



Another Wet Spring.

Farmers Unable To Plant Some Of Their Fields.

Another Wet Spring! 2009 pre-harvest crop insurance losses could exceed 2008, when considering **replants, prevented plant** claims*, and losses due to early failed corn. The continuous rainfall, well into early July, has left many producers in Southern Illinois with unplanted acres.

Tony and Brooke Kile farm 2200 acres in Edgar, Clark and Coles counties, with 95% of that in Edgar. They originally increased their crop insurance coverage this year because of the economy. "We wanted to protect our revenue against falling grain prices," said Brooke Kile.



Tony & Brooke Kile, Farm Credit Customers

But the Kiles are also one of many Edgar County producers who simply did not have a big enough window of dry weather to plant corn in two of their fields this year and will be able to recover some of their expenses with the **prevented planting** portion of their policy. "One field never did dry out," said Tony Kile, "and the other one, I switched to soybeans instead."

It is estimated that farmers in Edgar County will have over 5,000 acres of prevented planting corn. Edgar County isn't alone in the **prevented planting** arena. Throughout our 60 county area, planting has been delayed into the late planting period for crop insurance, which runs until June 30 for corn and July 15th for soybeans. In the FCS of Illinois agency, for crop year 2007, there were only 13 **prevented planting** claims (out of over

- story continued on page 2 -

INSIDE THIS ISSUE

Another Wet Spring.	1
Wheat Losses In 2009.	2
Another Wet Spring – continued	2
Important Dates for 2009	2
New Crop Insurance Employees	3
Is A Biotech Endorsement For You?	3



Farm Credit Services
OF ILLINOIS

We Understand



Wheat Losses In 2009.

Enterprise Units and Biotech Endorsement

As producers faced their wheat planting decisions last fall, wheat prices were much better than they are now. The 30 day SEP Wheat Futures on CBOT produced a CRC Base Price for the 2009 wheat crop of \$8.58 per bushel. The price for APH or MPC1 bushel plan for 2009 wheat was \$7.35 per bushel. If the conditions allowed, many producers took advantage of the opportunity, and planted extra wheat in response to these good prices.

The wet conditions this spring were not friendly to the 2009 wheat crop. In some areas, what started out to be an above average wheat crop, ended up at or below average. Depending on the insurance plan, losses on wheat may be considerably higher than last year.

If your crop insurance plan is the "yield only" APH plan, and your average yield is 60 bu/acre, a 75% level policy guarantees 45 bushels per acre. If the final yield ends up at 40, a loss on 5 bushels @ \$7.35/bu would be \$36.75 per acre. With a 75% CRC Revenue plan, the same example has a 45 bushel guarantee and a revenue guarantee @ Base Price of

\$8.58 x 45 bu = \$386 per acre. The CRC Harvest Price is determined from SEP Wheat futures on CBOT during the 30 days ending August 15th. In a falling price scenario (SEP Wheat futures now trading in \$5.30 range), our net yield above of 40 bu/ac produces actual revenue of only \$212 per acre. The resulting CRC loss payment would be \$174 per acre. If the yield was 60 bushel/Ac, at a Harvest Price of \$5.30 (example), the \$318 actual revenue is \$68/Acre below the Revenue guarantee. If you raised wheat, and feel you may have a loss, contact your FCS Crop Insurance agent.

"While yields are in normal range, disease and market conditions expected to trigger loss payments."

"Another Wet Spring" - story continued from page 1 -

4,000 policies). Last year, **prevented planting** claims rose to 262. This year through July 10, **prevented planting** claims for corn alone totaled 471. Last year, there were more **replanting claims** - 1563 in our agency compared to 1015 this year. Both years are well above normal level in pre-harvest claims.

As acreage reports are finalized, adjusters will be working with producers on completing the paperwork for **replant** and **prevented planting** claims. While Illinois farmers harvested record crops last year in many areas, harvest prices were down as much as 45% from February to October, resulting in revenue claims on many policies.

In total, within our Farm Credit Services of Illinois 60 County service territory, combined loss payments from **replants**, **prevented planting**, and fall harvest claims, totaled a record \$33.4 million compared to \$22.4 million premiums paid by our customers.

**Individual crop insurance plans - CRC, RA, APH, and IP provide re-plant and prevented planting benefits, while county wide group plans - GRIP and GRP do not.*

IMPORTANT DATES IN 2009

- | | |
|---|--------------|
| • Premiums Due for Wheat | July 1 |
| • Acreage Reports Due - Corn & Soybeans | July 15 |
| • CRC Harvest Price Announced - Wheat | August 15 |
| • CRC Base Price for 2010 Wheat announced | September 15 |
| • New Applications for 2010 Wheat | September 30 |
| • Premiums Due for Corn & Soybeans | October 1 |
| • Interest Added to Unpaid Premiums | November 1 |
| • Harvest Price Announced - Soybeans | November 1 |
| • Harvest Price Announced - Corn (CRC & GRIP) | November 1 |
| • Acreage Reports Due - Wheat | November 15 |
| • Production Reports Due for Wheat | November 15 |
| • Harvest Price Announced - Corn (RA & IP) | December 1 |

Call your local Farm Credit Services office for additional information about these important dates.

DID YOU KNOW?

That Farm Credit Services of Illinois offers competitive Life Insurance policies to its customers? September is Life Insurance Awareness month, and the Life Insurance Foundation is conducting a national media campaign. Go to the below link to read actor Chris Noth's story:

<http://www.lifehappens.org/nothpr>

Welcome New Crop Insurance Team Members.

We're Growing With Our Customers.



Cory Mitchell was named regional vice president of crop insurance. Most recently, Cory worked as regional sales manager for 1st Farm Credit Services in Normal. He previously served as a funding manager with the Illinois Finance Authority and as vice president of agribusiness for the Gifford State Bank.

Cory earned an agriculture degree at the University of Illinois, attended the Graduate School of Banking in Madison, Wisconsin, and is currently enrolled in the Illinois Agricultural Leadership Program. Cory is a Saint Joseph-Ogden High School graduate and resides in Mahomet with his wife, Michelle, and children—Madison, Natalie, and Hayden.



We are pleased to announce that Mark Bellis will join Gary Kopp as the second Regional Sales Manager of Crop Insurance. Mark comes to us from Great American Insurance, where he has been a Marketing Representative since 2008. He has undergraduate degrees in Computer Info Systems and

Management and an MBA from the University of Illinois in Springfield. Mark lives in Chatham, and will call the Springfield Branch his new home with FCSIL. His first day will be Monday, August 3rd. E-mail will be ready by Friday, July 31st, so please welcome Mark to our Association at that time.



We are pleased to announce the hiring of Alicia Gullidge as new Financial Services Representative (FSR) in the Lincoln Branch. Alicia grew up in the Moweaqua area on her family's farm. She has Ag related degrees from both Lake Land Community College and Illinois State University. During

the course of her education, Alicia also spent a summer studying Agriculture in Angers, France.

She comes to us from the National Corn to Ethanol Research Center in Edwardsville where she was the Marketing Coordinator.

"TO B.E. OR NOT TO B.E."

Is Biotech Endorsement For You?

B *iotech Endorsement*, or **B.E.** provides a premium discount on corn crop insurance when qualifying triple stack seed is planted per the pilot program guidelines. These varieties have consistently proven to out-yield other varieties, thereby reducing the risk of yield loss for insurance companies. Last year, the pilot was only available in Illinois, Indiana, Iowa, and Minnesota, and was called the **Biotech Yield Endorsement**. Participation was mixed. Many producers were either skeptical of possible spot checks or were unable to qualify due to the seed brand. In its first year (2008), the **BYE Discount** only applied to Monsanto-based seed genetics. In 2008, for our policyholders who qualified, the estimated savings in premium cost was \$1.9 million by requesting the **B.E. Discount**.

This year, with Syngenta and Pioneer technologies added to the group, more seed qualifies for the discount, and more producers are participating. Additional states were also added. In most examples the savings is between 10 and

15% on the corn premium. While most eligible producers are willing to complete the extra paperwork and earn the discount, there are still some that are skeptical about the process. Those participating are subject to a random spot check (3-5%) to insure that qualifying hybrids are being planted.

We sincerely appreciate the cooperation and patience you have demonstrated during this most recent claims season. We apologize for the delays, and will work with all of our companies to improve their claims response in the future.

