



September 1, 2010

To: Our Valued Agro National Crop Insurance Customer

RE: 2011 Crop Year Renewal Notification

Agro National is the authorized agent and underwriter for crop insurance policies for Stonington Insurance Company and is authorized to handle claims for Stonington Insurance Company.

The Federal Crop Insurance Corporation (FCIC) released a new Common Crop Insurance Policy Basic Provisions and related crop provisions that will be the basis for insurance coverage starting with the 2011 crop year. The new policy combines the Actual Production History (APH), Crop Revenue Coverage (CRC), Revenue Assurance (RA), Income Protection (IP) and Indexed Income Protection (IIP) policies into a single policy. You are not required to make any changes to continue your coverage for the 2011 crop year. The Common Crop Basic Provisions are available at your local agent's office or on the RMA Web site at <http://www.rma.usda.gov/policies/2011/11-br.pdf>.

COMBINING SIMILAR POLICIES = NEW COMMON POLICY: Simply put, the newly released Common Crop Insurance policy combines several different policies that had similar features into a single policy. Key features, most important to producers from previous multiple policies were retained, along with simplifying your insurance options for insuring the crops you plant.

POLICY WILL AUTOMATICALLY CONVERT: Your crop insurance policy is a continuous contract; therefore, your policy will renew and automatically convert to the coverage most similar to the type of policy you had last year. If you do not wish to make changes to your crop insurance policy for the 2011 crop year, then no additional paperwork is required. The chart provided below describes how your 2010 policy will be converted to the new policy for the 2011 crop year. Both yield and revenue protection policies are available for the 2011 crop year under the new Basic Provisions and related crop provisions for wheat, barley, malting barley, corn, grain sorghum, soybeans, cotton, rice, sunflowers and canola/rapeseed.

| 2010 Policy | | Converted to 2011 Crop Year to: |
|--|---|--|
| Crop Revenue Coverage (CRC) | ➤ | Revenue Protection Plan |
| Revenue Assurance (RA) with the Fall Harvest Price Option | ➤ | Revenue Protection Plan |
| Revenue Assurance (RA) without the Fall Harvest Price Option | ➤ | Revenue Protection Plan with the Harvest Price Exclusion |
| Income Protection (IP) | ➤ | Revenue Protection Plan with the Harvest Price Exclusion |
| Indexed Income Protection (IIP) | ➤ | Revenue Protection Plan with the Harvest Price Exclusion |
| Actual Production History (APH) (includes CAT endorsement) | ➤ | Yield Protection Plan |

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NEW REVENUE PROTECTION PLANS: The Revenue Protection plan provides protection against production loss, price decline or increase, or a combination of both. If you had a CRC policy, or a RA policy with the Fall Harvest Price Option for the 2010 crop year for one or more of the crops listed above; the Revenue Protection plan will automatically be provided to you for the 2011 crop year.

If you have a RA policy without the Fall Harvest Price Option for the 2010 crop year, then you will automatically have the Revenue Protection with the Harvest Price Exclusion plan for the 2011 crop year.

NEW YIELD PROTECTION PLAN: The Yield Protection plan provides coverage against a production loss for crops for which revenue production is available but was not elected. This plan of insurance will be provided for those who had an APH plan of insurance last year for one or more of the crops listed above.

PRICE DETERMINATION: Both the Revenue and Yield Protection plans will use regional exchanges to derive the projected price used to establish the insurance guarantee and premium for the crop and the harvest price used to value production to count under the Revenue Protection Plan. This pricing method is new to policies converting from the APH plan to the Yield Protection plan. The price discovery period, release dates, board of trade's utilized and additional pricing information will be contained in the Commodity Exchange Price Provisions (CEPP) and is available at your local agent's office or on the Risk Management Agency (RMA) Web site at <http://www.rma.usda.gov/>.

VISIT YOUR CROP AGENT: Your agent will receive required training on the new Common Crop Insurance Policy Basic Provisions as well as other crop program updates. Enterprise Unit Provisions have been standardized in the Common Crop Policy to include the Enterprise Unit Amendment and the Final Rule published by FCIC on November 23, 2009. As always, we encourage you to visit your agent early on in the sales season to discuss how the new changes may affect your farming operation.

AUTOMATICALLY CONVERT TO NEW PLANS: It is important that you understand the implementation of this new Common Policy is basically transparent. The new provisions replace similar plans that should simplify the insurance process in terms of choices and better understanding of the crop insurance product. Remember for the crops listed in this letter, the Revenue Protection Plan or the Yield Protection Plan are new terms formerly known as CRC, RA, IP, IIP and APH. If you have questions about crops not listed and their available plans, please contact your agent. Your agent will also have the Agro National Policy Change Form available, if you wish to make changes to your policy.

In closing, we would like to remind you that the policy conversion is entirely automated and no paperwork or further action is required of you, **unless you wish to make changes to your policy**. This change goes into effect for the crops insured in 2011 and your policy will automatically convert based on the chart provided.

We look forward to another successful crop season in 2011 and we thank you for being part of the Agro National family of crop producers. If you have any questions, please contact your local agent.

Sincerely,

Agro National, Inc.

p.s. We are also enclosing some useful information regarding supporting records for actual production history and claims procedures to assist you in better understanding the requirements of your crop insurance policy. This information is not all inclusive of policy requirements and you should always check your policy for the specific requirements for your crops.



IN THE EVENT OF A LOSS:
Contact your AGRO NATIONAL Agent immediately.

Your duties in case of damage to any insured crop:

1. Protect the crop from further damage
2. **Give us notice within 72 hours of your initial discovery of damage (but not later than 15 days after the end of the insurance period), by unit, for each insured crop.**
3. Leave representative samples intact of the unharvested crop if you report damage less than 15 days before the time you begin harvest or during harvest of the damaged unit.
4. Cooperate with us in the investigation or settlement of the claim, and, as often as we reasonably require:
 - a. Show us the damaged crop;
 - b. Allow us to remove samples of the insured crop
 - c. Provide us with records and documents we request and permit us to make copies.
 - i. **You must obtain consent from Agro National before, and notify Agro National after you:**
 1. Destroy any of the insured crop
 2. Put the insured crop to an alternative use
 3. Put the acreage to another use
 4. Replant the crop or any part of it
 5. Abandon any portion of the insured crop.

INSURANCE COVERAGE ENDS THE EARLIEST OF:

1. Total destruction of the insured crop on the unit
2. Harvest of the unit
3. Final adjustment of a loss on a unit
4. The calendar date contained in the Crop Provisions for the end of the insurance period
5. Abandonment of the crop on the unit or
6. As otherwise specified in the Crop Provisions

Farm-Stored Production and Acceptable Scale Types and Weight Tickets/Records

In order to finalize a claim when a crop's production is farm-stored, you must keep track of the production according to the requirements provided below. When a claim is reported, an Agro National loss adjuster will also measure and calculate all farm-stored production to compare to your records. However, if your records do not meet the listed criteria, the Risk Management Agency (RMA) does not allow insurance providers to use your records for determining production. In such cases, only the adjuster measured and

calculated production can be used and the procedures for commingled production will apply.

Acceptable Scale Types

- Non-portable farm scales
- Commercial elevator scales
- Grain carts, provided the grain cart
 - ◆ Can produce printed tickets showing the weight, or
 - ◆ Has an integrated display panel to show the weight of the production in the cart, provided the cart is available so the capacity of the cart can be determined.

Acceptable Scale Weight Tickets/Records

- A summary record of scale weight tickets/records is not acceptable
- **To be acceptable**, each individual scale weight ticket/record for each load must be available and must provide at least the following information:
 - ◆ Insured's Name
 - ◆ Crop
 - ◆ Date weighed
 - ◆ Load Number (if the scale does not print a number, a number must be assigned)
 - ◆ Per load, the gross weight of the conveyance with production and the gross weight of the conveyance without production.
 - If the production is weighed using a grain cart that prints out tickets showing the gross weight of the production in the cart or has an integrated panel showing the gross weight of the production in the cart from which the insured documents the weight, only the gross weight, per grain cart, of the production is required.
 - Scale Weight tickets/records from grain carts should be photocopied since the print can disappear with time.
 - ◆ Identification and location of farm-storage structure in which the load(s) from each field are stored and/or satisfactory explanation of disposition of the production if any or all of the production is no longer stored at the time of inspection; and
 - ◆ Unit and/or field identification from which the production was harvested that can be correlated to the unit numbers for the crop stored. To be acceptable, the adjuster must verify that the field identification can be correlated with the unit numbers for the crop for the current crop year. If field identification cannot be correlated to a unit number for the crop, the production must be considered commingled.
- **You must hand write any of the required information listed above if the scale that is being used is not capable of printing the requirement information.**



APH Production Record Requirements

Supporting documentation to validate your reported production by unit each year is required for each year of production history included in the APH report. It is necessary for you to have hard copy records to prove or verify which production goes to which unit in each year. This is merely a summary and is not all inclusive of every requirement in every policy, so you should refer to your own policy for additional information regarding APH requirements and record retention requirements for the number of years you are required to maintain hard copy records.

Production Documentation: The following hard copy production records may be used for verification:

- Claim information consisting of a copy of the Proof of Loss or appraisals from any crop insurance company for any year there was a loss on the crop in the years being reviewed provided they are acceptable upon review by Agro National. If the claim was with Agro National, please note that and we will supply that information.
- Settlement or assembly sheets of sold and/or stored production showing which production came from which units. These can be gin records, warehouse or elevator receipts, ledger sheets, settlement sheets or load summaries, or records from a marketing outlet, storage facility, processor, packer, buyer, broker, distiller, boiler house or first handler. That can be marked on the individual elevator receipts (tickets) with **unit** number designations written on the ticket but we still need a copy of the settlement sheet to verify total production has been accounted for. **Final settlement sheets for all sold production are required** – individual tickets are not sufficient to meet RMA requirements. The following information must be on the record to be acceptable:
 1. The crop;
 2. Quantity of production that can be converted to the proper unit of measure;
 3. Name of the insured;
 4. Date of transaction;
 5. Name of warehouse, elevator, marketing outlet, storage facility, processor, etc.;
 6. Practice and type of crop;
 7. Crop year commodity was produced; and
 8. Planting period from which production was produced IF the special provisions designate separate planting periods for the crop.
- FSA or CCC documents that provide evidence that an actual measurement was made by an authorized representative of FSA or CCC who verified the existence and amount of the commodity.
- Field harvest records include records of production determined from any of the following:
 1. Truck, wagon or hopper loads that are documented by weight tickets or conveyance measurements;
 2. Separate measurements or production, by unit, when placed in farm storage structures; or
 3. Cotton module measurements.

If field harvest records appear questionable or if production appears unreasonable, the company may require the insured to provide final disposition records (such as settlement sheets if sold, or acceptable livestock feeding records if grain has been fed.

- Farm stored production measured by a crop insurance company or FSA employee. Barley, corn, grain sorghum, oats, popcorn, soybeans and wheat must be based on the use of applicable pack factors.
- Pick records and daily sales records which include the following information
 1. Must be legible and understandable by the AIP;

2. Name of individual paid by the grower for harvest of the crop;
 3. Price paid per volume picked. The price paid must be on the basis of the insurable unit of measure;
 4. Verifiable proof of payment to the picker including a photocopy of the canceled check and proof of payments made to the Social Security Administration; and
 5. Calculation used to determine total production based on insurable unit of measure.
- Daily sales records (pre-harvest inspection may be required) that include a photocopy of the daily ledger and verification of income in the form of tax forms or other receipts verifying income from sales.
 - Automated (combine) yield monitoring systems provided the system is calibrated, by crop, according to the owner's manual specifications and the calibration must result in an error rate of 3% or less based on actual production from the sample acres. The insured must maintain an Annual Calibration Report which includes all calibrations and adjustments performed, by crop, for the crop year including the date of calibration and the percentage change from the previous setting. The insured must provide upon request either a yield map or summary report generated by the yield monitoring system which provides all of the following:
 1. Insured name;
 2. Unit number;
 3. FSA farm/tract/field ID number (optional);
 4. Legal description of acreage;
 5. Crop;
 6. Acres harvested;
 7. Harvest date;
 8. Total weight;
 9. Total yield;
 10. Average moisture content as required by the crop provisions, actuarial or loss standards;
 11. Total dry yield as required by the crop provisions, actuarial or loss standards.

Yield mapping technology just may also include GPS/GIS referenced colored maps depicting yield variations and GPS/GIS legend map key indicating ranges in yield variations.

- Livestock feeding records if production was fed – FCIC procedures requires feeding records must be in writing and be a contemporaneous record (**made at the time of each feeding**) and including the following:
 1. Amount of production fed, by crop, at each feeding;
 2. The number, kind and average weight of livestock fed;
 3. The physical location of the livestock and where they were fed;
 4. The unit number from which the fed production was harvested if the crop went directly from the field to being fed;
 5. Identify and provide physical location of the bin/storage facility from which the production was taken if the crop was stored before feeding; and
 6. The crop year in which fed production was harvested.

If production from the current year will be commingled with production from a prior year before being fed, the amount of prior year(s) production must be measured by the insurance company or FSA before the beginning of harvest of the current year production.

Acreage Documentation: Farm Service Agency (FSA) documentation must be provided if you certified your planted/intended acres. The following documents can be used to verify acres:

- FSA form 578, or 424, with aerial photos, applying to farm serial numbers for which you have an insurable share in the county, for each applicable year. You should mark the acreage lines on the 578 for the crop to show which acres were in which units.
- Any other professional measurement service with acceptable documentation.
- Crop insurance company measurement with acceptable documentation.