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## **POST-HARVEST NEWSLETTER**

### **DECEMBER, 2012**

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1101 Commercial St.  
Atchison, KS 66002

I don't have to tell anyone reading this that 2012 was a trying year in agriculture. Almost all of our area was significantly affected by the drought. While we never want to see a year like this happen, we also realize that years like this are when we need to be prepared to perform. Quite simply, years like this are why we exist. While we are still working through the last of our claims we've been very pleased by the timeliness and the quality with which our claims have been handled this year. We know not every claim went perfectly but the problems appear to have been few and far between. As of December 5th we have approximately 950 claims submitted through our agency and have paid out just over \$19,500,000 in claims. We are very proud to have provided this amount of support during a trying year such as this. If you are less than satisfied with the way your claims have been handled this year I would encourage you to visit with your Service Rep or feel free to contact me directly.



Here's wishing you and yours a happy, safe and blessed holiday season!

Sincerely,

Henry Scherer—President, Ag Risk Solutions

henryscherer@ag-risk-solutions.com

## NEW SERVICE REP

We are very excited to announce the addition of Jennifer Forant as a Service Representative for Ag Risk Solutions. Jennifer comes to us with over 6 years of experience as a Customer Service Rep and Origination Merchant at a large grain elevator. Jennifer will be helping producers in the Atchison area with their crop insurance needs.



From Jennifer:

*"I am very excited about this new opportunity. I look forward to learning a lot about crop insurance over the next few months and getting the chance to meet many of you. I feel that my past experience will transfer very well into this new position."* - Jennifer

**EMPLOYMENT OPPORTUNITY:** We are currently looking to add a Service Representative in the Topeka/Lawrence/Olathe area. If you know of someone that you think would be good fit for our organization, please let us know.

### IMPORTANT!

### GRASS BREAKING

### IMPORTANT!

If you will be breaking any ground out of grass and planting it to an insurable crop this spring, notify your Service Rep immediately! In many cases we must submit a request for insurability on these acres **prior to MARCH 15!** Also, you will not be able to use the same process as in past years to establish an Approved Yield on land being broken out of grass. These changes could have a dramatic impact on the amount of coverage you will have on these acres. Contact us immediately if you will be tearing out any grass!!!

### LOSS NOTIFICATION

As you finish up harvest, if you suspect a loss on any unit or crop, contact your Service Representative immediately! We must have claims turned in within 72 hours of the completion of harvest on the unit for them to be considered timely. Claims that are not turned in timely can take much longer to be finalized and paid. Payment could also be denied completely.

### UPCOMING IMPORTANT DATES

**December 15:** You must have your 2013 planted wheat acres submitted to us by this date.

**March 15:** This is the deadline to change your coverage, add a new county or insure an additional crop in a county for Spring Crops (Corn, Beans, Grain Sorghum, etc.)

**March 15:** Deadline to short-rate any wheat that you do not plan to take to harvest.

### E-NEWSLETTER

If you are interested in receiving our newsletter via e-mail please send an e-mail to: [solutions@ag-risk-solutions.com](mailto:solutions@ag-risk-solutions.com)

## REVENUE PROTECTION PROVES ITS VALUE IN 2012

With the combination of severely reduced yields and significant increases in grain prices this year Revenue Protection policies, which we generally recommend to our clients, have really shown their value. As referenced on page 2 of this newsletter we saw drastic increases in market prices between when Base Prices were established in February and Harvest Prices were established in October. When this happens, and yields are below guarantees, the insured is paid the higher harvest price for each bushel they don't produce, below their yield guarantee. So, why is this coverage so important?

There are three main reasons as follows:

**Revenue Opportunity Cost:** If the producer had raised a normal crop in a year like 2012 they would have been able to benefit from this increase in market prices by selling their crop at those elevated prices at harvest. It only makes sense that the insurance coverage they carry would protect them in relation to what their revenue would have been had they raised a normal crop.

**Hedging Protection:** For those producers who have used forward contracts, HTA's, futures markets or option strategies to hedge their expected crops prior to harvest, and are then unable to fulfill these obligations due to a drought-reduced yield, this "replacement cost coverage" aspect of the insurance product is of the utmost importance. The increasing value of the insurance coverage per bushel allows the producer to use their claim revenue to buy out of or offset those grain-hedging positions they took and were unable to deliver on.

**Feed Replacement:** Producers who use a significant portion of their grain produced to feed livestock can end up in a real bind when they have a short crop in a year like this. Not only are they short on feedstuffs but they have to go out in the marketplace to buy replacement feed at a price level much higher than what they would have expected. The "replacement cost coverage" in the Revenue Protection product gives them the revenue necessary to buy the replacement grain they need at current market prices.

As you can see, 2012 is yet another example of the value of crop insurance and the importance of making sure you have the right coverage in place to meet your unique needs.

## 2012 SPRING REVENUE PROTECTION HARVEST PRICES

### CORN:

**Base Price: \$5.68**

**Harvest Price: \$7.50**

Since the Harvest Price on Corn came in higher than the Base Price this increases your total guaranteed revenue and you will be paid the higher harvest price for any bushels you did not raise below your yield guarantee. For those of you who were paid for your Corn production claim prior to October 31, you should have received an additional check for the harvest price adjustment.

### GRAIN SORGHUM:

**Base Price: \$5.53**

**Harvest Price: \$7.31**

Since the Harvest Price on Grain Sorghum came in higher than the Base Price this increases your total guaranteed revenue and you will be paid the higher harvest price for any bushels you did not raise below your yield guarantee. For those of you who were paid for your Grain Sorghum production claim prior to October 31, you should have received an additional check for the harvest price adjustment.

### SOYBEANS:

**Base Price: \$12.55**

**Harvest Price: \$15.39**

Since the Harvest Price on Soybeans came in higher than the Base Price this increases your total guaranteed revenue and you will be paid the higher harvest price for any bushels you did not raise below your yield guarantee. For those of you who were paid for your Soybean production claim prior to October 31, you should have received an additional check for the harvest price adjustment.



## NOTES FROM THE FIELD



### MIKE CHARTIER—HIAWATHA, KS

Well, harvest is over and all I can say is WOW, what a year. Now everyone is trying to get claims and APH reviews cleaned up, so we can get this year wrapped up. Corn yields were anywhere from 5 bu. to 200 bu. depending on where you were at. Beans though were surprisingly decent. Those late rains brought them back from nothing to at least something! It seems like even with the drought everyone seemed to be pleased with their outcomes.

As the holidays get closer, I want to wish you all a Merry Christmas! And as always stay safe and if you need anything give me call!



### MIKE SCHERER—LEAVENWORTH, KS

Fall harvest appears to be wrapped up throughout my territory for the most part with a lot of NH3 being applied recently. Non-Irrigated Corn yields were mostly terrible throughout my area. Bean yields were below trend-line in most areas but, after being bolstered by a mid-August rain, ended up a lot better than it looked like they would be at one point during the growing season. Many of you have claims paid or pending. I am very pleased with how well claims have gone given the heavy workload for all adjusters. If you have any questions or concerns throughout the claims process, don't hesitate to give me a call.



### KURT SCHWARZ—LA CYGNE, KS

As we wind down this extremely challenging year and bean claims are getting finished up, I want to thank everyone for their patience and understanding as our companies navigated this disaster. Thankfully, due to the efforts of you the producers and our dedicated adjusting staff, we have been able to work through this heavy claim load in a timely and effective manner. I hope you all have a Merry Christmas and a Happy New Year.



### KYLE KRIER—SALINA, KS

Here in Central Kansas we welcomed the small amounts of rain we received over the season. Unfortunately, Mother Nature's wrath spread far and wide. We have completed my area's corn claims. We're working diligently to complete the claims on soybeans, grain sorghum, and sunflowers. With almost everyone having a loss on just about every crop, we're going to have to be a bit patient on the final claims push. We should have them completed in a timely manner.

As this next year rolls along, we need to keep in mind that timely and correct reporting on acres and yields is a must. It is so important not only to have these correct to get the exact amount owed to you in a loss situation, it's just as important because it helps the adjusters move much more quickly through a claim. We'll soon get to the end of this crop year and start another. I look forward to standing side by side with you through whatever might be thrown our way again!! See you all soon!



### TONY ELIZONDO—MANHATTAN, KS

What a year! 2012 was quite the rollercoaster ride. My territory had yields that were all over the place. From well above average to zeroed out corn and beans, we saw it all. With the heavy claim load, we have been fortunate that adjustments and loss payments have gone smoothly and without big problems or issues. If an adjuster hasn't met with you yet, or you're waiting on a claim check, please remember that a little patience and understanding will go a long way this crazy year.

The wheat is up and looks pretty good throughout my territory. We still need moisture, and lots of it, though. Hopefully this winter will treat us well and we will be able to rebuild our moisture profile going into next spring.

As always, feel free to contact me with any questions or concerns that you may have. I want to wish everyone safe travels this holiday season, and a Merry Christmas.