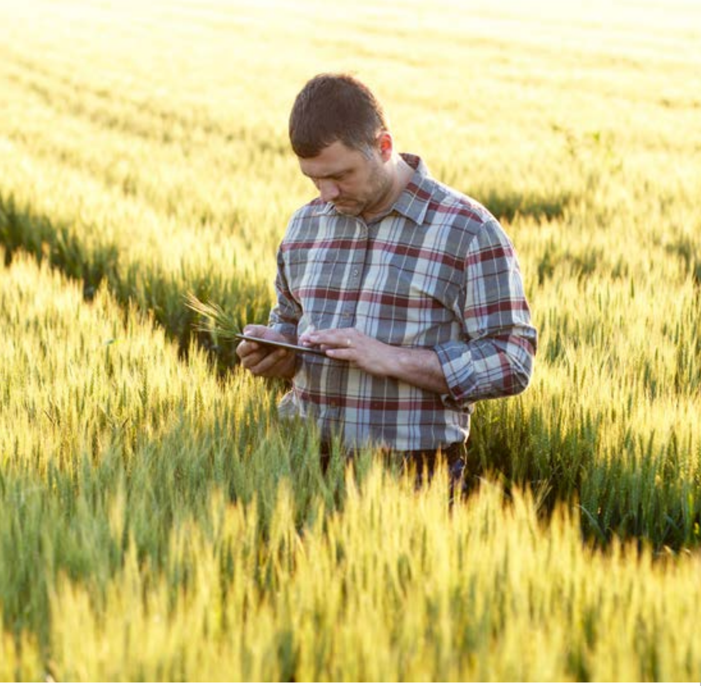

IS PRODUCTION COST INSURANCE RIGHT FOR MY OPERATION?

Production Cost Insurance (PCI) is ideal for the producer with an operation committed to maintaining detailed and accurate records. An in-depth understanding of the operation's farming practices and finances is essential to getting the most out of a PCI policy.

PCI is especially beneficial for progressive farmers who would like to make larger investments in their crop. PCI eases the financial pressure on producers by allowing them the latitude to incur higher production costs as they strive to attain higher yields by diversifying their operation, purchasing improved seed varieties, or applying specialized ag chemicals.

CONTACT AN ARMTECH AGENT

Find out about PCI availability in your area and request a quote.

www.armt.com

CORPORATE HEADQUARTERS
ARMtech Insurance Services
7101 82nd Street
Lubbock, TX 79424
Phone (800) 335-0120
Fax (806) 473-0334
armtech@armt.com

REGIONAL OFFICES

Des Moines, Iowa
7725 Douglas Avenue
Phone (800) 536-6565
Fax (866) 578-0425

Moorhead, Minnesota
1510 29th Ave S
Phone (866) 309-5818
Fax (800) 780-2210

Batesville, Mississippi
695 A Shamrock Drive
Phone (866) 578-0420
Fax (866) 578-0421

Richland, Washington
1766 Fowler St, Suite B
Phone (800) 788-8318
Fax (800) 789-2162

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PCI
PRODUCTION COST INSURANCE

ARMtech INSURANCE SERVICES
Ag Risk Management Technologies

SERVICES PROVIDED BY: GLOBAL AG RISK SOLUTIONS

PRODUCTION COST INSURANCE (PCI) PROVIDES GUARANTEED FARM REVENUE

Farming is a high risk business, and often volatile price movements in seed, chemical, fertilizer, and commodities make it difficult to predict farm revenue from year to year. PCI alleviates these concerns by providing a predictable annual revenue stream above defined, direct input costs.

PCI is a reliable, predictable risk management tool that not only underpins the cost of production in challenging growing seasons, but one that promotes best farm management practices each and every day, across virtually all aspects of the operation. When adversity strikes at any phase of the crop production cycle, PCI supports producer confidence and empowers them to make optimal management and agronomy decisions.

WITH A PCI POLICY:

- Three major inputs (fertilizer, seed, and chemical) are covered, plus a specific amount of revenue per acre.
- Farmers often use this insurance as collateral with major banks, and borrow against it.
- As input costs rise over the crop year, coverage may increase as well.

WANT TO KNOW MORE?

www.armt.com pci@armt.com 800.335.0120

HOW IT WORKS

- Basic PCI coverage is calculated by averaging the cost of seed, chemical, and fertilizer based on the five year financial history of your farm. An additional 40% may be added to cover unexpected increases in costs. PCI covers the ACTUAL costs of fertilizer, seed, and chemical.
- Based on the analysis of financial records, producers may have the option to choose an enhanced coverage level in $25 increments up to a maximum of $800 per acre to cover margins in excess of variable inputs.
- If input costs surge higher over the growing season, PCI coverage may increase by exactly the same amount, dollar per dollar, with no increase in premium; therefore, the margin of risk always remains the same.
- PCI is written on a whole-farm basis, so virtually any crop can be insured.
- A PCI policy can stand alone or be combined with other crop insurance plans.

ARMtech INSURANCE SERVICES *Ag Risk Management Technologies*

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PRODUCTION COST INSURANCE EXAMPLE

A farmer's financial history indicates his variable input costs averaged $300 per ace. This amount is automatically covered by his basic PCI policy.

He expects his fixed costs for the crop year to total $350 per acre, and he chooses an enhanced PCI coverage level of $300 per acre.

His total PCI coverage is $600 per acre, and his PCI policy ensured $6 million of insured revenue for his 10,000-acre farm.

During the course of the growing season, insects infest the farmer's crop. He decides to spend an additional $25 per acre on insecticide, pushing his input costs to $325 per acre. As a result, his PCI coverage may increase to $625 per acre - $6.25 million total revenue - without an increase in premium.

Due to lower than expected yields, the farmer sells his crop for only $5.25 million. His PCI policy pays the $1,000,000 necessary to meet his insured revenue of $6.25 million.

FCIC Nonreinsured Supplemental policy review pending