

Ag Risk **SOLUTIONS**

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SPRING PLANTING/WHEAT HARVEST NEWSLETTER

JUNE, 2016

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It's hard to believe we could have two consecutive Springs dealing with too much rain, but here we are! It appears we are overall in better shape than we were last year at this time, but much of the wheat and corn is certainly dealing with less than ideal growing conditions. Soybean planting appears to be ahead of last year's pace throughout the region, but many acres remain unplanted as I write this. The extended forecast looks like it is going to give most in our region a window to get beans in the ground, so we will keep our fingers crossed! Please read through this newsletter for important information on situations you may be dealing with. As always, don't hesitate to contact your Ag Risk rep to get answers to any questions you may have.



At Ag Risk, we never enjoy times like this that put our clients in a difficult situation, but we do realize that it is because of times like this that you carry crop insurance. As your agent, it is our responsibility to stand by your side during these times and make them at least more bearable and less stressful. We hope to live up to that responsibility through this!

Sincerely,

A handwritten signature in black ink that reads "Mike Scherer".

Mike Scherer - President, Ag Risk Solutions
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IMPORTANT! WHEAT REVENUE LOSSES IMPORTANT!

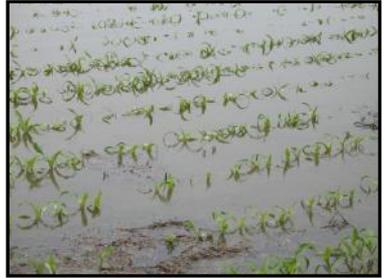
As of now, it appears the wheat Harvest Price will almost certainly be lower than the Base Price (\$5.20 in KS, \$5.13 in MO & \$5.34 in NE). For those of you carrying Revenue Protection coverage, this would increase your yield guarantee! Harvest Prices in each state will be determined as follows:

- KS: June average of July KCBOT
- MO: July average of Sept CBOT
- NE: July average of Sept KCBOT

As you harvest, try to keep very good production records in case you end up in an unexpected claim situation and notify your Service Rep immediately if you suspect you might have a claim.

EXCESS MOISTURE

The excess moisture we have experienced this spring leads to several potential crop insurance issues regarding spring-planted crops. Some of the most common are outlined below:



REPLANTING: Replanting is when you plant a crop that doesn't materialize due to weather and you end up replanting that ground to the same crop that was originally planted. An adjuster must inspect and release the ground before you destroy the original crop. Contact your Ag Risk representative before you destroy any crops!

FAILED CROPS: A failed crop situation is when you've planted a crop that doesn't materialize or is destroyed by adverse weather and by the time you can get back onto the ground it is too late to replant it to the original crop, so you decide to plant the ground to a different (substitute) crop. Like replants, the ground must be inspected and released by an adjuster before you destroy the original crop. Also, you will have to make complicated decisions regarding whether or not to insure the substitute crop. Contact your Ag Risk representative before you destroy any failed crops!

LATE PLANTING: Late planting is when you are delayed from planting a crop until after the final plant date. Final plant dates vary by crop and by county and can be found on our website at:

ag-risk-solutions.com/plantdates

You lose 1% of your coverage for each day you plant after the applicable final plant date. Example: If you plant a crop 10 days after the final plant date you lose 10% of your coverage. Once you are past the late-planting period, which varies in length between crops, anything you plant will be insured at 60% of your original coverage or you can choose to not insure it.

(continued on page 3)

EXCESS MOISTURE (cont.)



PREVENTED PLANTING: Once you have been prevented from planting until after the final plant date, it is your decision to plant late with reduced coverage or file for prevented planting. If your prevented planting claim is approved it will pay you 60% of your total coverage. Your PP pay-

ment will be calculated using only the Base Price and will not be increased if the Harvest Price ends up higher. In order to receive that full prevented planting payment there are restrictions on what you can do with the ground:

- No crop can be planted on the ground until after the end of the late-planting period.
- No crop can be planted on the ground at any time that will be harvested for grain, seed or silage.
- A cover crop can be planted on the ground after the LPP, but cannot be hayed or grazed prior to November 1.

If any of the above things happen, your PP payment will be reduced or eliminated.

Prevented planting is a very complicated issue to navigate and there are many details not outlined above. Please contact your Ag Risk representative immediately if you are concerned you may not get all your crops planted timely.

MARKETED GRAIN: If you have forward contracted or hedged a significant amount of grain and end up being prevented from planting some acres you could find yourself with more bushels hedged than you have guaranteed under your crop insurance policy. Combine that with the fact mentioned above that PP payments will not be increased if the Harvest Price is higher and you find yourself in a bit of a predicament. If prices rally between now and harvest you could be on the hook without increasing crop insurance coverage. If you find yourself in this situation we would recommend you look to offset those hedges immediately. Feel free to discuss this further with your Ag Risk Rep and we can help you determine the best route to take.

WHEAT ISSUES

As we enter wheat harvest please consider the following potential issues:

CLAIMS: As mentioned on page 1, it appears as though the Harvest Price for wheat will end up significantly lower than the Base Price in 2016. This would effectively increase your yield guarantee. You may end up having a claim at yields higher than you would have expected at the beginning of the year. As of June 1, the projected Harvest Price for Kansas wheat is \$4.56 vs. the Base Price of \$5.20. If you initially had a yield guarantee of 30 bpa, this decline in price has increased your effective trigger yield to about 34.2 bpa. That is a 14% increase! Please stay in contact with your Ag Risk rep as you progress through harvest to keep us informed of the yields you are seeing.



QUALITY ISSUES: Once again, we are concerned we may find quality issues, such as vomitoxin, as we start delivering wheat to the elevator. Quality issues are always complicated as they relate to crop insurance and can often be time sensitive. If you run into any issues when delivering to the elevator, contact your Ag Risk rep immediately. Also, if you are concerned about quality issues, especially vomitoxin, and you plan to put your wheat into on-farm storage, make sure you have a discussion with your rep before you begin harvest!

PRODUCTION RECORDS: As you begin wheat harvest, whether you anticipate losses or not, please remember to keep accurate production records off of each insurance unit. There are many ways you can do this to comply with RMA rules including using yield monitoring systems on your combine. Your Ag Risk rep can answer any questions you may have regarding this issue.

HAIL & WIND COVERAGE

Over the past few years we have seen a significant increase in the use of private hail & wind coverage products by our clients to strengthen their risk management plans. There are several reasons for this but I'd like to focus on two of them individually:

HIGHER CROP VALUES: Obviously we have seen dramatically higher commodity prices recently compared to 10 years ago. This has led to much higher opportunity for producers but it has also left you with a



higher value asset sitting out in the open exposed to extreme weather conditions. However, with more recent declines in grain prices, is it time to reevaluate your coverage again? Did you increase that coverage to levels that are no longer justified given today's prices? Maybe that's a place to save some cost if you haven't already set your hail coverage levels for 2016.

ENTERPRISE UNITS: Beginning with the 2009 crop year, RMA dramatically increased the level of premium subsidy provided to producers who elected Enterprise Unit coverage on their MPCI policies. As a reminder, Enterprise Unit coverage combines all of your acres of a crop within the same county into one "unit" for loss purposes. With this change, a large percentage of our clients changed their MPCI coverage to Enterprise Units. This weakens the producer's "spot-loss" coverage but drastically lowers the premium cost. In many cases, the main "spot-loss" risk they faced was hail or wind damage. Adding private hail & wind coverage to their risk management plan has been a very effective way to address this and still, in most areas we cover, provides premium savings over Optional Unit coverage.

These hail & wind products can vary greatly in cost, procedures and coverage by company. We represent several different companies and that allows us to find the best coverage terms and premium rates to meet your unique needs. If you would like to learn more about strengthening your risk management program, please contact your local Ag Risk Rep.

FSA REPORTING

You may have heard or read some buzz about being able to report to only one place (FSA or Crop Insurance) instead of two this year. While there is a new program to better facilitate sharing of acreage data between us and FSA, you will still have to sign certification forms for both agencies. Also, with this being the first year of this new initiative, don't be surprised if it doesn't work quite as smoothly as they are hoping it will. Once you have certified your planted acres at the FSA office, we are still recommending you ask them if they can e-mail your Producer Print to your Ag Risk rep. We have several offices who do this for their producers and it makes the acreage reporting process much easier and more accurate.

CHOPPING SILAGE

If you will be chopping any of your insured crops for silage, please contact your Service Rep at least 10 days before you think you will begin chopping.

E-NEWSLETTER

If you would like to begin receiving this newsletter via e-mail, please contact us at solutions@ag-risk-solutions.com.

UPCOMING IMPORTANT DATES

June 15: Deadline to purchase wind coverage on corn for most companies.

July 15: Deadline for reporting your spring crop planted acres and plant dates for crop insurance. This is the deadline for reporting this information to the Farm Service Agency office as well.

September 30: Deadline for making adjustments to your wheat MPCI coverage. This could include changing coverage levels, changing products, adding a new county or changing agents.

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