

Crop Insurance and Revenue Risk: 2013 and Beyond

DTN/The Progressive Farmer
Ag Summit 2012



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December 10, 2012

Agenda

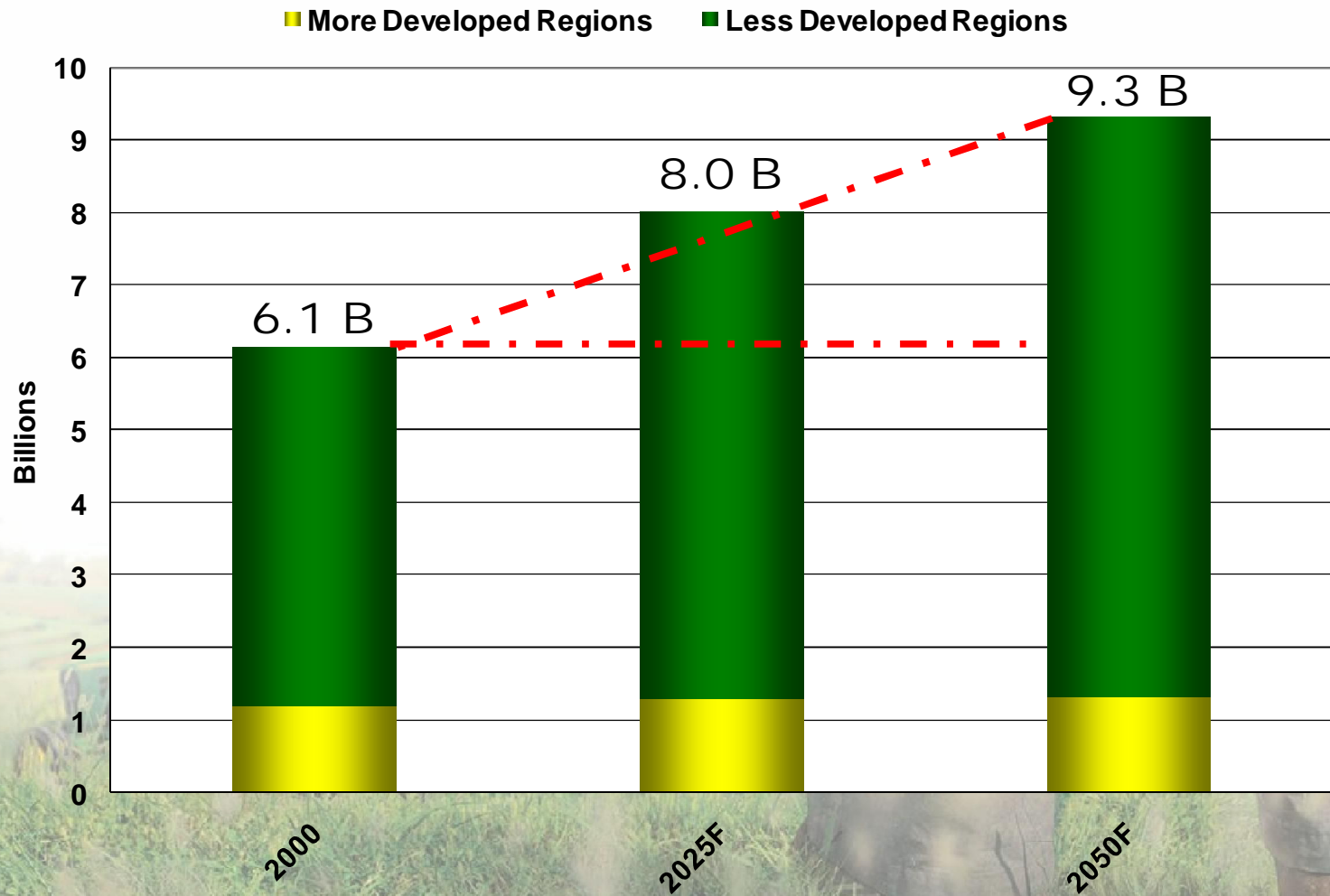
- Risks and Demands on Agriculture
- Government's Role in Agriculture Risk Management
- Future of Crop Insurance



Risks and Demands on Agriculture

Global Population Growth

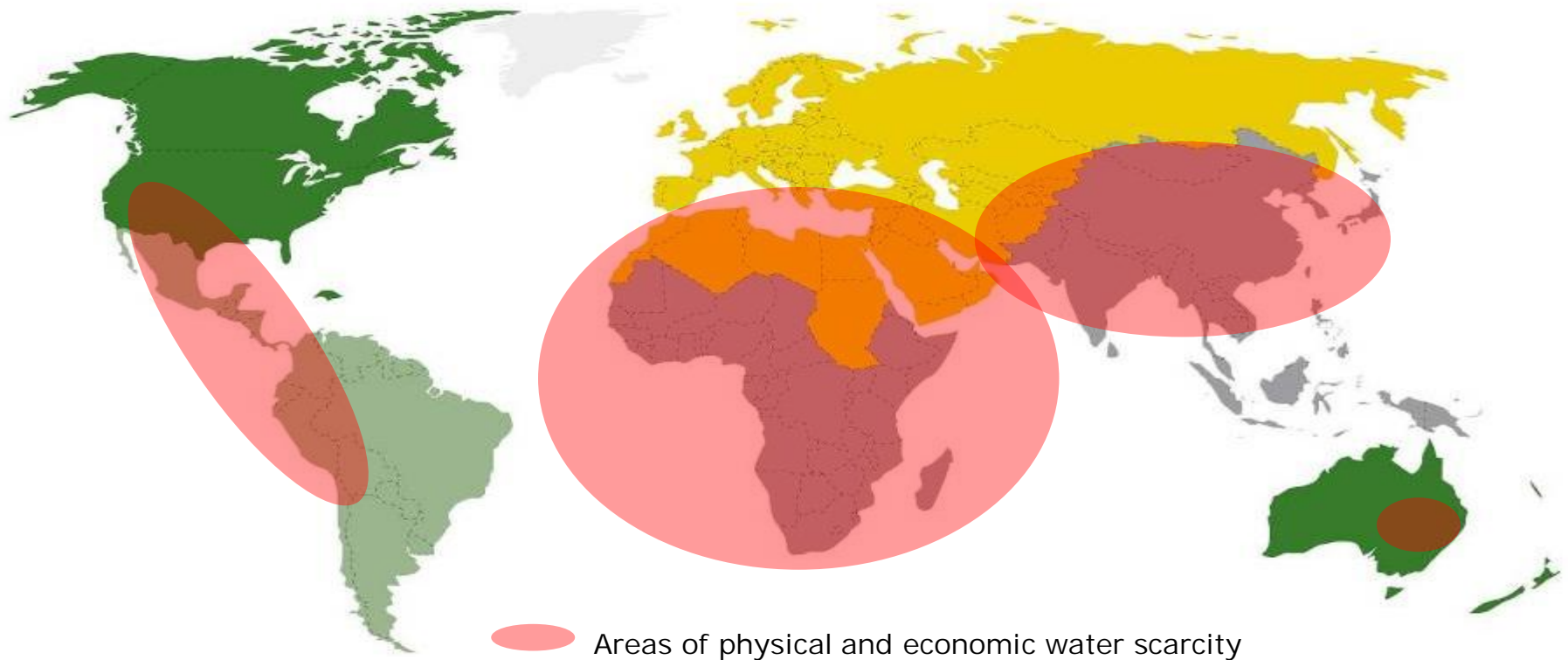
- Increased food consumption and other demands



Risks and Demands on Agriculture

Water Scarcity and Demand

- Limited arable land and fresh water supply
- Water scarcity constrains agricultural growth



Risks and Demands on Agriculture

Effective Risk Management Remains Essential for Agriculture

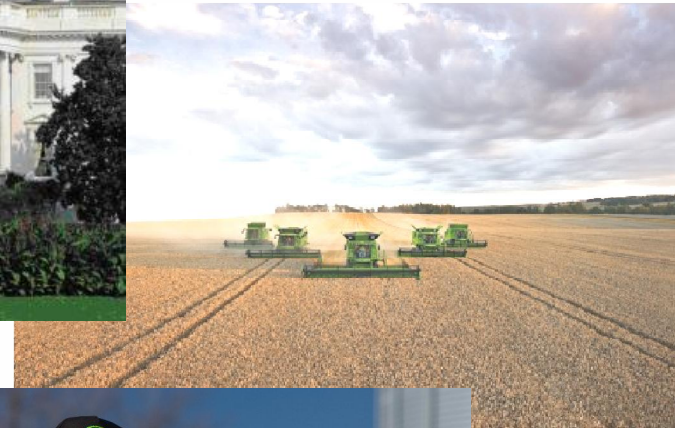
- Agriculture has significant risk
 - Weather
 - Commodity Price Volatility
 - Global Trade
- Capital Intensive
 - Inputs, equipment, land, etc.
- Entrepreneur Risk Management
 - Increased attention on “whole farm” risk management



Government Role in Ag Risk Management

The public policy justification for an Agricultural Safety Net

- Safe & Reliable Food Supply
- Maintains U.S. economic advantage
- Protecting Agriculture from risks beyond its control



Government Role in Ag Risk Management

Current Crop Insurance Program

Leverages the strength of the Federal Government and the market delivery capabilities of the private sector

- Highly effective risk management tool
 - Allows producers the ability to select a program tailored to their risk management needs
- Increased participation in the crop insurance program decreases the need for Ad Hoc Disaster Assistance



Government Role in Ag Risk Management

Deficit and Economic Environment and its impact on Federal Crop Insurance

- Significant pressure to reduce the deficit
- Strong bipartisan support for the program
- Producers are challenged to do more with less



Future of Crop Insurance

The Ag Producer of Tomorrow

- Larger but fewer in numbers
- More commercially and technologically advanced
- Greater integration within the Agricultural Value Chain

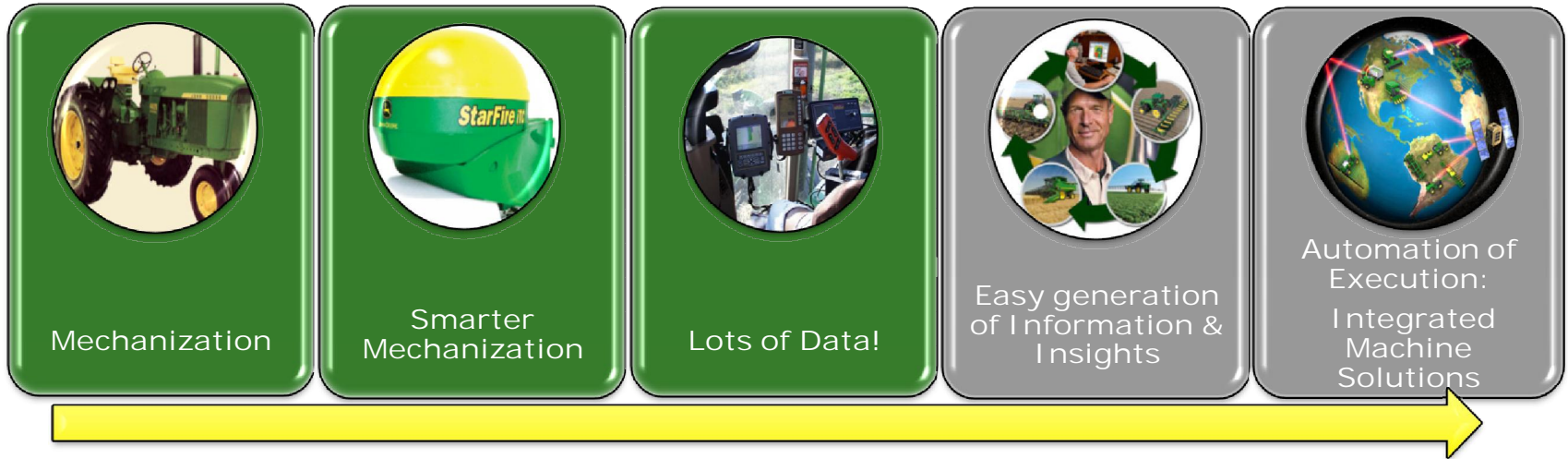


2015

- 19% of farmers will generate >50% of Ag sales
- Roughly \$10 million per farm
- 17% of Farmers will generate >83% of Ag sales
- Typical farm size >9000 acres

Future of Crop Insurance

How Ag Technology will change Crop Insurance



- Agronomic data becomes increasingly more valuable
- Actuarial accuracy improves existing program and facilitates potential new risk management solutions
- GPS/Telematic Technologies further enable actionable solutions
- Integrated Insurance Solutions





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