

Ag Risk **SOLUTIONS**

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SPRING PLANNING NEWSLETTER

MARCH, 2020

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It's hard to believe Spring is almost here again (let's hope at least)! It seems like it's been a productive winter for most with lots of decisions to be made. The deadline for selecting farm programs is right around the corner (March 15) and it feels like we are still learning new details about the programs as I write this. If you haven't already, I'd suggest you get to your FSA as soon as possible to finalize those program elections.



We enter the 2020 growing season with a great deal of uncertainty. In spite of significant production issues in 2019, we see new crop futures largely unchanged from a year ago. Some commodities a little higher, some a little lower. China has agreed to dramatically increase their US ag imports for 2020. There was reason to be skeptical of those commitments the day they were signed, and the coronavirus outbreak has only added more reason to be skeptical. In ag there is always uncertainty, but what happens in 2020 if we get all the acres planted and have trendline yields? What happens if China lives up to their commitments? What happens if they fall far short? Most importantly, how do you position your business to thrive in any scenario?

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.

2020 BASE PRICES

Projected Base Prices for 2020:

CORN: \$3.89

GRAIN SORGHUM: \$3.83

SOYBEANS: \$9.16

While these prices are only projections (as of 2/24) 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 2020.

BEGINNING FARM & RANCHER

This program 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.



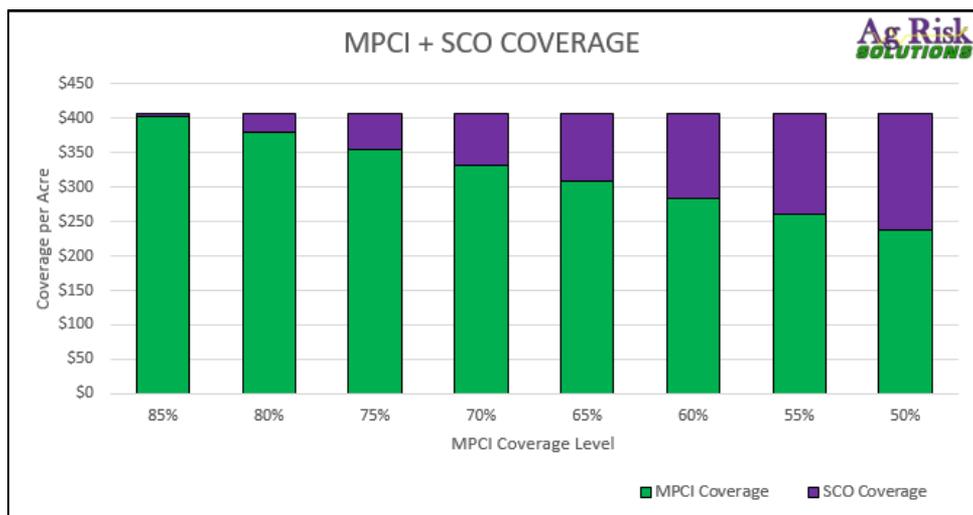
INITIAL AND FINAL PLANT DATES

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

SUPPLEMENTAL COVERAGE OPTION (SCO)

Supplemental Coverage Option (SCO) is a coverage option available on farms and crops not enrolled in ARC. While producers have not yet made their farm program elections for 2020, early expectations are for many more acres to be enrolled in PLC (as opposed to ARC) than in the past. 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. Because losses are triggered by county yields, this coverage is typically cheaper than increasing the coverage level of your MPCI policy. Also, the premium for this product is subsidized 65% by USDA.

SCO could be a cost-effective way for you to add additional coverage to your policy. 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

IMPROVED OPTIONS 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: 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 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!

MULTI-COUNTY ENTERPRISE UNITS

If you typically qualify for Enterprise Units (acres of the crop in more than one section) in one county, but also have acreage in an adjacent county that is only in one section and does not qualify for Enterprise Units, you will now be able to include the acreage in your secondary county in the Enterprise Unit for your primary county. While this will combine all the acreage into one unit for loss purposes, you will be able to benefit from the significant reduction in premiums for Enterprise Units.

If you think you are in this situation, contact your Ag Risk Rep and we can help you evaluate your options.

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**PREVENTED PLANTING****IMPORTANT**

Let's hope we have a favorable Spring planting season with no issues, but in case we don't, please remember that your crop insurance policy includes coverage for being prevented from planting. Once adverse weather has kept you from getting crops planted by the final plant date for the crop/county, it is your choice to plant late or file a prevented planting claim. Please keep your Ag Risk Rep informed about planting progress and anything that does not get planted. A prevented planting claim must be turned in timely in order to be eligible for a payment. Submitting the claim does not limit you from planting the crop late or planting the acreage to another crop later. It never hurts to keep us informed!

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 2020 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 2019 spring crop yields or amend any yields you submitted that are incorrect.

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