

The mission of Great Plains Ag Credit is to provide a dependable source of financing and related services to the area's agricultural producers.



Proud to Be a Cooperative

The United Nations has declared 2012 as the International Year of Cooperatives. The slogan chosen to commemorate the year explains the reason: "Cooperative Enterprises Build a Better World." It's clear that they recognize something we have known all along: The cooperative model works and is beneficial for its member-owners.

The U.N. chose to celebrate cooperatives because they are a people-centered approach to economic development around the world. People are always at the center of the cooperative model.

The same is true at Great Plains Ag Credit. Our customer-owners are the reason we exist. We have a mission to provide a dependable source of financing and related services to the area's agricultural producers. It's a commitment we take very seriously, because we value the role that our farmers and ranchers play in feeding our nation and the world.

Another effort we take seriously is our Commitment to Excellence. In August, our board of directors kicked off this initiative following a yearlong strategic planning effort. Each of our employees and directors signed a pledge to embrace our mission, vision and core values. The values are:

- Communication
- Customer service
- Personal excellence/accountability
- Integrity
- Teamwork

We are promoting these values in our offices on posters and signs, but we are aiming higher than words on a page. Our plan includes exceeding your expectations in *customer service* in every way because that is our most important product, served up every day to the most important people who come through our doors — *our stockholders*.

We will join with other co-ops to celebrate cooperatives next year, but we don't need a U.N. declaration to give us reason to be proud of our history and our structure. We know that it works, and we look forward to always sharing our triumphs and success with each of our customer-owners. Thank you for the role you play in our vision to be the most recognizable and respected full-service agricultural lender in the area!

Sincerely,

Tim McDonald
President and Chief Executive Officer



Part of the Farm Credit System

Yes, You Can Insure Livestock

Production losses and death losses are insurable; insurance might reduce financial risk.

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By Alan Newport

It's amazing just how many things a beef operation can insure.

With prices of inputs and animals rising, insurance looks increasingly like a viable business consideration.

Rachel Myers, an insurance specialist with Great Plains Ag Credit at Amarillo, recently made a presentation on this topic. She also answered a series of questions about livestock production insurance for Beef Producer.

Here is that conversation:

BP: How do I decide whether I need to insure a certain thing or not?

Myers: Livestock insurance comes in many shapes and sizes. One can choose a "broad-form" policy that covers numerous perils, like smothering, electrocution, lightning, tornados, etc. (see list below).

Other people may need "full mortality" coverage for high-value animals, such as racehorses, registered livestock or show animals. This coverage will pay on the death of an animal due to any cause, rather than just named perils. Obviously, it has to be a legitimate death, and they will investigate.

Deciding whether or not to insure animals is just like deciding whether or not to insure yourself: Can you financially sustain the full impact of an accident, or do you need to share the risk with an insurance company? It is a personal decision that each person must weigh. In many cases it is also a decision that is made along with one's lender.

BP: Secondly, what things are insurable?

Myers: With a standard livestock insurance policy from the Hartford, you have coverage from the following, unless it is specifically excluded:

- Smothering caused directly by blizzard or snowstorm
- Smoke, fire, lightning, windstorm, flood or hail
- Electrocution
- Drowning
- Attack by dogs or wild animals
- Accidental shooting
- Collision with vehicles, falling objects
- Vandalism
- Collapse of a structure, including building, culvert, bridge
- Sinkhole collapse
- Riot or civil commotion

There are also endorsements and extensions to this coverage, some with additional costs and others that simply must be added in writing at the inception of the policy.

BP: You gave the example of wheat pasture value being insurable. What else? Loss during trucking from breakdowns or other problems is a common area of loss. Could that be insured, and is it worth it?

Myers: Our goal as an agency is to meet our customers' needs. Sometimes, a standard policy will not have certain features, and that is why I encourage customers to work with their agents to try and adapt the policy to fit their needs. Obviously, some things will never be insurable. To answer your questions related to trucking breakdowns, I can tell you that we do write livestock transit policies that cover death and crippling due to insurable causes; however,

the policy does not cover mechanical failure of the truck.

BP: Death loss from illness is another issue. Is it insurable in any fashion?

Myers: Death from illness is insurable with a full mortality insurance policy. The cost of a full mortality policy is directly correlated to the value of the animal that is being insured.

BP: Theft of cattle on pasture is not that common from ranch to ranch, but it happens. Is it insurable?

Myers: Theft is covered under a specific endorsement that must be agreed to by the insured and the underwriting company.

BP: Performance loss from winter storms can be major issues in feedlots. Is that insurable?

Myers: Currently, the type of insurance offered to feedlots is the broad-form policy that covers multiple perils, including smothering (typically from snow-pack). For an additional cost, feedlots can add a "hypothermia" endorsement that will extend coverage to animals that perish due to hypothermia-like conditions, such as freezing rain, severe cold, etc.

Performance loss is not part of any standard package today, but that is why I mentioned that you should always assess your needs and ask for what is missing. I have never had someone ask for coverage like this, but that doesn't mean that a company will not consider it.

BP: How can one learn these things? One insurance agent may not have all the answers, right?

Myers: True. Many times one agent may be privy to more information than another just because they have been faced with a

specific situation. While the agent may not immediately know the answer, they do have a sales representative with the underwriting company who can give specific, clarifying answers. Agents should always be willing to “run something up the flagpole” to find the answer for a customer.

BP: Do you go in and ask about areas that are major concerns for your operation and ask the agent to research these and get prices and coverage?

Myers: Typically, when I have a new customer call with interest about our products, I try to ask enough leading questions to understand their specific needs. Then, I let them know what is currently available. If we are still not meeting their needs, we go to the next step of asking our insurance provider to give us additional quotes on prices and coverage levels. I can’t speak for all agents, but I’m more than willing to do the research for my customers. Farmers and ranchers cannot be experts in every field; therefore, they rely on a sound agent to help them understand the complex

world of insurance. I feel it is my job to put all of the options on the table, so they can make an educated decision without having to spend hours researching something outside of their realm of expertise.

BP: And again, even if insurable, is it worth it?

Myers: I like to ask this a different way, “Can you afford to not have insurance?” For most people, this is the true question. How much of a loss can your operation sustain before you cannot financially recover? And by the way, have you ever seen the effects of a winter storm in the Texas Panhandle? Some people have escaped losses for years, but there are others who are true believers in insurance because they would not be in business today had it not been for their livestock insurance coverage.

For more information about how you might use insurance in your livestock operation, contact your local livestock insurance agent or contact the Hartford directly at 800-934-1263.

For simplicity, this article does not include all the features, conditions, exclusions and limitations of a Hartford policy. For full information, consult your independent agent. On all losses and claims, policy terms apply.

The policy period for winter pasture cattle coverage runs from Oct. 1 through April 30. This policy can be sold anytime, and there is no discount for a purchase placed during the policy period. Contact your insurance specialist at Great Plains Ag Credit today and avoid a loss due to sudden, early storms.

Rachel Myers 806-640-2089

Don Dixon 806-367-0121

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If she doesn't survive the winter, will your operation?



- Coverage in Transit
- Weather-Related Death
- Smothering
- Contaminated Feed, and More



Insurance especially tailored for cattlemen.

Great Plains Customers Participate in Ag Biz Planner Series

Great Plains Ag Credit selected five young, beginning and small (YBS) borrowers, one from each branch office, to participate in Ag Biz Planner, an interactive, educational learning series designed specifically for YBS farmers. The program kicked off in September 2011, and during the six-month program, the members will participate in webinars and peer group sessions that will allow them to stay a step ahead of industry conditions, network with other producers within Great Plains Ag Credit's diverse territory, and build strong fundamentals in business and financial management.

The program is designed to benefit both those new to farming and experienced producers interested in honing their business and financial management skills. Ag Biz Planner takes a blended learning approach, in which participants complete eLearning modules at their own pace and take part in face-to-face regional seminars led by leading industry experts. Topics covered in the program include:

- Megatrends of Agriculture
- Strategic Business Planning
- Preparing for Your Lender
- Understanding Lending Decisions
- Farm Business Management Factors and Benchmarks
- Personal Financial Management
- Communications, Ethics and Leadership



Ag Biz Planner is supported by Farm Credit University — both were developed by agricultural finance and business management expert Dr. Dave Kohl.

Great Plains is committed to building a strong future with YBS borrowers. Ag Biz Planner will be a great way for these young farmers and ranchers to build a sound financial foundation and to continue the robust presence of agriculture in the Panhandle of Texas!

Helping Young, Beginning and Small Farmers

At Great Plains Ag Credit, we are committed to providing reliable financing to farmers and ranchers, and that includes those who are just getting started in the business and those who are running small operations. By financing customers who fit the criteria of young, beginning or small (YBS) farmers, we do our part to secure the future of this nation's vital agricultural industry.

We have a deep understanding of agriculture and the many difficulties involved in starting a new operation, transferring an existing operation or expanding into new commodities or territories. We have the expertise needed to finance many people who fit into the YBS group to the full extent of their creditworthiness.

Definitions of Young, Beginning and Small Farmers

Young farmer – a farmer, rancher or producer or harvester of aquatic products who is age 35 or younger, as of the loan transaction date

Beginning farmer – a farmer, rancher or producer or harvester of aquatic products who has 10 years or less farming, ranching or aquatic experience, as of the loan transaction date

Small farmer – a farmer, rancher or producer or harvester of aquatic products who normally generates less than \$250,000 in annual gross sales of agricultural or aquatic products