

Ag Risk **SOLUTIONS**

Experience. Knowledge. Integrity.
YOUR Crop Insurance Solution.



SPRING PLANNING NEWSLETTER

MARCH, 2018

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While we have avoided major snow storms for the most part, this winter has certainly had enough cold temperatures to make me more than ready for Spring! That lack of snow is a bit of a mixed blessing though. There is a concerning and growing drought in the Texas and Oklahoma panhandles that is creeping closer to us. As we all know, weather can change quickly, but this trend is concerning.



In better news our Base Prices are almost done averaging and look to be right in line with where they were last year. This should give us very similar coverage to what we had in 2017. In addition, the volatility factors are projected to be significantly lower than last year, so this should cheapen premiums up a little bit.

In 2017 we saw mostly good yields throughout our region with the exception of a few pockets that were very dry and saw significant crop losses. With commodity prices where they are, my biggest concern has been consecutive localized droughts. For producers in those areas (and all areas) I would strongly encourage you to work with your trusted advisors to evaluate the financial health of your farm as we enter 2018!

Here's hoping you have a safe and trouble-free spring season!

Sincerely,

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

Mike Scherer - President, Ag Risk Solutions
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IMPORTANT

ENTITY/OWNERSHIP CHANGES

IMPORTANT

If you have any recent changes in your ownership structure , please notify your Ag Risk 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.

2018 BASE PRICES

As mentioned earlier, our 2018 Base Prices are on track to be nearly identical to the 2017 Base Prices. As of 2-27-18 our projections are as follows:

CORN: \$3.96

GRAIN SORGHUM: \$3.83

SOYBEANS: \$10.16

While these prices are only projections and will not be finalized until the end of February, they should be very close to the final prices.

Once these prices are finalized, your Ag Risk Representative will be prepared to work with you to help determine the best coverage options for your operation in 2018.

BEGINNING FARM & RANCHER

There was a new crop insurance program released in 2015 that provides additional benefits to producers who qualify as Beginning Farmers & Ranchers. In order to qualify you must not have had an ownership interest in any crops or livestock for more than five total crop years. We are able to exclude any year in which you were under 18, in active duty military service or enrolled in post-secondary education.



Benefits include reduced premiums!!!

If you think you or someone in your operation may qualify for these benefits, please contact your Ag Risk Representative immediately. You must get this option added to your policy by March 15.

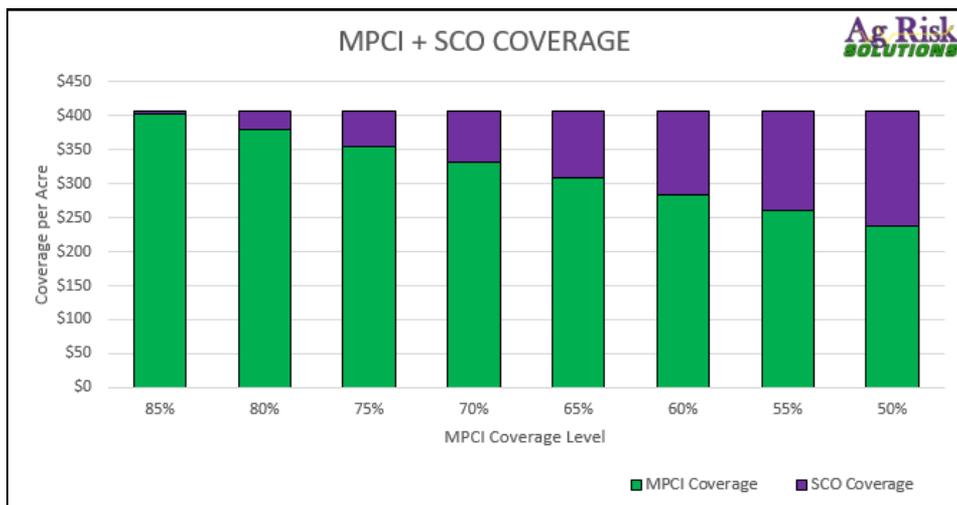
INITIAL AND FINAL PLANT DATES

Visit our website at www.ag-risk-solutions.com/plantdates to see final and initial plant dates for your area!

SUPPLEMENTAL COVERAGE OPTION (SCO)

SCO will be available again for producers on crops that are not enrolled in the ARC program. SCO is a very unique product in that it provides coverage from 86% of your average yield down to whatever coverage level you are carrying. However, an SCO claim will be triggered by county yield performance as opposed to your own yield performance. This county level trigger will, in many cases, allow producers to buy more coverage dollars at a much more reasonable cost than what it might cost to increase your coverage level instead. The premium for this product is subsidized 65% by USDA.

If you add this coverage option, as you lower your crop insurance coverage level, your SCO coverage and premiums will actually increase. This product could be a cost-effective way for you to add additional coverage to help compensate for the reduced coverage on your Revenue Protection policy due to price declines. If you think this product might be a good fit for your operation, plan to consult with your Ag Risk Rep prior to March 15.



MPCI COVERAGE LEVEL:	85%	80%	75%	70%	65%	60%	55%	50%
APPROVED YIELD:	120	120	120	120	120	120	120	120
BASE PRICE:	\$3.95	\$3.95	\$3.95	\$3.95	\$3.95	\$3.95	\$3.95	\$3.95
MPCI COVERAGE:	\$403	\$379	\$356	\$332	\$308	\$284	\$261	\$237
SCO COVERAGE:	\$5	\$28	\$52	\$76	\$100	\$123	\$147	\$171
TOTAL COVERAGE:	\$408	\$408	\$408	\$408	\$408	\$408	\$408	\$408

IMPORTANT CHANGES FOR IRRIGATED COVERAGE

Over the last few years there have been significant changes to coverage options available to producers with irrigated and non-irrigated land. Below is a summary of these changes:

Different Coverage Levels: Producers are now allowed to carry different coverage levels between their irrigated acres and their non-irrigated acres.



Separate Enterprise Units: Producers now have the option to have their irrigated acres in a separate Enterprise Unit from their non-irrigated acres. When this option is chosen, you still receive the reduced premiums from Enterprise Units, but production from your irrigated acres will not affect a claim on your non-irrigated acres.

Different Unit Structures: Beginning in 2018 producers can now choose to use Enterprise Units on their irrigated acres and Optional Units on their non-irrigated ground or vice-versa.

When combined, these three new options give you much greater flexibility in designing the best risk management program for your unique situation. If you have irrigated and non-irrigated acres, we would strongly encourage you to investigate these options!

BETTER OPTIONS FOR HIGH-RISK LAND

There have been new options made available to producers who have high-risk rated land in their operation as well. You are now able to “exclude” your high-risk land from your standard coverage and choose different coverage options on those acres. You can lower the coverage level on the high-risk acres and you can also carry it in a separate Enterprise Unit from your regular-rated acres. These changes are significant improvements for producers with high-risk land.



WHEAT ISSUES

As your wheat crop begins to come out of dormancy, please keep the following in mind before deciding to destroy wheat:

- Be sure to have an adjuster inspect and release any acreage you won't take to harvest prior to destroying it.
- If you have wheat that you are sure will not be harvested (grazed, for instance) and you notify us before March 15, we may be able to "short rate" the premium.
- If you have a hail policy and will not harvest the wheat, it may be possible to revise or cancel the hail coverage.

HAIL WIND & FIRE COVERAGE ON WHEAT

As we enter Spring and the wheat crop comes out of dormancy it is an appropriate time to evaluate if any additional coverage options such as hail, wind or fire insurance would be a good addition to your risk management program.



As an independent agency that represents multiple insurance providers we are in a strong position to help you evaluate those needs and find products that can meet your goals in the most cost effective way possible.

If you are interested in learning more about your additional coverage options, please contact your local Ag Risk Rep.

GRASS-BREAKING

If you will be breaking any ground out of grass and planting it to an insurable crop this spring, notify your Service Rep immediately! Rules require us to 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!!!

IMPORTANT**TIMELY CLAIM REPORTING****IMPORTANT**

Over the past couple years RMA has drastically restricted the companies' ability to pay claims that have been submitted after the deadline. As you begin to harvest a crop, please contact us **immediately** if you think you may be close to a claim. We can help you determine how close to a claim you are and submit the claim, if necessary. In the last two years we have had a small number of claims denied because they were not submitted timely. We do not want you to end up in that position! Please keep us informed of what is happening on the farm! Your help in this regard allows us to be the best possible agents we can be.

IMPORTANT**REPLANT REMINDER****IMPORTANT**

As we approach spring planting, please remember that if you have to replant any insured crop an adjuster must inspect the affected acres and release them before you can replant, if you wish to be paid an indemnity. We recommend calling us as soon as you suspect that replanting may be necessary. We can get an adjuster there in plenty of time for you to replant and this may even help you make the decision of whether or not to actually replant the crop.

UPCOMING IMPORTANT DATES

March 15: Deadline to change your coverage on your spring crops for the 2018 crop year, insure any new crops or counties, change your unit structure, change companies or change agents. Also, the sign-up deadline for Beginning Farmer & Rancher and SCO.

March 15: Deadline to notify us if you plan to destroy any of your planted wheat and would like to request a short-rated premium.

April 29: Deadline to submit any 2017 spring crop yields or amend any yields you submitted that are incorrect.

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