



**S E R V I C E   &   I N S U R A N C E**

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**ProAg Outlook Meeting - Jan. 11th & 12th**  
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**2022 MPCl Harvest Price - All Crops**  
[Click Here](#)

**2021 ARC-Co Payment Estimates (New As Of 10/25/2022)**  
[Click Here](#)

# 2023 Policy & Actuarial Changes

## ➤ Yield Exclusion

- Allows for the exclusion of a crop yield for a year when the county's yields were at least 50% below the average of the previous 10 years
- Option that can be selected by sales closing
- Contiguous counties will also be eligible

## ➤ 2021 Yield Exclusion Additions

- NI Corn – Becker, Beltrami, Cass, Clearwater, Hubbard, Mahnomen, Otter tail, Pennington, Polk, Red Lake, Todd, Wadena
- NI Soybeans – Becker, Cass, Hubbard, Otter Tail, Pennington, Polk, Red Lake, Todd, Wadena
- NI Wheat – Becker, Cass, Douglas Hubbard, Otter Tail, Todd, Wadena

**(See Page 4 & 5 of handout for additional crops and counties )**

# 2023 Policy & Actuarial Changes (cont.)

## ➤ Minnesota Plant Date Changes

- Soybeans Changed from April 21 to April 20
- *(exceptions Atkins, cass, crow wing, Itasca, Kooching and lake of the woods)*
- Corn Changed from April 11 to April 10

## ➤ North Dakota Plant Date Changes

- Soybeans Changed from May 1<sup>st</sup> to April 30<sup>th</sup>

## ➤ County T-Yield Updates

- Corn and Barley T Yields reviewed and updated ( *Most counties T yields were Increased*)

NI Corn County T- Yield Changes

County	2022 T- Yield	2023 T- Yield	Increase
Mahnomen	145	150	5
Norman	143	148	5
Polk	144	147	3
Becker	143	153	10

NI Corn County T- Yield Changes

County	2022 T- Yield	2023 T- Yield	Increase
Grant	176	186	10
Traverse	170	178	8
Stevens	177	186	9
Wilkin	157	169	12

# 2023 Policy & Actuarial Changes (cont.)

## ➤ Oats & Rye Changes for 2023

- Policies changing from APH plans to Yield Protection or Revenue Protection plans
- Enterprise units now available
- Price Discovery based off SRW September Wheat Futures
- Oat Policy changes can be made until 3/15/23
- Rye changes will be available this fall and must be done by 9/20/23 (*Fall Sales Closing*)

## ➤ 2023 Sugarbeet Changes

- Stage Removal brought back as an option
- 2 stage guarantees for beets damaged prior to 7/1 and after
- Without NS option beets damaged prior to 7/1 to the point where crop will no longer be cared for result in payment of 60% of guarantee
- With NS option beets damaged prior to 7/1 to the point where crop will no longer be cared for result in payment of 100% of guarantee

# **2023 Policy & Actuarial Changes (cont.)**

- **Transitional and Organic Grower Assistance (TOGA)**
  - RMA to automatically provide premium assistance to Organic and Transitional organic producers
  - Organic Crops can receive \$5/acre premium credit
  - Crops in transition to certified organic can receive 10 additional percentage points of premium subsidy
  - Producers must purchase a buy-up policy to qualify (CAT coverage does not qualify)
  - No sign up required (Credits automatically generated)



# PACE

- ▶ Expanded In 2023 for eligible NIRR Corn in (Select Counties)
- ▶ Additional coverage for prevention from post applying nitrogen to planted Corn for during the V3-V10 growth stage
- ▶ Prevention must be due to an insurable cause of loss (adverse weather)



# Details

- Add on to RP, YP, RP-HPE Policies
- Uses approved yield of underlying policy
- Coverage Levels between 75-90%
- Pre and Post Application intent records needed
- Post application window is plant date and region specific

# Availability

- Planted Corn must:
  - Use Split application of nitrogen practice
  - Be insured with an underlying federal crop insurance policy as NIRR grain type
  - Not be specialty type or organic

## Available In Select Counties

MN- All Counties where Non-Irrigated corn is insurable

ND- Barnes, Cass, Griggs, Steele, Trail

SD- Bon Homme, Charles Mix, Clay, Douglas, Hutchinson, Lincoln, Turner, Union, Yankton

# Barley Coverage Overview

- ▶ All Other Spring Barley (AOSP)
  - Yield Protection (YP) or Revenue Protection (RP) using the base MPCl barley price only
  
- ▶ Malt Barley
  - Yield Protection (YP) or Revenue Protection (RP) using the base MPCl barley price or the contract price
  - Malt Barley Endorsement (MBE). The MBE allows you to utilize the price on your malt barley contract and provides additional quality coverage based on the specifications in your malt barley contract
    - **Local Market Price** – when the MBE is elected, and the barley fails to meet the contracted quality specifications, the local cash grain price will be used to establish a final price. The date the local cash grain price is established must match the date the barley was rejected.

# Malting Barley Varieties

- RMA clarified for the 2023 crop year that malting barley varieties include all varieties recommended below by the American Malting Barley Association **OR** any variety grown under the terms of a malting barley contract.

TWO-ROW			
AAC Connect	Charles*	LCS Violetta*	ND Genesis
AAC Synergy	Conrad	Mayflower	Newdale
ABI Cardinal	Endeavor*	Merit 57	Pinnacle
ABI Eagle	Expedition	Moravian 37	Puffin*
ABI Growler	Explorer	Moravian 69	Regina*
ABI Voyager	Flavia*	Moravian 164	Thunder*
AC Metcalfe	Hockett	Moravian 165	Wintmalt*
Bill Coors 100	LCS Genie	Moravian 170	
CDC Copeland	LCS Odyssey	Moravian 179	

SIX-ROW			
Celebration	Lacey	Quest	Tradition
Innovation	Legacy	Thoroughbred*	

\* Winter Variety

# Cover Crops & Insurance Credits

- The Pandemic Cover Crop Program (PCCP) was created in 2021 and was extended to the 2022 crop year.
- What was the PCCP program?
- Will it be extended into the 2023 crop Year?
- Make sure to do the following in the event a new Cover Crop Program comes out.
  1. Plant a qualifying FSA cover crop
  2. Plant and insure a spring crop
  3. Report planted CC acres to FSA timely

# Prevent Plant Recent Changes

- ▶ Producer can plant part of a field to another crop and still qualify for PP on the first indented crop.
  - Must meet 20/20 rule within the field & producer will need to provide proof they intended to plant the PP crop (i.e., seed receipt, fertilizer records etc.)
- ▶ New Producers can file an Intended Acreage Report for the first 2 years (priorly only the 1<sup>st</sup> year).
- ▶ Eligible PP base acres will not be reduced by uninsured 2nd crop

# PP & Cover Crops

- ▶ **New in 2022** – Corn is **no longer** considered an acceptable cover crop.
  - If corn is planted on PP ground (even a corn mix) the **PP payment will be terminated.**
- ▶ **New for 2022** – A cover crop planted on PP ground can now be hayed or grazed **at any time** without a reduction to the PP payment.
- ▶ A cover crop harvested for grain or seed at anytime **will still result in a PP payment reduction.**



# Crop Insurance Reminders

- ▶ Production Reporting
- ▶ Winter Wheat Insurability
- ▶ Broadcasting Soybeans
- ▶ Forage Seeding Policies
- ▶ Maximum Harvest Price
  - The revenue protection harvest price is capped at 2X the spring price for all crops **except Dry Beans 1.5X**

# Crop Insurance Reminders

- ▶ Livestock & Harvested Grain
- ▶ New Crop/New Producer
- ▶ New Breaking/CRP/Native Sod
- ▶ Precision Reporting

# Important Dates For Crop Insurance

- Sales Closing Date/Cancellation 3/15
- Production Reporting 4/29
- New Breaking-*requesting insurability*
  - New Breaking > 320 acres 3/15
  - New Breaking < 320 acres 7/15
- Planting Dates (*Varies by Crop*)
- Margin Protection / Rye Sales Closing 9/30

# 2023 Premium Subsidy Factors

COVERAGE LEVEL ->		50%	55%	60%	65%	70%	75%	80%	85%	90%	95%
Policy Type	Basic Unit	67%	64%	64%	59%	59%	55%	48%	38%		
	Optional Unit	67%	64%	64%	59%	59%	55%	48%	38%		
	Enterprise Unit	80%	80%	80%	80%	80%	77%	68%	53%		
	Whole Farm Unit	80%	80%	80%	80%	80%	80%	71%	56%		
	Margin Protection					59%	55%	55%	49%	44%	44%
	SCO	65%	65%	65%	65%	65%	65%	65%	65%		
	ECO									44%	44%

# Revenue Protection Discovery Periods

- Spring Price Tracked in February for Most Local Crops
- Includes Oats (Based on % of Soft Red Winter Wheat)
- Rye – Projected Price will be Tracked Aug 15<sup>th</sup> – Sept 14<sup>th</sup>

# Revenue Protection Price Scenarios

- **Price Increase** (i.e. if the Spring Price is **Lower** than the Fall Price)
  - Bushel guarantee stays the same
  - Revenue guarantee increases
  - Losses are paid using the higher fall price
- **Price Decline** (i.e. if the Spring Price is **Higher** than the Fall Price)
  - Bushel guarantee is adjusted higher
  - Revenue guarantee stays the same
  - Example in handout

# Margin Protection

**Note: The sales closing date for a Margin Protection policy for 2023 has passed. If interested for 2024, the sales closing date will be September 30th 2023.**

- The Margin Protection (MP) policy provides coverage against an unexpected decrease in your operating margin:

$$\text{EXPECTED MARGIN} = \text{EXPECTED REVENUE} - \text{INPUT COSTS}$$

- Margin Protection is AREA BASED, using COUNTY-LEVEL estimates of average revenue and input costs to establish the amount of coverage and indemnity.
- Available for wheat, corn, and soybeans in most of our region.
- No replant or prevent plant provisions.
- Can be purchased by itself or in conjunction with a Revenue Protection (RP) or Yield Protection (YP) MPCI policy.



# Margin Protection (cont.)

$$\text{MARGIN} = \text{REVENUE} - \text{INPUT COSTS}$$

## Revenue

- Expected County Yield and Crop Price set in the Fall Before the Crop is Planted

Vs.

- Actual County Yield and Crop Price in the Fall After the Crop is Harvested

## Fixed Costs

- General Cost
- Potash

Vs.

- These are Fixed Costs, and Any Price Fluctuations are Not Accounted For

## Variable Costs

- Urea
  - DAP
  - Diesel
  - Interest Rates
- } Fall Prior to Planting

Vs.

- Urea
  - DAP
  - Diesel
  - Interest Rates
- } Spring (Around Planting)  
} Fall (Around Harvest)

## Margin Protection (cont.)

- Current volatility in input and commodity prices is driving demand for insurance products like Margin Protection
- Potential for increase in subsidy if demand continues to grow?
- Discussions about implementing Individual Margin Protection Policies (vs Area Based Margin Protection Policies)

# ERP Phase 1 Recap:

- ▶ Qualifying 2020 / 2021 Disasters
  - Excessive Moisture – spring 2020, Drought – summer 2021
- ▶ Featured Pre-Filled applications w/ available crop insurance data for those who had eligible crop insurance losses
- ▶ Paid 75% of qualifying loss (90% for beginning / limited resource)
- ▶ Approx. \$7.3 billion paid out (so far out of \$10 billion available)

## ERP Factor Tables

ERP factor tables can be found below and on the

Crop Insurance Level	ERP Factor (Percent)
Catastrophic coverage	75
More than catastrophic coverage but less than 55 percent	80
At least 55 percent but less than 60 percent	82.5
At least 60 percent but less than 65 percent	85
At least 65 percent but less than 70 percent	87.5
At least 70 percent but less than 75 percent	90
At least 75 percent but less than 80 percent	92.5
At least 80 percent	95

# ERP Phase 2

- ▶ Same qualifying disasters as Phase 1
- ▶ Tax year based certification program
- ▶ Eligibility based on having suffered a decrease in allowable gross revenue in 2020 and 2021
- ▶ Benchmark years: 2018, 2019
  - Adjusted benchmark year revenue  
*(operation expansion / didn't farm in 18'/19')*

# ERP Phase 2

## ▶ Will need Schedule F's

- Determine loss year vs benchmark year
- ERP Phase 2 fact sheet to determine allowable revenue
  - Eligible crop sales / Cooperative distributions included
  - Includes any farm program payments (ARC/PLC)
  - MFP payments included, CFAP excluded
  - Conservation payments excluded
- Copy of FSA 1099-G
- Only revenue taken into account – no expenses

## ▶ Application period – Jan. 23<sup>rd</sup> to June 2, 2023

# ERP Phase 2 continued....

	18' Crop Year 18/19 MYA	19' Crop Year 19/20 MYA	21' Crop Year 21/22 MYA	% Change 21' vs 18/19' Average
<b>Corn</b>	\$3.61	\$3.56	\$6.00	+67%
<b>Soybean</b>	\$8.48	\$8.57	\$13.30	+56%
<b>Wheat</b>	\$5.16	\$4.58	\$7.63	+57%

- ▶ Double dipping? – if you've already collected in Phase 1 but have shallow losses on your other crops can you still apply for Phase 2? How to separate out revenue?

# Linkage Requirement:


- ▶ Producers who receive WHIP+ or QLA payments are required to purchase crop insurance (or NAP) in the 2022 and 2023 crop years
- ▶ Must be at 60% level or above
- ▶ ERP participants required to take crop insurance in “next two available crop years as determined by the Secretary”



# 2022 Disaster Aid?

- ▶ \$3.7 Billion included for 2022 Ad Hoc disaster relief in recently passed omnibus spending bill
- ▶ Details TBD...

# Farm Bill Overview

- ▶ Deadline for 2023 program choice: **MARCH 15, 2023**
    - Yearly election for 23'
    - Existing choices will roll if no changes made
      - Still need to sign to complete enrollment
  - On a FSA Farm Basis (Or FSN)– allows a choice between:
    - Price Loss Coverage (PLC)
    - Agricultural Risk Coverage
      - – County Level (ARC-CO)
    - Agricultural Risk Coverage
      - – Individual Level (ARC-IC)
- 
- On a crop by crop basis***
- Whole FSA Farm***

# Farm Bill Overview

## ► Price Loss Coverage (PLC)

- Payments trigger when Marketing Year Average (MYA) price falls below a set reference price
- **MYA Price = National Ave. Price Received by Producers**
- **Reference Price = Set price floor set in farm bill**

Crop	Reference Price	Current New Crop Price	Difference
Corn	\$3.70	\$5.90	+\$2.20
Soybean	\$8.40	\$13.90	+\$5.50
Wheat	\$5.50	\$8.75	+3.25

# Farm Bill Overview

- ▶ Agriculture Risk Coverage – County (ARC-CO)
  - Payments triggered when the actual COUNTY revenue falls under the ARC-CO Guarantee

$$\begin{array}{ccccc} \text{5 yr Olympic} & & \text{5 yr Olympic} & & \text{County} \\ \text{Average} & \times & \text{Average MYA} & = & \text{Benchmark} \\ \text{County Yield} & & \text{Price} & & \text{Revenue} \end{array}$$

- Payments based on your base acres –not what is planted

# Farm Bill Overview

## ► What to do in 23?

- ARC-CO → All crops (corn/soy/wheat)
  - Better chance of a payment in as some combo of decline in prices and poor county yield could trigger payment – don't count on it
- PLC – for those considering SCO (by crop)

# New Farm Bill Coming in 23'?

- ▶ Current Bill expires after this year
- ▶ Options:
  - Extension of current bill (*most likely?*)
  - New bill is completed before current bill expires
  - Nothing is done and reverts to dust bowl era language
- ▶ Improvements
  - Update Reference Prices, Crop Insurance

# **Supplemental Coverage Option (SCO)**

- Additional coverage available on your MPCl policy if you have PLC elected for that crop
- Brings coverage level to 86%
- Area based coverage – there must be a loss at the county level in order for you to collect
- Provides same type of coverage (YP, RP) as MPCl policy
- Payments not made until the following spring when RMA yields are finalized
- Subsidized at 65%
  - Can purchase between 50-100% of coverage



Percent of Expected Grower Revenue	Individual Loss	Area-Based Loss	Corn Revenue \$5.90 with 160 APH
100%			
95%		ECO Revenue (95% to 86%)	9% x 160 x \$5.90 = <b>\$85</b>
90%			
86%		SCO Revenue (86% to 75%)	11% x 160 x \$5.90 = <b>\$104</b>
85%			
80%			
75%	Individual Revenue Policy (75% Coverage)		75% x 160 x \$5.90 <b>= \$ 708</b>
70%			
65%			
60%			
55%			
50%			
45%			
40%			
35%			
30%			
25%			
20%			
15%			
10%			
5%			
0%			

**Corn Revenue with 160 APH = \$897 !!!**

# Supplemental Coverage Option (SCO)

# MAHNOMEN WHEAT - SCO EXAMPLE

- **WHEAT → 75% RP Coverage with APH = 64 bu.**  
***Initial Price - \$8.90, Harvest Price = \$7.50***
- **MPCI Coverage → 64 bu. x 75% x \$8.90 = \$427/Ac.**
- **SCO Coverage → 64 bu. x 11% x \$8.90 = \$62.66/Ac**  
**↑ (86%75%)      ↑ \$ of Cov. based on your APH**
- **Expected COUNTY Yield = 66.8 Bu./Ac.**
- **Expected COUNTY Revenue → 66.8 Bu. x \$8.90 = \$595**

# Supplemental Coverage Option (SCO)

## MAHNOMEN WHEAT - SCO EXAMPLE

- Expected COUNTY Revenue → 66.8 Bu. x \$8.90 = \$595
- Final COUNTY Revenue → 65 Bu. x \$7.50 = \$488
- Loss % = 18.0%  $(\$595 - \$488) / \$595$
- 18% Loss – 14% Deductible **(86% SCO Coverage)** = 4.0% Net
- $(4.0\% / 11\%) \times \$62.66 = \underline{\$22.56 / Acre SCO Payment}$   
    ↑ **(86%75%)**

**SCO Cost ~ 13 cents per \$1 coverage → \$8.13 / Acre**

# Supplemental Coverage Option (SCO)

Why Should You Consider in 23' ???

- ▶ Prices at multi-year highs → added revenue protection
- ▶ Trigger payments much sooner than with ARC-CO (and larger payments)
- ▶ Cheaper per \$ of coverage than buying up to 85% on your RP policy

## Mahnomen County - WHEAT Final Yield - SCO - Supplemental Coverage Option

Exp. County Yld

HARVEST PRICE

	49	52	55	58	61	64	66.8	70	73	76	79	82	85
\$6.49	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$36	\$24	\$11	\$0	\$0	\$0
\$6.89	\$42	\$42	\$42	\$42	\$42	\$42	\$32	\$18	\$5	\$0	\$0	\$0	\$0
\$7.29	\$42	\$42	\$42	\$42	\$42	\$28	\$15	\$0	\$0	\$0	\$0	\$0	\$0
\$7.69	\$42	\$42	\$42	\$42	\$27	\$12	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$8.09	\$42	\$42	\$42	\$27	\$11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$8.49	\$42	\$42	\$28	\$12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>\$8.89</b>	\$42	\$31	\$14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$9.29	\$44	\$33	\$15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$9.69	\$46	\$34	\$15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$10.09	\$48	\$35	\$16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$10.49	\$50	\$37	\$17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$10.89	\$52	\$38	\$17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$11.29	\$53	\$40	\$18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

# Enhanced Coverage Option (ECO)

- Additional coverage available on your MPCl policy regardless of if you have PLC elected for that crop
- Brings coverage level from 86% up to 90 or 95%
- Area based coverage – there must be a loss at the county level in order for you to collect
- Provides same type of coverage (YP, RP) as MPCl policy
- Subsidized at 44% for RP policies

## Mahnomen County - WHEAT Final Yield - ECO - Enhanced Coverage Option

Exp. County Yld

HARVEST PRICE

	49	52	55	58	61	64	66.8	70	73	76	79	82	85
\$6.49	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$33	\$21	\$8
\$6.89	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$26	\$13	\$0	\$0
\$7.29	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$21	\$7	\$0	\$0	\$0
\$7.69	\$34	\$34	\$34	\$34	\$34	\$34	\$32	\$17	\$2	\$0	\$0	\$0	\$0
\$8.09	\$34	\$34	\$34	\$34	\$34	\$30	\$15	\$0	\$0	\$0	\$0	\$0	\$0
\$8.49	\$34	\$34	\$34	\$34	\$30	\$13	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>\$8.89</b>	\$34	\$34	\$34	\$31	\$14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$9.29	\$36	\$36	\$36	\$33	\$15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$9.69	\$38	\$38	\$38	\$34	\$15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$10.09	\$39	\$39	\$39	\$35	\$16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$10.49	\$41	\$41	\$41	\$37	\$17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$10.89	\$42	\$42	\$42	\$38	\$17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$11.29	\$44	\$44	\$44	\$40	\$18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

### ► ECO Premium Estimates – Mahnomen County

- WHEAT → \$0.34 / \$1 Coverage
- SOYBEANS → \$0.31 / \$1 Coverage
- CORN → \$0.32 / \$1 Coverage

A large, clear glass mug filled with golden beer and a thick head of white foam. The mug has a handle on the right side. The text "SCO" is overlaid on the top part of the beer, and "REVENUE PROTECTION" is overlaid on the middle part of the beer.

**SCO**

**REVENUE  
PROTECTION**



# At ProAg, we go beyond crop insurance

- Committed to providing accurate, updated information to help with the decision-making process through our personalized plan of insurance and comparison tools
- Provide tools and services to make your life easier through our customer's binder and mapping books and tool
- Daily marketing information to assist in grain marketing
- Farm Program: Work with our producers to formulate a plan in their farm program selections.
  - Assist in FSA PLC Yield updates by completing FSA forms
  - Completion of FSA forms for other programs – QLA
  - Farm Program Analysis tools
  - ERP/Whip information and calculations provided



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