

The Value of Crop Insurance

In times of volatile prices, crop insurance helps protect revenue.

- Crop insurance can serve as collateral for operating loans. This improves producers' access to credit. It also helps protect the portfolios of lenders, which protects the infrastructure of rural communities.
- Crop insurance gives producers the confidence to forward price a larger percentage of their expected yield, which, over the long term, leads to greater profitability.
- Because producers pay a part of the premiums, crop insurance protects the interests of taxpayers.
- Because crop insurance companies put their own earnings at risk, in order to contribute to indemnity payments when disasters occur, the taxpayers are, once again, protected.
- Because the crop insurance program is contributing \$12 billion towards budget reduction, America is stronger.
- Crop insurance provides peace of mind on the farm (and in the halls of Congress).



COMBO Policy Features Often Overlooked

Many producers may be leaving money on the table when they do not run side-by-side comparisons of the different insurance plans and other options of the COMBO grain policy. If they did, they might make changes to better reflect their risk management needs.

For instance, Revenue coverage pays as well or better than Yield Buy-up and Revenue with Harvest Price Exclusion when the price of your crop goes up or down at harvest time.

Where Revenue coverage really shines is when the price goes up.

With Yield coverage you can buy less than the full projected price to fine tune your coverage and reduce your premium costs. Also, there are three unit structures (Basic, Optional, and Enterprise) with



premium discounts of up to 50% on the Enterprise Unit.

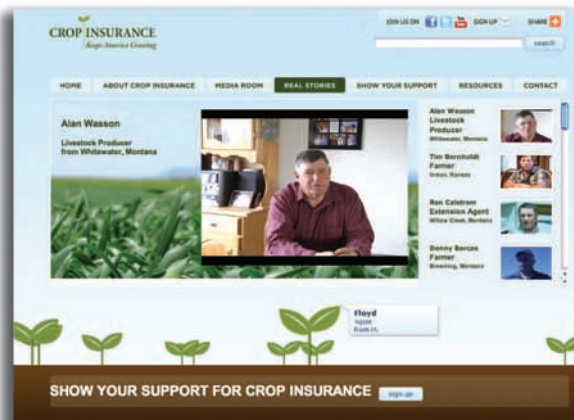
And there are three choices of prevented planting options in each insurance plan – which is a big surprise to many producers. So ask your ProAg® agent for a side-by-side comparison of the different COMBO options. It doesn't cost to ask.

Show Your Support for the Federal Crop Insurance Program

Crop insurance provides the access to capital and security farmers need to increase crop yields, improve efficiencies, and stay competitive in world markets. A healthy farm program is essential to the stability of America's economy. Because of this, it is important to understand the value of maintaining a strong and effective crop insurance program.

To support and uphold the crop insurance program, a website has been developed to inform and educate Congress, the media, and the general public about the crop insurance industry. Please take the time to visit

www.cropinsuranceinamerica.org today. ■



Now Acreage Reporting Will Include CLUs

In a multi-year project, scheduled to be finished by 2015, all crop insurance companies will collect acreage reports at the Common Land Unit (CLU) level just as FSA has been doing for several years. Your county may already have been collecting CLUs and you may not have noticed any change, especially if you were already reporting on a farm and field basis.

A CLU is the smallest unit of land (a field) that has a permanent contiguous boundary, common land cover and land management, common owner, and common producer or producers. It is how you are currently reporting to FSA.

All of this information has been digitized into Geographic Information Systems (GIS) by FSA.

You are also familiar with GIS. Anytime you see a map with some representative data on it in a magazine or in a newspaper, you are looking at GIS. That includes soil moisture maps, or population density maps; anything that shows data in a spatial format.

Of course only you can tell your ProAg agent how many acres you planted in each CLU. But the maps will help you, and your agent, determine the CLU identifiers of farm/tract/field and/or CLU ID for each field by which the acres must be reported.

What It Means For You

Using GIS should achieve greater accuracy in acreage calculations. That means that your crop insurance acreage reporting should be more accurate, meaning you should not pay any more premium than you have to. It also means that, if you have a claim, you should not get any less indemnity than you deserve.

There should also be less opportunity for any differences between your crop insurance reporting and your FSA reporting. Now FSA and the Risk Management Agency (RMA) will be sharing the same data.

The new GIS system should also speed the process for implementing disaster

payments. It will also provide consistent and more accurate land measurements for riparian buffers and wetland areas.

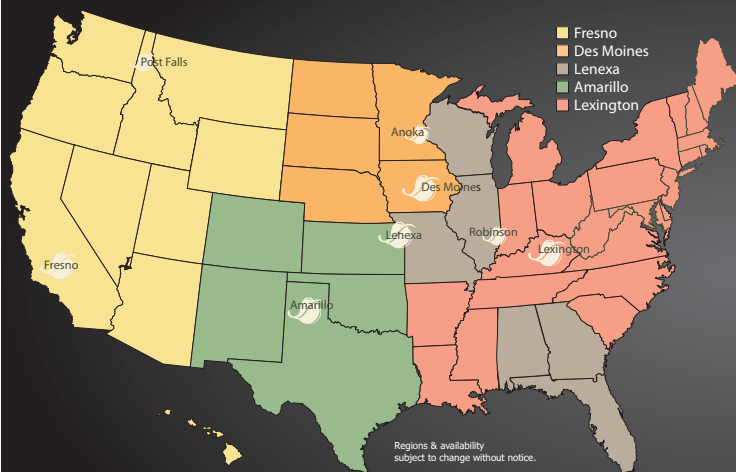
ProAg Agents Have the Information You Need

Your ProAg agent has the CLU data sets, which is all the information needed for you to do your reporting. If you have any questions about this process, ask your agent for help.

Remember, you will still have to do your acreage reporting based on what unit or units you select for insurance (optional units, enterprise units, etc.).

Sometimes a CLU may even be just one corner of a field. If you have a pivot irrigator and you are insuring that as one unit, and the four non-irrigated corners as another unit, then you may end up with five CLUs in that field. The good news it should all be measurable from the digital maps. ■

Your Partner — Rain or Shine®



HEADQUARTERS & AMARILLO, TX
2025 S. Hughes Street
P.O. Box 229
Amarillo, TX 79109
(800) 366-2767

FRESNO, CA
4910 E. Clinton Way
Suite 103
Fresno, CA 93727
(800) 417-4939

POST FALLS, ID
323 N. Spokane Street
Suite 200
Post Falls, ID 83854
(877) 457-2767

ANOKA, MN
901 W. Main Street
Suite 100
Anoka, MN 55303
(800) 839-2852

LENEXA, KS
16011 College Blvd.
Suite 210
Lenexa, KS 66219
(866) 350-2767

ROBINSON, IL
P.O. Box 676
11385 N. Trimble Road
Robinson, IL 62454
(800) 654-2767

DES MOINES, IA
7601 Office Plaza Dr. N
Suite 125
West Des Moines, IA 50266
(866) 290-1009

LEXINGTON, KY
2800 Palumbo Drive
Suite 200
Lexington, KY 40509
(888) 570-7067



Risk Management Checklist

Crop, Revenue and Livestock Insurance Deadlines

If you do not know all the dates in this section, you should contact your ProAg agent for assistance.

- ☐ 1. Do I know all critical dates and sign-up deadlines?

- ☐ 2. Sales closing date – last date to apply for coverage is:

- ☐ 3. Cancellation date – last date to give notice if I do not want insurance next year:

- ☐ 4. Production reporting date – actual production history must be reported by:

- ☐ 5. Final planting date – if unable to plant, I must contact my agent by:

- ☐ 6. Acreage reporting date – I must report my acreage planted to my agent by:

- ☐ 7. Payment due date – interest charges will be incurred after:

- ☐ 8. Final date to file notice of crop damage – any perceived damage must be reported no later than: _____

- ☐ 9. End of insurance period – latest date of coverage for current year's crop:

- ☐ 10. Debt termination date – insurance coverage for next year will be canceled if payment is not made by: _____

How to Evaluate Crop-Hail Insurance

Hail is the one catastrophe that is most likely to totally destroy a part of your crop and leave the rest looking fine. The part hail takes out may well be less than the deductible of your Multiple Peril Crop Insurance policy or it may not lower your yield enough for a revenue insurance policy to kick in.

Crop-Hail insurance can fill that gap.

While crop insurance policies protect you against losses severe enough to significantly drop the yield per insured unit, Crop-Hail insurance gives you acre-by-acre protection that can be up to the actual cash value of the crop.

If you buy 65/100 (65 percent of yield and 100 percent of price) or greater for your MPCI, you can, under many policies, delete the hail coverage and replace it with private hail coverage. Many find it more effective to leave MPCI hail coverage in place and get a companion Crop-Hail policy to cover their MPCI deductible.

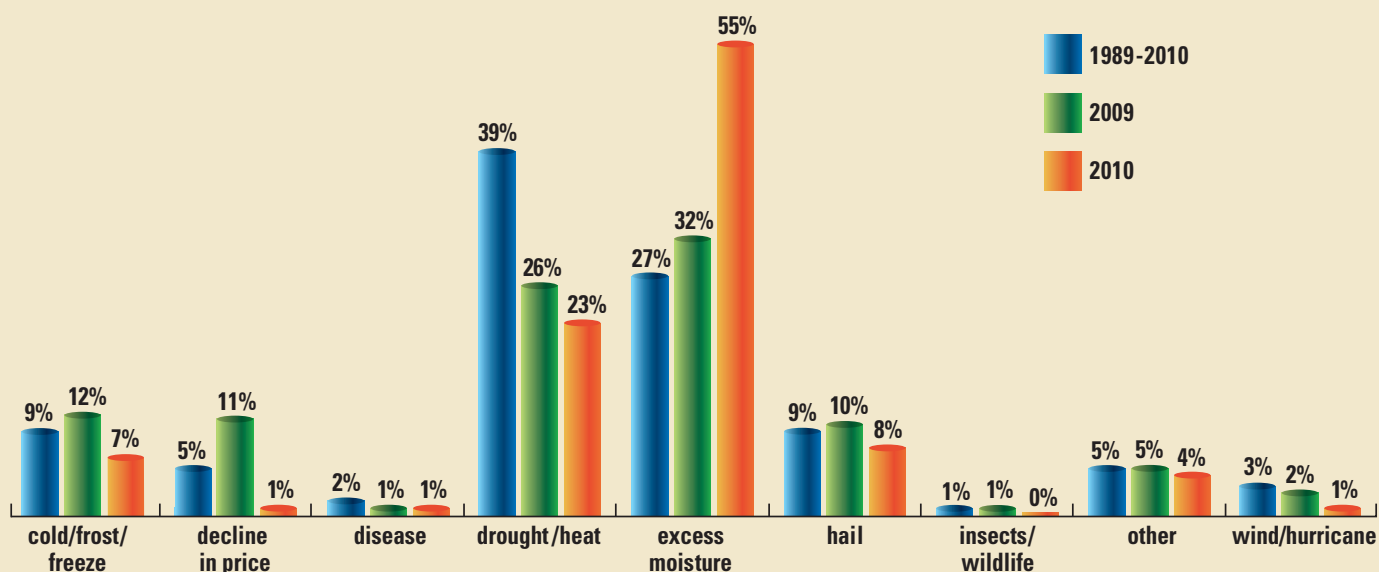
Crop-Hail is especially important to those with group policies, like GRIP, which leaves individuals exposed to spot losses due to hail. You can also buy additional Crop-Hail coverage during the growing season (prior to damage) to protect added profit



potential from bumper crop yields or higher-than-normal crop values.

Even if your frequency of hail damage is low, remember that Crop-Hail coverage is rated for your area. It is an inexpensive way to protect against hail damage. ■

CAUSES OF CROP LOSS



This example demonstrates that averages tell very little about what will happen in any given year.



THE PAST, PRESENT AND FUTURE OF AGRICULTURAL RISK MANAGEMENT®

Producers Ag Insurance Group, Inc., d/b/a ProAg®, is a wholly owned subsidiary of CUNA Mutual Group. ProAg is an equal opportunity provider.

This publication is produced by National Crop Insurance Services, a not-for-profit trade association representing the interests of private companies providing crop insurance protection for farmers. The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).