

ACH

APH-Based Crop Hail

Overview

With any Federal Subsidized Crop Insurance program, you (as the producer), assume the risk on the top portion of your crop.

With traditional hail programs added to your Yield Protection (YP) or Revenue Protection (RP), you have overlapping coverage and pay more in premiums than is necessary.

The ARMtech ACH program works jointly with your YP or RP to offer you excellent coverage at an affordable price. Remember, hail is a covered peril under your YP or RP, but not until it exceeds your deductible under that policy.

With ARMtech, put the hail coverage where you need it most, above the guarantee established by your YP or RP.

We use your MPCl Actual Production History and multiply it by 115% or 120% (these percentages are used for most crops). This allows for the average and above-average year yields. The bushels guaranteed under your Federally Subsidized YP or RP are then subtracted and the remaining bushels are multiplied by the applicable YP or RP base price election. This is your ACH guarantee. See the example below. Note that your loss

is set by the adjuster's appraisal and cannot exceed that amount.

In the event of a hailstorm, you must notify your agent. An adjuster will determine the percentage of loss. The loss cannot be paid until the crop is harvested, since the ACH Program is based on the harvested production.

With ARMtech's ACH Program you can cut costs and still maintain excellent coverage.

Loss Comparison ACH vs. Regular Hail

APH-Based Crop Hail (ACH)

180 Bushels per acre guarantee X 20% hail loss = 36 bushels per acre loss X \$5.25 (estimated price elect) = \$189 per acre loss payment*

Regular Hail

\$600 Crop Hail Coverage X 20% hail loss = \$120 per acre loss payment

*Assuming that harvested production does not exceed 144 bushels per acre. ACH comparison based on 20% Hail Loss (determined by an adjuster with a minimum of 5% loss policy)

Example

How do we arrive at the APH Based Crop hail guarantee?

Our example is based on 150 Bushels of APH with 70% Revenue Protection.

150 bushels MPCl APH X 120%* = 180 bushels MPCl/ACH unit guarantee

150 bushels MPCl APH X 70% CRC coverage = 105 MPCl guaranteed

MPCl/ACH unit guarantee of 180 bushels minus 105 bushels MPCl guarantee = 75 bushels ACH guarantee

* This percentage is not used for all crops. See your agent to verify percentage. This is not an offer of insurance. ACH is not available for all crops nor in all states. See your independent agent for more information.

Advantages of Risk Management Tools

Management of yield and price risk through the purchase of crop insurance transfers risk from you to others. Crop insurance protects crop investment, borrowed capital, and current savings. Crop insurance also provides collateral to lending institutions, stabilizes income, and provides an added peace of mind.

This summary is for general illustration purposes only.

For more information, consult your crop insurance agent to obtain specific information regarding practices, options, planting dates, and other deadlines. Read the Policy Provisions before making your decision on any crop insurance product. Policy Provisions are available from your insurance agent.