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WHEAT PLANTING - FALL HARVEST NEWSLETTER

SEPTEMBER, 2012

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Well, it looks as though this year will unfortunately live in infamy as the great drought of 2012. It's been a very frustrating and trying year for most of our clients. It started with good planting conditions in many areas, followed by a highly variable wheat crop and it's been all downhill from there. There doesn't seem to be any areas of our territory that are looking at above trend yields on dryland crops. With this heavy claim-load approaching, not only throughout our territory but throughout much of the nation, we all need to be prepared for the potential of a slower than ideal claims process. We ask that you try to help the adjusters as much as possible by being very prepared and organized when they are ready to work your claim. Not only will this help your claim be paid faster but it will help everyone else down the line as well.



I sincerely hope that we were able to provide you with a great deal of peace of mind throughout this trying year, and I hope our companies are able to meet or exceed your expectations as the claims are worked and paid. If at any point during the claims process you are confused or upset with how things are being handled I encourage you to contact your Service Representative as soon as possible or contact our office directly if necessary.

Sincerely,

Henry Scherer—President, Ag Risk Solutions
henryscherer@ag-risk-solutions.com

IMPORTANT! ENTITY/OWNERSHIP CHANGES IMPORTANT!

If you have any recent changes in your ownership structure, please notify your Service Rep. immediately! Examples of common changes would be: additional owner of shares in your corporation, owner deleted from your corporation, changes in ownership of your trust, divorce, marriage, etc. It is imperative that we have all of this information correct on your policy or you could experience major problems in the event of a claim. Also, it is extremely important that you are selling your grain under the same name as what we have on your policy.

SPRING CROP PREMIUM BILLING DATE CHANGES

With all the changes and confusion regarding when 2012 spring crop premiums would be due, we are now officially back where we started! RMA released a statement recently allowing producers to have interest deferred on all spring crop premiums if they are paid in full by October 31. If premiums are not paid by this date, interest charges for two months will be added (retroactive for September and October). Also, if you have an unpaid claim outstanding on October 31 this will not keep the interest charges from being added. It is best to pay your premium prior to October 31 even if you have a claim outstanding.

DESTROYING CROPS

If you will be destroying any of your insured crops (e.g. chopping for silage, baling, tilling under, etc.) please contact your Service Rep at least 10 days before you think you will begin destroying the crop. Crops destroyed without consent will not have a claim paid on them.

PROJECTED SPRING CROP HARVEST PRICES

The harvest prices for Revenue Protection coverage will be set by the October average of the December futures for corn and November futures for soybeans. At this point it appears our harvest prices will be drastically higher than the base prices (\$5.68 for corn & \$12.55 for beans). For those carrying Revenue Protection this means you will be paid the higher harvest price for any bushel you don't produce below your yield guarantee (Approved Yield x Coverage Level).

YOUR LOCAL SERVICE REPRESENTATIVES:

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WHEAT PLANTING

As we enter fall many of you are starting to think about planting wheat. Here are a few important topics as we enter planting season:

COVERAGE PRICE: For the state of Kansas our wheat coverage price/bushel is the average of the July 2013 KCBOT futures from 8/15—9/14. As of August 23 that price was averaging at \$8.67. If the current price trend continues, our base price will be very close to last year's (\$8.62).

PREVENTED PLANTING: It seems like every year in some part of our territory we have clients who are prevented from planting all or a portion of their intended wheat crop, usually due to excess moisture. However, lack of moisture can also be considered an acceptable cause of loss for being prevented from planting. Prevented Planting due to lack of moisture is a complicated issue and in most cases we recommend a producer try to plant the wheat and hope for the best knowing coverage is in place if the crop doesn't materialize. If you find yourself unable to plant wheat for any reason, contact your Service Rep. immediately to discuss your options.

BROADCASTING WHEAT: If you broadcast wheat seed and mechanically incorporate it, you need to notify us within 72 hrs of incorporation unless the land lies in Allen, Bourbon, Cherokee, Crawford, Labette, Montgomery, Neosho, Wilson or Woodson counties in KS. This practice is automatically insurable in these counties so you do not need to notify us.



PLEASE REFER TO OUR WEBSITE OR CONTACT YOUR SERVICE REP. FOR FINAL PLANT DATES ON WHEAT IN YOUR AREA.

TREND-ADJUSTED APH AVAILABLE ON WHEAT

Trend-Adjusted APH (TA) is being made available on wheat for the 2013 crop year in most Kansas counties. This option will allow a producer to increase their Approved Yield on a farm based on the TA factor for the county and the number of actual yields in the database. There is an additional premium charged for the TA option that varies based on the amount of coverage gained on the unit. We found this option to be beneficial for most producers where it was available on Corn & Soybeans in 2012. If you wish to add this option to your coverage it must be added to your policy by September 30. Please contact your Service Rep. for more detailed information on how the TA option will affect your wheat coverage in 2013.



UPCOMING IMPORTANT DATES

SEPTEMBER 30: Last day to make policy changes, apply for insurance coverage or add a new county to your Wheat coverage.

SEPTEMBER 30: Last day to apply for Pasture, Rangeland and Forage Coverage.

OCTOBER 31: Last day to pay spring crop premiums before interest charges attach.

NOVEMBER 14: Deadline for submitting 2012 Wheat yields.

NOVEMBER 30: Deadline for submitting 2013 Wheat acres.

DECEMBER 10: End of the insurance coverage period for spring crops.

E-NEWSLETTER

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

PASTURE, RANGELAND AND FORAGE (PRF) INSURANCE



PRF Insurance allows producers to place coverage on their pasture, hay ground or alfalfa against drought. This product uses a Rainfall Index to monitor drought conditions and pay claims. It is a USDA administered and subsidized insurance product. An application for insurance must be submitted by September

30 and all acres must be submitted on the policy by November 15.

If you are interested in learning more about insuring your pasture or hay ground please contact your Service Rep.

LOSS NOTIFICATION

As you go through 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. They could also deny payment completely. It never hurts to turn in a claim and if it ends up not being a payable loss they are easy to withdraw.

AFLATOXIN IN CORN

Just a reminder, as you go through corn harvest, if you have any loads of corn that test positive for aflatoxin contact your Service Rep immediately so they can guide you through the required process. Also, if you suspect you may have aflatoxin issues and plan to put corn into on-farm storage contact your Service Rep prior to harvest. You will not be paid for losses due to aflatoxin if the proper steps were not taken prior to the grain going into a bin.

\$200,000 CLAIM REVIEWS

If you have a claim in excess of \$200,000 (by crop, by county) you will be required to complete a 1-3 year APH review. You will not be paid for your claim until this review is completed. If you think you may have claims in excess of \$200,000, please contact your Service Rep. immediately so we can help you prepare.

MAINTAINING ACCURATE PRODUCTION RECORDS

As you go through harvest here are some important pointers to ensure your claims or any future audits go smoothly:

FOR GRAIN BEING DELIVERED TO AN ELEVATOR:

- Write at least the Farm Name on each grain ticket you get from the elevator. It is best to write the unit number & legal description for that farm as well.
- DO NOT combine grain from two separate units on one grain ticket. This will be considered commingled production.

FOR GRAIN BEING PLACED IN ON-FARM STORAGE:

Use at least one of the following methods to keep track of production from multiple units being placed into the same storage structure:



- Keep a written, contemporaneous record for each load of grain that is placed into the structure. This record needs to include:
 - 1) date
 - 2) description of truck, wagon, etc.
 - 3) farm name, legal description and unit number
 - 4) estimated number of bushels on each load.
- After completion of harvest on each unit, mark the grain level on the outside of the structure. This marking needs to be durable, initialed, dated and denote which unit's grain is below it.
- Grain cart scales or on-farm scales can be used to track production through generating a printed or stamped ticket or by keeping a written record of the weights of each load as outlined above.
- Yield mapping technology can be used as long as you follow required guidelines. If you plan to use yield mapping/monitoring alone to track your production, please contact your Service Rep. for guidance.

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