



**Revenue Protection**

It's been another interesting summer with plenty of heat units but limited rain. (Unless you farm in Southern MN where it hasn't stopped raining all summer) Most of our customers got their crops off to a great start and had record yield potential. They just needed one or two rains to put it in the books. For most of us that didn't happen and it looks like we'll end up with average to slightly above average crops for 2018.

As if we didn't have enough to worry about with the weather, now we have a trade war on top of record national yields and a new farm bill to muddy the waters. As you read through this newsletter we have included articles on many timely subjects such as MFP (Market Facilitation Program), PRF (Rainfall policy for forage and pasture), nitrogen rule update and more.

There is not enough space here to cover everything in depth but we would be more than happy to answer any questions you may have. Don't hesitate to call and ask. We would be happy to spend some time on the phone or stop out at your farm and explain anything crop insurance related.

Lots of people in the dry areas are wondering about their row crops and how many bushels they are guaranteed. The answer is only a phone call away. (The guarantee will also be listed on your schedule of insurance that was sent to you.) If soybeans stay in the current price range our bushel guarantees on revenue policies will be significantly higher.

We're not just here to help if you have a loss. We are here to help you understand your crop insurance policy and anything farm program related. Give us a call, if we don't have the answer we will find it.

And most importantly, **THANK YOU** for your business. We appreciate the trust and confidence you place in us and don't take it lightly.

With the Revenue Protection policy, a minimum revenue guarantee is established in February with the projected price and then recalculated again in the fall with the harvest price. With the Harvest Price option included, you receive the higher of the Projected Price or Harvest Price in calculating your revenue guarantee. As of mid-September, soybeans are currently tracking 18% below our projected price which will significantly increase your bushel guarantee as it takes more bushels at the lower price to reach your revenue guarantee. Here is an example of how the decrease in the revenue price works.

Soybeans: An example of a decrease in harvest price

APH:	40	<b>Projected Price:</b> \$10.16
Coverage Level:	75% ( <b>30 bu guarantee</b> )	<b>Harvest Price:</b> \$8.40
Harvested Production:	32 bu	
<b>Revenue Guarantee:</b>	\$305 (30 bu x \$10.16- HIGHER of projected or harvest price)	
<b>Production Value:</b>	\$269 (32 bu x harvest price of \$8.40)	
<b>Indemnity/Ac:</b>	\$ 36	

In the example above, the harvest price went down, which increases your bushel guarantee since you've locked in a revenue guarantee based on the higher of the projected or harvest price.

Below are the 2018 Projected/Harvest Prices on Revenue crops and when the Harvest prices will be determined:

<b>Corn</b>	<b>\$3.96/TBD</b>	Harvest-set in October tracking Dec CBOT futures
<b>Soybeans</b>	<b>\$10.16/TBD</b>	Harvest-set in October tracking Nov CBOT futures
<b>Wheat</b>	<b>\$6.31/\$5.95</b>	Final Harvest Price was set in August
<b>Barley</b>	<b>\$3.28/\$3.03</b>	Final Harvest Price was set in August
<b>Sflower-Oil</b>	<b>\$.175 /TBD</b>	(Oil & Conf) Harvest-set in October using Dec CBOT
<b>Sflower-Conf</b>	<b>\$.237/TBD</b>	Soybean Oil futures

**COMMINGLING NOTICE**

Stored grain from previous years **MUST** be measured by your insurance company **prior** to commingling with any new crop. Contact us if you are planning to comeingle any crops this fall.



**MPCI Billing Date**

The premium billing date was August 15th for MPCI policies. To avoid paying 15% interest you will need to make sure your payment is mailed and postmarked to the insurance company by September 30th. If you haven't received your bill, please give us a call!

You can find all of this information and more on our website [www.proagservice.com](http://www.proagservice.com) or search for us on facebook.

## USDA Trade Aid Package—MFP

The USDA announced on July 27<sup>th</sup> that they plan to authorize up to \$12 billion in programs to help farmers due to the disrupted commodity markets – primarily due to the trade war with China. The part of the program that will primarily impact our area producers is the Market Facilitation Program (MFP), which will consist of direct payments to producers. Sign-ups for payments at FSA began on September 4, 2018 and farmers are expected to receive around \$4.7 billion in initial farm aid. The majority of that will be going to soybean producers who will receive payments based on a rate of \$1.65 per bushel x 50% of 2018 actual production. Other commodities eligible to receive payments include wheat (14 cents per bushel), corn (1 cent per bushel), pork (\$8/head) and dairy (12 cents per hundredweight). Payments are capped per person or legal entity at \$125,000 for eligible crop commodities and a combined \$125,000 for dairy production and hogs. MFP Payments do not count against other Farm Bill payment limitations. Similar to other Farm Bill payment requirements a producer must be in conservation compliance and their adjusted gross income may not exceed \$900,000. There is the possibility of an additional commodity payment on the remaining 50% of actual production with a December 2018 start date. Payments are only for the 2018 crop year and not anticipated to continue moving forward.

## Farm Bill Update

Leading lawmakers from the House and Senate Ag committees met on September 5<sup>th</sup> with a stated soft deadline of getting a farm bill done by Sept. 30<sup>th</sup>. A new bill, if approved would go through fiscal year 2023. Lawmakers plan to use the 2014 Farm Bill as a template while possibly modifying some of the programs. There has been strong support for crop insurance and stated goals include no major changes to crop insurance. Crop insurance is permanently authorized and does not require a new farm bill. Other considerations include keeping ARC/PLC in place while possibly modifying how payments are calculated and allows producers to make changes to their current program. Some of the main points of contention within the bill include requirements for the Supplemental Nutrition Assistance Program (SNAP) and possible conservation programs changes, including possible CRP expansion. As we get more information we will keep you updated on important changes. We look forward to being a resource for you and helping you with any farm program questions you may have.

## 2018 Forage & Pasture Insurance

Pasture, Rangeland, Forage or PRF, is an area-based insurance policy that covers perennial pasture or forage used to feed livestock. The policy protects against a lack of rainfall and is designed to help cover your replacement feed costs from a shortfall. When rainfall falls below a chosen threshold (ie. 90% of normal) during the time period you select, an indemnity is automatically triggered. PRF is very customizable – you can choose the amount of coverage you want, what time period that poses the most risk to your operation, and which acres you want to insure (can do some or all). Some other pros of the PRF policy include the ability to insure grass hay or older alfalfa stands and also that there is no required production reporting. One of main drawbacks of the policy is that it is area based and may not necessarily reflect the exact rainfall you receive. If you are interested in learning more and seeing if PRF might be a good fit for you give us a call today!

## FSA Deadlines

**September 4, 2018- January 15, 2019:** Market Facilitation Program (MFP) sign-up period for corn, dairy, hog, soybean & wheat payments for the 2018 crop year.

**September 30, 2018:** 2019 NAP signup deadline for forage and grass seed coverage.

**November 15, 2018:** 2019 Acreage Reporting Deadline for Forage, Pasture, Winter Wheat and all other fall planted crops.



## **\*\*New for 2018 Production Reporting\*\***

RMA is requiring producers to indicate the type of acceptable records maintained for each unit on your **production report** this fall. In the event of an APH Audit, you will need to provide these records. If it is found that your production reported is 5% greater than the acceptable records, RMA will reduce your APH with assigned yields (75% of the prior years approved yield or 65% of the Co. T if the prior years yield is not available) and basic units will apply. This would mean that you will not qualify for Optional Units the following year.

Some examples of acceptable record types are: Production Sold/Commercial Storage, Farm Stored Measured by Insured, Automated Yield Monitoring System, Claim for Indemnity, and Farm Stored Measured by Authorized Representative.

## **Chlorpyrifos Ban Update**

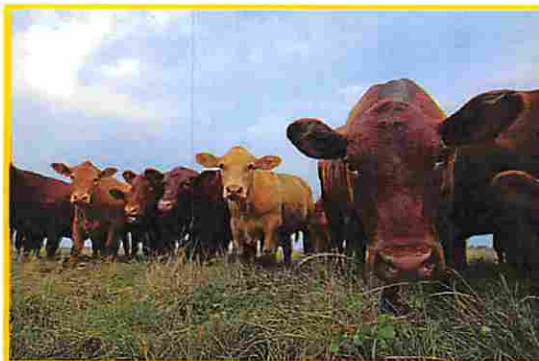
On August 9, 2018, the 9<sup>th</sup> Circuit Court of Appeals banned the use of Chlorpyrifos. Chlorpyrifos, also known by more common trade names including Lorsban, Cobalt or several other generic equivalents, is used for broad spectrum control of many insect pests in field crops. The EPA was ordered to revoke all chlorpyrifos tolerances and cancel all registrations of the widely used insecticide within 60 days. When registrations are canceled, there is usually a window of time provided for growers to use up existing stock. Currently it is too early in the process to know how the EPA will react to this ruling or how it will impact insect control in the future.

## **Syngenta Claim Deadline**

The deadline to submit your class action claim is **October 12, 2018**. To file your claim go to [www.cornseedsettlement.com](http://www.cornseedsettlement.com), or stop by the ProAg office so we can walk you through the process.

## **Will Corn Produce it's Own Nitrogen?**

Every year in the US we typically plant around 90 million acres of corn. To supply this nitrogen hungry crop, it is estimated that 5.6 million tons of nitrogen fertilizer is applied each year, along with nearly a million tons of nitrogen from manure. While nitrogen makes up 78 percent of the atmosphere, only legume crops were previously known to have the ability to use it, through their association with bacteria. Legume crops, like soybeans, have nodules on their roots that harbor bacteria that can turn nitrogen in the air into a form the plant can use. This was until an indigenous variety of Mexican corn was discovered that can also fix nitrogen from the atmosphere. The corn plant does this through a series of above ground roots that are able to exert a gel like substance that is host to nitrogen fixing bacteria. Corn with this capacity can acquire 30% to 80% of the nitrogen it needs. If this trait can be bred into conventional varieties of corn, it could greatly reduce the need for costly fertilizer and help increase yield environmental impacts, but scientists say it is too early to tell how viable it may be.



## **Livestock Protection**

Did you know there are livestock policies available to cover declining prices? Do you want to know what kind of coverage you can lock in on your cattle, swine, sheep or milk?

If you'd like to check out your livestock insurance options, please give us a call.



## Loss & Production Reporting

- It is important to turn in a notice of damage if you have any issues with your crop. A claim can always be withdrawn but if a claim is filed late, there is a chance your loss will not be paid.
- A claim **MUST** be submitted **NO LATER than 15 days after the harvest of the field.**
- If you are chopping corn for silage or take a crop to another use (high moisture corn, destroying part of a field, etc), you will need authorization from the company and will want to get an appraisal as you will be assessed your guarantee on those acres if the field does end up in a loss situation.
- Acceptable records of farm stored production include load records by unit/field or section. (A sample load record sheet is included for your use). You may also use bin markings in lieu of load records. Combine or grain cart monitor records that can be printed may also be used as load records.
- To utilize precision farming technology, the producer's precision farming systems must include the 3 following components: GPS technology integrated with the planter monitor, combine monitor and yield mapping software; planting and harvesting summary reporting and calibration performed and documented.

## Dairy Revenue Protection

### Coming this October is the new federal Dairy Revenue Protection (DRP) policy.

- DRP is a federally subsidized, area-based product that provides quarterly revenue coverage for dairy farmers.
- How does it work? During the sales period, a guaranteed revenue is determined based off either a Class Pricing Option or a Component Pricing Option. The Class Pricing Option uses a combination of Class III & IV milk prices, whereas the Component Pricing Option uses a combination of butterfat & protein based off the insureds declared butterfat & protein test. At the end of an insured quarter, if the state indexed actual revenue is below your revenue guarantee, you will receive an indemnity payment for the difference.
- It is **important to note** that since DRP is area-based (average for a state or region) an individual may have a decrease in production but may not receive an indemnity. Or vice versa, you may not have a loss but could still receive an indemnity payment.



## Minnesota's Proposed Nitrogen Fertilizer Rule Update

In 2017 the Minnesota Department of Agriculture proposed restrictions on the application of fall nitrogen in areas that they deemed vulnerable groundwater areas. The new Nitrogen Fertilizer Rule has become a hotly debated topic this year in the Minnesota legislature. In response to criticism, this spring modifications to the "Fall Restrictions Map" were proposed by Gov. Mark Dayton & Agricultural Commissioner Dave Fredrickson. The updated map has been significantly revised with less coverage areas identified as vulnerable to fall applications. The main impact to our region is that a majority of northwestern Minnesota was provided a climate exemption due to the low soil temperatures when fall nitrogen would normally be applied in the area.

A comment period for the proposed revisions was open from April 30, 2018 to August 22, 2018. There were over 3,000 comments submitted during this time along with 40 testimonies. Currently, an Administrative Law Judge is reviewing all the material submitted during the comment period and the MDA expects to receive the report from the judge by the end of September.

More information, including a map of affected areas, can be found at [www.mda.state.mn.us/nfr](http://www.mda.state.mn.us/nfr).



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### Hail Damage

Remember to let us know when you are ready to harvest any fields with hail damage that were deferred for a field revisit. Also, if you have the Production Plan Hail Coverage, please provide the production from those hail damaged units as soon as it is harvested so we can get your hail claim(s) finalized.

**Did you know????**  
Your crop hail policy covers transit coverage to the first place of storage within 100 miles (in excess over any other collectible insurance)?  
  
We also offer crop fire policies at \$.25/ac for \$100 coverage that covers crop loss by fire before harvest. Give us a call if you would like to get some coverage in place.

### Silage Appraisals

If you're planning to chop corn for silage, combine as high moisture grain, or store in a bag **please contact our office before starting so we can submit the request for an appraisal.**

Once appraised, there are no further quality adjustments to acres that are chopped for silage. The appraisals are combined with the rest of your harvested production when determining a loss.

**Agents and Staff to Serve You**

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