

Thank You!

As we bring a close to the 2012 crop year, all of us at Williamson Insurance Agency want to send a sincere "Thank You" to each and every one of you. We share our appreciation for many things but most of all your patience. After coming through one of the worst droughts in recent years, the amount of claims that we submitted to our companies will amaze you. With this drought, our adjusters have and are continuing to carry a heavy load of losses. As you can imagine, the increased amount of claims this year will

naturally slow down the adjusting process. However, we hope that you see the tremendous effort the adjusters have given to get these claims worked and paid as accurately and quickly as possible. With that being said, we know how rough the 2012 crop year has been for everyone and we appreciate your patience through it all.

We also want to thank everyone that donated money, food and/or toys to the Neighbors in Need and Toys for Tots drive that we hosted in November. We were reminded of

how generous the agricultural community is and how fortunate our agency is to work with you all.

Finally, we want to thank you for your business. We appreciate you instilling your trust in our agency and allowing us to assist you in managing the risk in your operation. We value the relationships that we've built with all of you and look forward to working with you in the 2013 crop year.

Williamson Insurance Agency is an Equal Opportunity Provider



101 E. Merrin St
Payne, OH 45880

Preparing for 2013

Winter Newsletter

December 11, 2012



Merry Christmas!



On behalf of the agency, we would like to wish you a Merry Christmas. This is a time of year to give thanks for the many blessings we have in agriculture. As we begin to prepare for 2013, there are many updates in this newsletter that we wanted to share with you. Please don't hesitate to call our office with questions on topics

that resonate with you. We have enclosed our winter meeting schedule and would like to invite you to attend any or all of the meetings of interest. Please feel free to bring a friend or neighbor that is interested in learning more about crop insurance. Our goal is to add value to your operation by bringing in guest speakers that stimulate thoughts or ideas that you may implement in your decision making process. We look forward to talking with you this winter as we go through policy renewals. As we all know the 2012 growing season presented

its' fair share of challenges. If you think you have a claim and have not called our office, please do so immediately. I know our agents have spoken to most everyone throughout the summer and fall but may not have entered a claim because no one knew for sure how harvest would turn out. Also, if you think you have turned in a claim but have not heard from an adjuster, please contact us to double check that a claim has been submitted. Please have a safe and happy holiday season. We will look forward to seeing you this winter.

Special points of interest:

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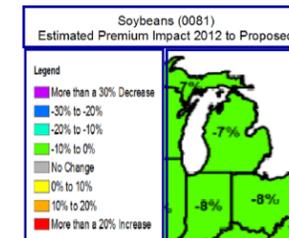
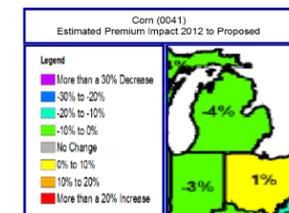
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Rating Changes

One of the most common questions we receive is, "Are rates going to go up because of all the claims paid out in 2012?" There have been some rating changes for 2013 as part of an overall plan by the RMA to update county rates to reflect the improvements in crop genetics and insurance experience factors the last few years. You may remember, we saw an overall rate reduction from 2011 to 2012 lowering the corn rate by 11% and beans by 13% in Ohio and 11% & 7% re-

spectively in Indiana. Remember, even with the overall lowered ratings, premiums are also based on the February base price. Right now, Dec 13 corn is currently trading \$.72 above the 2012 base price. If the Dec 13 contract maintains these levels through February, a farmer with a 130 bushel guarantee will be protecting an extra \$93 in revenue over last year due to the market increase which will increase the premium accordingly. Please refer to the maps for

the rating changes in your state.

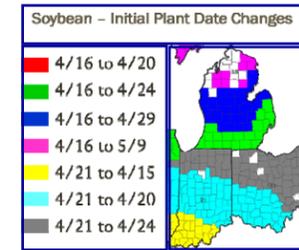
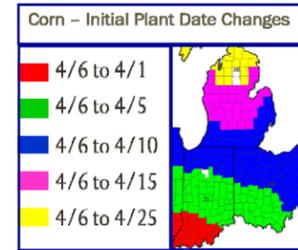


Changes to Plant Dates

For 2013, the first planting date for corn and soybeans has both been moved. Please refer to the maps for each crop for the first planting date in your county(s). Planting prior to these dates does not affect your bushel or revenue guarantees. However, when planting before

these dates, you forfeit your right to replant

protection under the standard MPCCI policy.



Early Bird Planting Protection: exclusive to RCIS

For producers that will consider planting before the MPCCI early plant date of April 10th for corn and April 24th for soybeans, this RCIS endorsement is a great option to put up to \$50 of replant protection in place when planting early. With this en-

dorsement, replant coverage will be in effect if you plant up to 20 days before the early plant date for your area. If you purchase this replant endorsement and are planting after the MPCCI plant dates above, you will have up to \$50 of

replant coverage on top of the standard MPCCI replant policy. This would give you close to \$100 of replant protection for both corn and beans. Talk with your agent to learn more.

Weather Insurance: Climate Corp

It seems like you cannot pick up a farm magazine without seeing an article or an advertisement on weather insurance. We have now had two years of experience with weather insurance and our thoughts are mixed. Some

clients have experienced claims that were appropriate based on final



yields. Others thought the policy fell short of providing gap coverage based upon their yield. This is a product to use in specific applications but is not ready to be the focal point of your risk management plan.

Claims must be submitted by December 25, 2012:

2012 corn and soybean claims must be submitted no later than December 25th, 2012. If you have not submitted a claim or have not heard from an adjuster regarding your claim, call your agent immediately to be sure a

claim is entered before December 25th. We have spoken with many of you throughout the growing season about potential claims. To be sure nothing is missed, it is imperative if you have not spo-

ken directly to an adjuster. Your claim does not have to be finalized by this date. We just have to make sure a we have a Notice of Loss in by then.

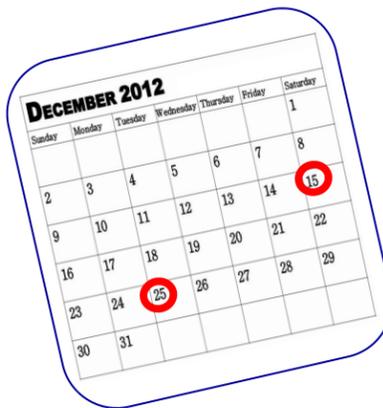
Wheat Acreage Reporting Deadline is December 15th:

Wheat acreage reports need to be submitted to our office no later than December 15, 2012. You will be receiving a schedule of insurance for the wheat after your acreage report is pro-

cessed. Please review it for accuracy and let us know if there are any changes to be made as soon as possible.

New FSA Change: We would like to remind you that

FSA is requesting that you certify wheat to their office by December 15th as well. As always, we must be sure your acreage report matches the FSA 578.



Multiple Price Discovery (MPD): exclusive to NAU Insurance Company

Lock in a potentially higher base price for your corn or soybeans policy with Multiple Price discovery (MPD). You may consider using an MPD product if you are concerned that the 2013 futures contracts for corn or beans could drop substantially before the crop insurance base price is set in February.

For example, corn growers in 2009 and 2010 could have improved their base

price by \$0.32 and \$0.36, respectively, with MPD. For a 130 bushel guarantee, that's an additional \$41-\$47 in protection per acre.

With MPD, you can lock in the highest average price from December or January instead of February. If the average price in February is higher, you still receive the highest average from the three trading months not to exceed the February base

price by more the \$.50 on corn or \$1.00 on beans.

Contact your Williamson Insurance Agent to discuss this product in greater detail if interested. **MPD coverage must be elected by December 21st, 2012.** It is available for both GRIP and RP **enterprise unit** policies. There is a limit on the availability of MPD and polices will be issued on a first come first serve basis.



Mike Zuzolo: Protecting the Base Price – MPD vs. Bought Put



When assessing risks, we must make assumptions. Peter Bernstein reminds us, "As the man who developed the Saturn 5 that launched the 1st Apollo mission to the moon put it this way: 'You want a valve that doesn't leak and you try everything possible to develop one. But the real world provides you with a leaky valve. You have to determine how much leaking you can tolerate.'" (Against The Gods, Pg.2) This educational article is written with the assumption that volatility for grain commodity futures markets during the Dec-Jan-Feb period could be more dramatic than the past 2 years. Therefore, volatility &

its meaning are very crucial to review and incorporate into this piece. This is our 1st assumption. Similar to the previous article written about the MPD insurance product, we will focus upon the downside exposure in prices because of my expectations for greater price volatility as we move toward the Base Price Month of February. This will be our 2nd assumption. But unlike the MPD article, let's focus upon another tool to compare: the bought put option. Let's assess the risks (and potential advantages) associated with the bought put option compared with the MPD product, in the attempt to make a better, more informed decision.

Why even consider a bought put? Mainly because the MPD protects the monthly averages for your Base Price in case the market falls, but it does not actually offset the losses incurred if the market moves lower. With MPD there is no immediate profit outlay if

you are correct in your two assumptions (a higher volatility and lower Dec average during February). Using the price of Dec'13 Corn for the purposes of this article, if Dec'13 Futures falls from \$6.50 to \$5.80 between December 1st and March 1st, the MPD product will not compensate you for this fall in price except through an improved Base Price via choosing the higher of either the Dec, Jan, or Feb averages. A Dec'13 Bought Corn Put could both protect you from this slide during that time period, as well as potentially pay-out a dividend/profit. But which option strike price should we choose in this scenario given our assumptions?

To read the complete article, visit <http://www.globalanalytics.biz/> and click on the Analysis & White Paper Tab. There is substantial risk of loss in trading futures and options. The information above is not meant to be advice to buy or sell futures and options.

