risk by purchasing Crop Revenue Coverage on his corn and soybeans. To help guarantee a minimum price, Steve forward contracts. Forward contracting is designed to go hand in hand with CRC because it establishes a minimum price floor. In years when he has had a low yield, Steve has utilized his crop insurance payments to buy in grain to fulfill his contracts. He is confident in his grain marketing strategy but says, “I wouldn’t contract my grain without crop insurance.”

Steve stated, “We use CRC, that way we know we have money that we can forward contract. The guaranteed payment that you get from crop insurance at least ensures that you’ll be able to cover what you do sell ahead.” CRC has become a staple in Steve’s business plan since he can rest assured that he will not be stuck with fulfilling a contract with a crop that he was not able to grow in a poor growing year.

Steve emphasized that, “in order to get an accurate guarantee on a crop insurance policy, producers should be sure to keep good records of their productions each year.” It is very important to know the cost of production of a crop on a per acre basis. By knowing this information, a determination of the level of crop insurance coverage can be made easier. Farming is an occupation full of unknown variables and risk. Steve Jany utilizes crop insurance because he says, “it is part of the package that we do look at to minimize the risk the best we can.”

QUESTIONS?

Call a crop insurance agent (page 7) or our toll-free hotline 1-800-308-2449

Or visit us on the web for educational materials, websites, and an Ask the Expert button! http://salem.rutgers.edu/cropinsurance
Commodity News Briefs
Keep up-to-date on changes to your crop insurance policy

CANOLA

Research is underway on developing canola as a marketable crop in New Jersey. Rutgers Cooperative Extension of Salem County is beginning variety trials on 44 different canola varieties. Yield data will be collected and samples will be sent to Kansas State University for oil analysis. The idea of canola production in New Jersey was discussed at a recent grain marketing meeting in Woodstown, New Jersey. A soybean and canola crushing plant and oil refinery located in Quebec, Canada is interested in providing a market for the canola if it can be grown in New Jersey. Canola is an insurable crop in other states, so crop insurance could be available by written agreement.

WHEAT AND BARLEY

New Jersey producers have expressed concern over the lack of Revenue coverage for wheat and barley. Both have had Yield coverage available, but producers wanted to protect their revenue the same way they could for corn and soybeans. Good news- starting in 2011, producers can elect Revenue Coverage for wheat and barley! The prices for barley will be based on a percentage of the Chicago Board of Trade prices for corn, and wheat has its own Board of Trade prices. The sign-up deadline for either Yield or Revenue coverage on wheat and barley is September 30, 2010.

ORGANIC

Good news for organic growers who would like to insure their crops but feel the price elections for conventionally grown commodities are too low- the Risk Management Agency of USDA has determined that higher organic price elections are feasible for corn, soybeans and processing tomatoes. RMA plans to issue those price elections for the upcoming crop year. RMA is also eliminating a current 5 percent surcharge for organic crops insured under the Nursery crop insurance program.

APPLES

The apple policy is undergoing some changes for the 2011 crop year, which begins on the Sales Closing Deadline of November 20, 2010. The changes will place limitations on the amount of apples that can be insured as Fresh Production. You must be able to certify that at least 50% of production from acreage reported as fresh apple acreage was sold as fresh apples in one or more of the most recent four crop years. The new policy also permits separate insurance units and different levels of coverage options for fresh and processing apples (if requirements are met).

Several producers have expressed concern about how the biennial bearing of apple trees affects their APH yield. The Crop Insurance Handbook has special guidelines specifically for Alternate Bearing crops, and it adjusts the APH yield based on the cyclical yield.

HORSES and HAY

Even horse farm owners can benefit from crop insurance! If you grow your own hay and it is alfalfa or an alfalfa mix, then it could be insurable. You can insure your seeding for fields to be established or production from existing fields. To be insurable, the field cannot be grown with the intent to be grazed or inter-planted with any other crop. Forage seeding must be at least 50% alfalfa or approved legume by seed weight. Forage production must be at least 25% alfalfa and have an adequate stand.

SOYBEANS

The weather has been crazy this year- remember to check the pods on your soybeans, not just the foliage, to gauge how well the crop is doing. Due to extreme weather variability, you could have a loss even if the crop looks great from the road. If you suspect you many have a loss, call your crop insurance agent as soon as possible.
There is no doubt that dairy farming is a risky business. With so many variables involved, there is no telling what this year may bring. Of course, weather conditions are at the forefront of worries with farmers, but the doldrums of the milk market along with the volatility in the grain market are even more daunting. As many of you know, all too often in the past 2 years or so, the feed bill has weighed heavily and even sometimes outweighed the milk check. Wouldn’t it be easier to sleep at night if you knew for a fact that you were guaranteed a paycheck that would, at the very least, help you break even? If so, Livestock Gross Margin for Dairy may be the program for you!

LGM for Dairy is an insurance program that provides protection against unexpected declines in the gross margin of a dairy operation. The market value of milk (gross revenue) minus feed costs (variable cost), using Chicago Board of Trade prices, equals gross margin. This expected value is calculated based on the futures prices of milk (Chicago Class III) and feed (corn and soybean meal).

Unlike crop insurance where the majority of revenue risk exists with production, the risk with LGM Dairy lies predominately with price of milk and feed. This program does not set a support price on milk nor does it consider variable costs beyond feed. Instead, LGM for dairy strictly covers the difference between the expected gross margin and the actual gross margin. Other causes of revenue loss such as production loss, damage to livestock, livestock death, etc. are not covered. LGM for Dairy is a risk management tool for dairymen to help them remain sustainable.

To participate in the LGM for Dairy program, expected prices are determined for both feed and milk in the futures market. The next step is to determine how many cwt of milk will be insured. Once this is determined, the gross margin guarantee is established. At the end of the contract period for which you enrolled, the actual prices of milk and feed are determined. Actual gross margin is then calculated to determine if an indemnity payment is owed.

In order to be eligible for an indemnity payment, a producer must make at least 75% of the projected milk yield locked in for the given insurance period. Any amount of milk may be insured assuming that specified amount can in fact be produced. The limit of milk that can be covered in a year is 240,000cwt.

Premiums are determined using a premium calculator program based on the amount of milk insured, expected gross margins for each period, and deductibles. Producers may select deductible levels between $0 and $1.50 per hundredweight of milk in $0.10 increments.

The enrollment dates for the policy are the last (third for Nov. and Dec.) business Fridays for each of the 12 calendar months. There are twelve insurance periods each calendar year. Coverage is available during any or all of the last 10 months of each insurance period. Coverage begins one full month following the sales closing date of the policy. To participate in the LGM for Dairy program, consult your local crop insurance agent.

Don’t Forget About SURE!

SURE is Farm Service Agency’s current crop disaster program. There are a few important things to know about SURE:

• You MUST have either crop insurance or FSA’s NAP program on every crop on the farm to qualify (some limited exceptions).

• The higher levels of crop insurance you carry, the higher your insurance and SURE payments will be.

• Don’t forget that September 30 is the deadline for 2011 barley, wheat, and forage production! If you miss this deadline, then you are ineligible for SURE on all crops.

For more information, see page 8.
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These agents may be spread out around the country, but they are all licensed to sell crop insurance in New Jersey!

Did you know?
Crop insurance prices are set federally. The price for one policy will be the same no matter which agent you use. The difference is service!
Producers have until Thursday, September 30, 2010, to submit an application for payment under the 2008 Supplemental Revenue Assistance Payments (SURE) Program. SURE provides financial assistance for crop production and or quality losses due to a natural disaster.

“We want producers to be aware of this deadline so they are certain to visit their FSA county office to file a 2008 SURE program payment application no later than September 30, 2010,” said FSA (Farm Service Agency) Administrator Jonathon Coppess. “It is important to finish the current 2008 SURE program sign-up because the authority for the Recovery Act supplement for payment benefits expires at the end of the current fiscal year and the Department of Agriculture will then start the 2009 SURE sign-up process.”

The federal crop disaster program, SURE operated by FSA, has been developed to aid farms when a disaster occurs. Farms are eligible for coverage when a portion of the farm is located in a county covered by a qualifying natural disaster declaration (USDA Secretarial Declarations only) or a contiguous county; or the total loss of production on the farm (due to weather) is greater than 50% of the normal production on the farm.

To be eligible for SURE coverage, most crops on a farm must have either a crop insurance policy through the Federal Crop Insurance Act or Noninsured Crop Disaster Assistance Program (NAP) coverage. There are limited exceptions to this rule, and SURE does not require coverage for forage crops intended for grazing. Producers must suffer a 10 percent production loss, caused by a natural disaster, to at least one crop of economic significance (a crop contributing to at least 5 percent of the expected revenue for a farm) on their farm in order to be eligible for SURE payments.

The SURE guarantee is determined by totaling the calculated guarantee for each crop. For insured crops, the guarantee is based on the level of coverage the producer has elected. Higher levels of coverage will result in higher SURE guarantees. Choosing 75% coverage instead of CAT will increase the crop insurance and SURE guarantees by 2.5 times!

The signup for 2008 SURE began January 2010, and producers have until September 30, 2010 to sign up for SURE. Producers are encouraged to file an application for 2008 SURE payments regardless of whether they think they may or may not qualify. Producers who do not file a 2008 SURE program payment application by Sept. 30, 2010, will not be considered eligible for 2008 SURE program payments. An electronic SURE program payment calculator and additional information regarding the SURE program is located at http://www.fsa.usda.gov/FSA/sure or producers can contact their local county FSA office.