2023
Crop Insurance Update

2417 US Hwy 59
Mahnomen, MN 56557
218.935.2700 Office
218.935.9333 Fax
proag@arvig.net
www.proagservice.com

ProAg is an equal opportunity provider

2023 POLICY & ACTUARIAL CHANGES

Yield Exclusion

Select 2021 counties are now eligible for Yield Exclusion. Yield Exclusion is an option that can be elected by sales closing for eligible crops. It allows for the exclusion of actual yields when RMA determines that the county's yields were at least 50 percent below the counties average yield of the previous 10 crop years. When a crop is considered eligible for YE in a given county, insureds in adjoining counties will also be eligible for YE. (*See page 4&5 for YE Chart of 2021 crop and counties).*

Planting Date Changes

- Soybeans
  - MN earliest planting date changed from April 21 to April 20 except the following counties which changed from April 21 to April 30: *Atkins, Cass, Crow Wing, Itasca, Koochiching, and Lake of the Woods.*
  - ND earliest planting date was changed from May 1 to April 30.
- Corn:
  - MN earliest planting date changed from April 11 to April 10.

T-Yields

T-Yields were reviewed and updated for corn, sweet corn, grain sorghum, green peas, barley, and buckwheat. Corn and barley T-yields were increased in many counties,.

Oats & Rye

- **Oats** – 2023 policies are changing from APH plans to either Yield Protection, Revenue Protection, or Revenue Protection with Harvest Price Exclusion. In addition, Enterprise Units or Enterprise Units by Irrigation practices will now be available. Changes to these policies can be made by 3/15/23.
- **Rye** – Rye will undergo the same above policy changes available on oats. Changes will be available for Rye this fall with a 9/30/23 sales closing date.

Sugarbeets

The sugarbeet stage removal was brought back as an option. As per the sugarbeet policy, beets have 2 stage guarantees. For sugarbeets **damaged** in the first stage (prior to 7/1) to the extent that the growers in the area would not normally further care for the beets or if they are destroyed due to this damage, the claim is paid at 60% of the guarantee. The stage removal option allows the producer to exclude the first stage coverage adjustments and get paid 100% of the guarantee.

Transitional and Organic Grower Assistance (TOGA)

New in 2023 - RMA's TOGA program automatically provides premium assistance to eligible organic producers who insure their crops in the 2023 crop year. Eligible producers will receive a discount on their premium billing statements.

- For organic crops, producers can receive $5 premium assistance per insured acres.
- For crops in transition to certified organic, producers can receive 10 percentage points of premium subsidy.
- To be eligible, producers must purchase a buy-up policy (CAT coverage does not qualify).

Post Application Coverage Endorsement (PACE)

PACE is a new corn endorsement that was widely expanded for the 2023 crop year. PACE provides extra coverage for producers who split apply nitrogen during the V3-V10 corn growth stage if adverse weather prevents them from making a post application of nitrogen.

- Available for NIRR Corn in select MN, ND, and SD Counties
- Application deadline for PACE is 3/15
- Coverage level between 75% and 90%
- Add-on to YP, RP, RP-HPE policies
- Pre-application minimum must be between 20% and 75% of total N
- Post-application window varies by county – approximately 25 days and dependent on plant date and region.
- Pre-application records and post-application intent records are needed
- PACE uses the approved yield of the underlying policy
- In the event of a claim, your indemnity is equal to:

*APH **X** Share % **X** PACE Coverage Level **X** Maximum of Projected or Harvest Price **X** Final PACE Loss Factor **X** Acres*

Availability:

Minnesota: All county's where non-irrigated corn is insurable.

North Dakota: Barnes, Cass, Griggs, Steele, Trail

South Dakota: Bon Homme, Charles Mix, Clay, Douglas, Hutchinson, Lincoln, Turner, Union, Yankton

PACE Example: Becker County MN producer who elected 85% PACE coverage with 175-bushel APH and an underlying 75% RP policy is planning to apply 150lbs of Nitrogen with 50% or 75lbs up front and 50% or 75lbs post-application. The producer is prevented from getting **any** post-application nitrogen applied on his 100 acres due to weather.

Producer harvests 140 bushels per acre or 80% of APH on 100-acre field. This exceeds the guarantee on his underlying insurance policy (*175 bu./acre x 75 percent coverage level = 131.25* bu.) so no indemnity is due under the underlying insurance policy. The PACE indemnity is calculated as follows (*using estimated 2023 price- Projected: $5.90 ; Harvest - $6.86*)

Indemnity: (APH) 175 x 100% (share)x 85% (PACE Coverage Level) x $6.86 (Max of Projected or harvest price) x .08 (Pace Loss adjustment factor for 50/50 split) x 100 acres = $8163.40 Indemnity 2023 premium quote Becker Co = $1.86 per acre.

Minnesota YE CHART

MINNESOTA	NI Corn YE		NI Soybean YE		NI Wheat YE		NI Sugar Beets YE		NI Drybean YE		NI Barley YE		NI Sunflowers YE	
County	# of Yr	Eligible Years	# of Yr	Eligible Years	# of Yr	Eligible Years	# of Yr	Eligible Years	# of Yr	Eligible Years	# of Yr	Eligible Years	# of Yr	Eligible Years
Becker	6	2001C 2004C 2007C 2008C 2009C 2021C	6	2004P 2007C 2008C 2013C 2014C 2021C	3	2006C 2008C 2021C	0	None	4	2001P 2004C 2006C 2007C	5	1995C 2002C 2007C 2011C 2021C	3	1997C 1999C 2021C
Beltrami	10	2001C 2003C 2004P 2006C 2007C 2008C 2009C 2011C 2013C 2021C	2	2004C 2014C	5	1999C 2002P 2005C 2006C 2008C	#N/A	#N/A	#N/A	#N/A	7	1995C 1998P 1999P 2001C 2002C 2004C 2005P	3	1997C 1999C 2004P
Cass-MN	8	2001C 2003P 2004P 2006P 2007P 2008P 2013C 2021P	5	2007C 2008C 2013C 2014C 2021C	4	2002C 2006C 2008C 2021C	#N/A	#N/A	3	2001C 2006C 2007C	7	1995C 1998C 1999C 2005C 2007C 2014C 2017C	#N/A	#N/A
Clay	1	2004C	1	2004C	0	None	0	None	1	2001C	4	2005C 2007C 2011C 2021C	1	1997C
Clearwater	4	2001C 2004P 2009P 2021P	2	2004P 2014C	3	2002C 2006C 2008C	#N/A	#N/A	5	2007C, 2006C 2004C 2002C 2001C	5	1995C 1998C 1999C 2002C 2005C	3	1997C 1999C 2004C
Douglas	0	None	1	2004C	1	2021C	1	2011C	1	2006C	3	2005C 2014C 2017C 2021C	1	1995C
Grant	0	None	1	2004C	0	None	1	2011C	2	2006C 2011C	2	2005P 2021C	2	1995C 2017C
Hubbard	8	2001P 2003C 2004P 2006C 2007C 2008C 2009C 2021P	6	2004C 2007C 2008C 2013C 2014P 2021C	4	2002C 2006P 2008P 2021C	#N/A	#N/A	3	2001P 2006P 2007P	5	1995P 1998C 1999C 2005C 2007C	2	2004C 2021C
Kittson	2	2004P 2009C	1	2004P	2	2002C 2005P	1	2005P	1	2005P	3	1999C 2002C 2005P	3	1997P 1999C 2004P
Mahnomen	3	2004P 2009C 2021C	1	2004P	0	None	0	None	2	2001C 2004P	2	2002P 2011C	2	1997C 1999P
Marshall	2	2004P, 2009C	1	2004P	2	2002C 2005C	1	2005C	2	2002C 2005C	5	1998C 1999P 2002C 2005C 2020C	3	1997C 1999C 2004P
Norman	1	2004C	1	2004C	0	None	0	None	2	2001C 2004C	2	2002C 2011P	2	1997P 1999C
Otter Tail	3	2007C 2008C 2021C	5	2004C 2007C 2008C 2013C 2021C	1	2021C	0	None	1	2001C	4	2005C 2007C 2017C 2021P	0	None
Pennington	3	2004P 2009C 2021C	2	2004P 2021C	1	2002C	0	None	1	2002P	4	1998C 1999P 2002P 2005C	3	1997P 1999P 2004P
Polk	2	2004P 2009C 2021C	2	2004P 2021C	0	None	1	2019C	2	2002C 2004C	3	1999C 2002C 2011C	4	1997C 1999C 2004C 2019C
Pope	0	None	0	None	0	None	1	2011C	3	1995C 2004C 2006P	2	2005C 2014C	1	1995C
Red Lake	2	2004P 2021P	2	2004P 2021P	0	None	0	None	1	2002C	2	1999C 2002P	3	1997C 1999C 2004C
Redwood	0	None	0	None	2	2018C 2019C	0	None	0	None	0	None	#N/A	#N/A
Stevens	0	None	0	None	0	None	1	2011C	3	1995C 2006C 2011C	1	2005C	1	1995P
Todd	7	2003C 2004C 2006C 2007C 2008C 2013C 2021C	4	2007C 2008C 2013C 2021C	1	2021P	#N/A	#N/A	0	None	4	2007C 2014C 2017P 2021C	1	2021C
Traverse	0	None	0	None	0	None	1	2011P	1	2011P	2	2005P 2007C	2	1995C 2017P
Wadena	7	2001C 2003C 2004C 2006C 2007P 2008P 2021P	6	2004C 2007P 2008P 2013P 2014C 2021P	3	2006C 2008C 2021P	#N/A	#N/A	3	2001C 2006C 2007C	4	1995C 2007P 2017C 2021C	1	2021P
Wilkin	0	None	1	2004C	0	None	1	2011C	1	2011C	3	2005P 2007C 2021C	1	2017C

North Dakota/South Dakota YE Chart

NORTH DAKOTA	NI Corn YE		NI Soybean YE		NI Wheat YE		NI Sugar Beets YE		NI Drybean YE		NI Barley YE		NI Sunflowers YE	
County	# of Yr	Eligible Years	# of Yr	Eligible Years	# of Yr	Eligible Years	# of Yr	Eligible Years	# of Yr	Eligible Years	# of Yr	Eligible Years	# of Yr	Eligible Years
Barnes	1	2004C	0	None	0	None	#N/A	#N/A	1	2006C	1	2011C	2	2004C 2019C
Cass-ND	1	2004C	0	None	0	None	1	2019C	0	None	2	2007C 2011P	3	1997C 2004C 2019C
Dickey	2	2006C 2021C	1	2003C	2	2002C 2021C	#N/A	#N/A	3	1999C 2006C 2015C	6	2002P 2006C 2007P 2011C 2017C 2021C	2	2007C 2010C
Foster	1	2004P	0	None	0	None	#N/A	#N/A	1	2021C	1	2021C	3	2004P 2011C 2019C
Grand Forks	1	2004P	1	2004C	0	None	1	2019C	0	None	1	1999C	5	2004C 2011C 2012C 2015C 2019C
Kidder	2	2004C 2006P	3	2002P 2003C 2006C	2	2002P 2006C	#N/A	#N/A	1	2006C	2	2002P 2006P	2	2004C 2014C
LaMoure	2	2004C 2021C	1	2003C	2	2002C 2021C	#N/A	#N/A	1	2006P	5	2002C 2006C 2007C 2011P 2021C	1	2004C
Logan	2	2004C 2006C	2	2002C 2003C	2	2002P 2006C	#N/A	#N/A	#N/A	#N/A	3	2002P 2006P 2011C	3	2000C 2002C 2004C
McIntosh	2	2006C 2021P	2	2003P 2006C	4	2002P 2006C 2017C 2	#N/A	#N/A	1	2006	7	2002P 2006C 2007C 2011C 2017C 2020C 2021P	1	2006C
Nelson	1	2004P	0	None	1	2000C	#N/A	#N/A	0	None	0	None	4	1999C 2004C 2011P 2012P
Richland	0	None	0	None	0	None	1	2011C	1	2011C 2015C	3	2005C 2007P 2011C	2	2007C 2017C
Steele	1	2004P	0	None	0	None	1	2019P	0	None	0	None	5	2004P 2011C 2012C 2015C 2019P
Stutsman	3	2004P 2006C 2021C	1	2002C	1	2002C	#N/A	#N/A	2	2006C 2021C	4	2002C 2006C 2011C 2021C	2	2004P 2019C
Traill	1	2004C	1	2004C	0	None	1	2019P	0	None	1	2011C	3	1997C 2004C 2019P
Wells	2	2004P 2006C	1	2002C	1	2002C	#N/A	#N/A	1	2004C	2	2002C 2006C	3	2004C 2011C 2014C

SOUTH DAKOTA	NI Corn YE		NI Soybean YE		NI Wheat YE		NI Sugar Beets YE		NI Drybean YE		NI Barley YE		NI Sunflowers YE	
County	# of Yr	Eligible Years	# of Yr	Eligible Years	# of Yr	Eligible Years	# of Yr	Eligible Years	# of Yr	Eligible Years	# of Yr	Eligible Years	# of Yr	Eligible Years
Roberts	0	None	0	None	0	None	#N/A	#N/A	#N/A	#N/A	3	2005C, 2006C, 2007C	3	1995C 2007C 2017C

* Contact ProAg for YE chart for Potatoes and Oats

Barley Coverage Overview

The two primary types of barley insured in our area fall under two categories; Malting or All Other Spring. All Other Spring (AOSP) types include those varieties grown for feed, cover crops, etc. and are not eligible for contract pricing. Malting type varieties are eligible for contract pricing if there is a malt contract in place. Below are the insurance options for AOSP and malt barley:

- ***AOSP Barley Coverage Options***
  - Yield Protection (YP) or Revenue Protection (RP) using the base MPCI barley price
- ***Malt Barley Coverage Options***
  - Yield Protection (YP) or Revenue Protection (RP) using the base MPCI barley price
  - Yield Protection (YP) with Contract Pricing (CP) utilizing your malt barley contract price on contracted bushels. Note that this will not provide any extra quality protection over and above the standard barley provisions
  - YP or RP with the Malt Barley Endorsement (MBE). The MBE allows you to utilize the price on your malt barley contracted bushels and provides additional quality coverage based on the specifications in your malt barley contract. **The MBE option must be elected by 3/15.**
  - The approved malting barley varieties include all varieties recommended for malting by the American Malting Barley Association for the current crop year (see below for list) 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 and Insurance Credits

The Pandemic Cover Crop Program (PCCP) was a program created by USDA in 2021 that provided a $5.00 per acre credit towards an insureds MPCI premium, provided a cover crop was planted prior to FSA deadline. The PCCP program was originally for the 2021 crop year but was extended to the 2022 crop year. USDA will not be renewing the PCCP program in 2023, however since they may elect to make benefits available in a similar program going forward, it may be advisable to do the following if you wish to qualify for the cover crop credit:

1. Plant **a qualifying FSA cover crop**
2. Plant and insure a spring crop (CAT coverage does not qualify).
3. Report planted cover crop acres to FSA timely

PREVENT PLANTING

Prevented Planting is the failure to plant the insured crop acreage with proper equipment by the final planting date or by the end of the late planting period (25 days after the final planting date for most crops).

Criteria for PP Payments and Eligible PP acres:

- Insured is prevented from planting the insured crop on insurable acres with the proper equipment by the final plant date or within the late plant period.
- Cause of loss is general to the area.
- Insured cause of loss occurs during the PP insurance period.
- Acreage must be available for planting
- PP payment factors: **Soybeans, Wheat, Sunflowers, Barley, Oats** - 60%; **Corn** - 55%; **Drybeans** - 50%; **Potatoes & Sugarbeets** - 45%
- A Prevent Plant buyup of 5% can be added to a crop by sales closing if no cause of loss is evident at the time it is added.

Recent PP Changes:

- A producer can plant **part of a field to another crop and still qualify for PP on his first intended crop** (i.e. corn PP and plant soybeans within a field.) however, the PP acreage will need to meet the 20/20 within the field and the producer will need to prove they intended to plant the PP crop (ie seed receipts, fertilizer records etc) if the PP acreage is a different crop than what is planted in the field.
- A producer can use an Intended Acreage Report for first 2 years of farming (instead of just the first year).
- Eligible PP base acres will not be reduced by uninsured 2nd crop

COVER CROP CHANGES

- Corn (even a corn mix) is no longer considered a cover crop and will **eliminate** a PP payment if planted for a cover on PP ground.
- Crop Insurance does not require a cover crop on PP acres but if one is planted, it must be recognized by agricultural experts as agronomically sound for the area for erosion control or other purposes related to conservation or soil improvement, unless otherwise specified in the Special Provisions.
- A cover crop planted on acreage claimed as PP can now be hayed, grazed, or cut for haylage or baleage at any time without a reduction to the PP payment. However, a cover crop harvested for grain or seed at any time will result in PP payment reduction.

CROP INSURANCE REMINDERS

Production Reporting

Producers are required to indicate the type of records they used to support their production report. (i.e. Sold, Field Harvest Records, Automated Yield Monitor etc.)

- In an APH audit, if an insured does not have written verifiable records to support the information on the production report, the insured will receive assigned yields. (**Assigned Yields are equal to 75% of the prior year's APH)**

- If an insured has acceptable records, these records must be within 5% of the yield reported or assigned yields will be applied in an audit.
- If you are not selling grain straight off the field, keeping load records to substantiate your reported production usually works best in an audit situation.

Winter Wheat Insurability

MN & ND do not have a Fall-Planted Winter Wheat policy. Therefore, producers who wish to insure their winter wheat can do so under their spring MPCI wheat policy **if**:

1. The insurance company is notified in writing by **3/15/2023**.
2. The winter wheat field passes an inspection conducted by the insurance company in the spring**.**

Broadcasting Soybeans

Broadcasting soybeans **is NOT** an insurable practice without prior consent through a written agreement from RMA. If you intend to broadcast soybeans or think it is a possibility, make sure to notify your agent right away.

Forage Seeding Policies

Forage Seeding policies now allow for coverage on spring and fall seeded forage crops. A Forage Seeding Policy covers newly seeded forage crops against winter kill, excess moisture, drought, plant disease, and all other natural causes of loss during the year of establishment

Maximum Harvest Price

The Revenue Protection Harvest Price is capped at 2X the spring price for all crops except for dry beans, which are capped at 1.5X the spring price.

Livestock & Harvested Grain

If you are feeding harvested grain to your livestock, we highly recommend that you get your production appraised by an adjuster as RMA's feeding record requirements are very stringent.

New Crop/New Producer

If you are adding a crop to your policy that you have never produced before you are considered a "New Producer" and are eligible to use 100% of the Co T-yield for APH purposes. If you have produced the crop in the past, you will need to provide previous production records, or you can request from RMA to use 100% of the Co T-yield if you have not produced the crop in more than two of the last ten years.

New Breaking/CRP/Native Sod

Please note that there are special requirements for insurability to transition land that has not been previously or recently cropped.

Precision Reporting

For Acreage Reporting, producers can utilize precision mapping directly from the planter monitor. The field data can either be pulled from the monitor or the producer's precision account can be directly linked to the policy and the fields will be automatically uploaded as they are planted. The process is similar for Production Reporting, however, specific calibration procedures need to be followed and documented in order for the production to be considered a hard record.

IMPORTANT DATES FOR CROP INSURANCE

- Sales Closing Date/Cancellation 3/15
- Production Reporting (APH) 4/29
- New Breaking-*requesting insurability*
  - New Breaking > 320 acres 3/15
  - New Breaking < 320 acres 7/15
- Final Planting Date (*see actuarial for specific crop*)
- Acreage Reporting Date 7/15
- Billing Date 8/15
- Margin Protection / Rye Sales Closing 9/30
- End of Insurance Period
  - Forage Production/Potatoes 10/15
  - Wheat/Drybeans/Barley/Flax/Canola 10/31
  - Sugarbeets 11/15
  - Sunflowers 11/30
  - Soybeans/Corn 12/10
- Pasture, Rangeland, Forage (PRF) Sales Close 12/1

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%*

2023 Revenue Protection Discovery Periods

Crop	Futures Contract	Projected Price Period	Harvest Price Period	Commodity Exchange
Barley	**Sept**	Feb	Aug	CBOT-Corn (x factor)
Canola	**Nov**	Feb	Sept	ICE (International Commodity Exch)
Corn	**Dec**	Feb	Oct	CBOT
Soybeans	**Nov**	Feb	Oct	CBOT
Sunflowers	**Dec**	Feb	Oct	CBOT-Sbean Oil
Wheat	**Sept**	Feb	Aug	MGE
Corn Silage	**-**	Set by RMA	-	$ set by Jan 31st
Oats	**Sept**	Feb	Aug	CBOT - SRW Wheat
Rye	**Sept**	15 Aug - Sept 14	Aug	CBOT - SRW Wheat
Dry Beans	**-**	RMA Data collected by Feb 15	RMA Data From 2nd Tues in Sept. to 3rd Tues. in Dec.	Data from AMS (Agricultural Marketing Service) Bean Market News (HP release by 3rd week of January)

Revenue Protection Example

2023 Soybean <u>Harvest Price *Decrease (What if Scenario)*</u>

APH: 40 **Projected Price**: $14.00

Coverage Level: 75% (30 bu./ac. guar.) **Harvest Price**: $12.00

Harvested Production: 31 b/a

Revenue Guarantee: $420 (30 bu. guar X $14.00 -> higher of **projected** or harvest price)

<u>Production Value: $372</u> (31 bu. Harvested Production X harvest price $12.00)

Indemnity: **$48/acre**

In this example the Harvest Price went down. This increases your guaranteed bushels from 30 to 35 ($420/$12.00 = 35 bu.) since you've locked in a revenue guarantee based on the higher of the projected or harvest price.

Margin Protection

With the higher commodity prices and the continuing rise of input costs there had been some renewed dialogue in Margin Protection this past fall. The Margin Protection (MP) plan of insurance is available for wheat, corn, and soybeans in most of our region. Margin Protection can be purchased by itself or in conjunction with a Revenue Protection (RP) or Yield Protection (YP) MPCI policy.

The Margin Protection (MP) policy provides you coverage against an unexpected decrease in your operating margin (expected margin = expected revenue – 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. Because Margin Protection is area based and uses the average for the county, it may not necessarily reflect your individual experience. Your own operations yields and costs are not taken into account. If the average margin for the county is lower than expected, due to a decrease in revenue and/or an increase in input costs, Margin Protection may cover a portion of that shortfall. There are no replant or prevent plant provisions with an MP policy (only insures planted acres), therefore an additional Revenue Protection or Yield Protection Policy would need to be in place to provide coverage in the event of those losses. If an MPCI RP or YP policy is purchased, it must be with the same insurance company that issued the Margin Protection policy. If you buy a RP or YP policy, you will receive a premium credit on your Margin Protection policy to reflect that indemnity payments from one policy can offset payments from the other. Any indemnities owed will be paid when final county yields are available in the spring of the following year.

One benefit to MP Policies is the ability to lock in an insurance commodity price for each crop earlier than typical RP/YP policies, as the price discovery periods take place the fall before the crop year (Aug/Sep vs Feb). Premiums/Margin vary significantly by county, but an example premium for Mahnomen County (95% coverage and 100% factor) would be as follows:

	Premium/Acre	Expected Revenue	-	Expected Costs and Deductible	=	Expected Margin
Corn	**$86**	$970	-	$470	=	$500
Soybeans	**$34**	$520	-	$220	=	$300
Wheat	**$43**	$605	-	$275	=	$330

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.

Emergency Relief Program (ERP)

The first phase of the ad hoc disaster program known as ERP (basically WHIP+ rebranded) was paid out early last summer using crop insurance information and a simplified pre-filled application process. Phase 1 covered those eligible individuals that had a crop insurance indemnity in the 2020 and 2021 crop years. There was a recent update to Phase 1 that FSA is calling Phase 1D. Phase 1D is primarily dealing with situations where tax ID's for crop insurance did not match the type of ID on file at FSA. This has primarily affected entities formed for purposes of renting sugarbeet stock. While Phase 2 uses the same qualifying disaster years it will move to a revenue based approach utilizing information from producers Schedule F to calculate allowable gross revenue. Producers will need their tax records from 2018 and 2019 to establish a benchmark revenue (whichever year is higher). They would then take the benchmark year times 70% and then subtract the allowable gross revenue from the disaster year to see if they qualify for a payment. In addition any Phase 1 payments would need to be subtracted from the final number. Due to much higher commodity prices in 20 and 21 vs. 18 and 19 it will be difficult for many producers to qualify for Phase 2.

Disaster Aid for 2022 Crop Year?

As part of the $1.7 trillion omnibus spending bill there was $3.7 billion included in farm disaster aid to cover eligible 2022 crop and livestock losses. Of that $494.5 million is to be used for livestock losses due to drought or wildfires. We will be sure to update you with details on any programs as they become available.

WHIP+ Linkage Requirement For 22/23 Crop Years

Just a reminder that if you received a payment under the WHIP+ or QLA programs (will also apply to any ERP payments you've received going forward) you are required to obtain either federal crop insurance or NAP coverage at the 60% level or higher for the 2022 and 2023 crop years. Many of you may have already received a letter from FSA detailing the crops/counties you are required to buy coverage in. The requirement is crop and county specific. Failure to meet this requirement would require you to pay back the payments received plus interest.

FARM PROGRAM – What to do in 2023?

For 2023 you will have the same Farm Program options as you've had since 2014:

- On a FSA farm basis, allows the choice between:
  - Price Loss Coverage (PLC)
    - PLC Reference $: Corn $3.70; Soybeans $8.40 & Wheat $5.50
  - Agriculture Risk Coverage – County Level (ARC-CO)
  - Agriculture Risk Coverage – Individual Coverage (ARC-IC)
- Annual election and sign up for 2023

IMPORTANT DEADLINES

- March 15, 2023 – Sign up deadline for 2023 Farm Program
  - 1-year program election
  - Failure to make election by 3/15 will result in the continuation of the Farm Program selection made on that individual farm the previous year

WHAT TO DO IN 2023?

Once again for the '23 farm bill sign up we are looking at signing up for a crop that hasn't been planted yet. With new crop prices for most crops (Corn around $6.00, Soybeans $14.00, Spring Wheat $9.00) significantly above their respective reference prices (see above) the likelihood of payments without a significant price correction are extremely low. With no other considerations, ARC-CO will likely have a better chance at payment than PLC due to its county yield component. If adverse weather causes county yields to fall, similar to the 2021 drought, and county revenue falls far enough it could theoretically trigger a payment. For those utilizing SCO, remember you will need to enroll in PLC. If you are utilizing ECO it doesn't matter which Farm Program is selected.

NEW FARM BILL COMING IN 2023?

With the current farm bill set to expire after the '23 crop year, there are a few possibilities going forward. With the current split of congress the most likely scenario according to some people is that there will simply be an extension of the current bill. The preference of House Ag Committee Chairman, Glen "G.T" Thompson, is that a new farm bill is completed before the current legislation expires. Crop insurance and updated reference prices were cited as possible improvements for the next farm bill.

Supplemental Coverage Option (SCO)
and
Enhanced Coverage Option (ECO)

Do SCO & ECO have a place in 2023? Heading into last year we gave SCO and ECO a serious look. We were coming off a severe drought in 2021 and had prices that were nearing some lofty levels. Currently looking at the coming crop year - what has changed? We still find ourselves with historically high commodity prices. Have we become numb to $6 corn, $14 soybeans, and $9 wheat? Every time one of these cycles hit, you will find people talking about these prices being the new normal. For those of you that have been around long enough to experience a few of these cycles, which is more likely…that we are selling corn with a $6 or a $4 handle within the next two years? Couple these high prices with input costs that continue to rise and there is plenty of risk and reward to weigh out.

SCO and ECO are additional county-based insurance coverage options that provide area-based coverage above your underlying MPCI crop insurance policy coverage level. With new crop prices still near multi-year highs SCO and ECO can offer some additional price protection when paired with Revenue polices. SCO provides coverage above your underlying MPCI crop insurance policy coverage level up to 86% revenue level. ECO provides additional shallow loss coverage from 86% to the 90 or 95% level. The two options can be bought separately or together. The chart below represents the revenue coverage band of each type of coverage. On th next page you will find a brief summary of key takeaways from each option.

<table>
<tr><th>Percent of Expected Grower Revenue</th><th>Individual Loss</th><th>Area-Based Loss</th></tr>
<tr><td>100%</td><td></td><td></td></tr>
<tr><td>95%</td><td rowspan="2"></td><td rowspan="2">ECO Revenue (95% to 86%)</td></tr>
<tr><td>90%</td></tr>
<tr><td>86%</td><td rowspan="3"></td><td rowspan="3">SCO Revenue (86% to 75%)</td></tr>
<tr><td>85%</td></tr>
<tr><td>80%</td></tr>
<tr><td>75%</td><td rowspan="16">Individual Revenue Policy (75% Coverage)</td><td rowspan="16"></td></tr>
<tr><td>70%</td></tr>
<tr><td>65%</td></tr>
<tr><td>60%</td></tr>
<tr><td>55%</td></tr>
<tr><td>50%</td></tr>
<tr><td>45%</td></tr>
<tr><td>40%</td></tr>
<tr><td>35%</td></tr>
<tr><td>30%</td></tr>
<tr><td>25%</td></tr>
<tr><td>20%</td></tr>
<tr><td>15%</td></tr>
<tr><td>10%</td></tr>
<tr><td>5%</td></tr>
<tr><td>0%</td></tr>
</table>

Supplemental Coverage Option (SCO)

- You can't have a crop enrolled in ARC-CO or ARC-IC at FSA and be eligible for SCO
- SCO will provide the same type of coverage (yield or revenue) as the underlying MPCI policy with a March 15th sales closing date and must be purchased through a crop insurance agent
- SCO Premium is subsidized at 65% but has its' own Administration Fee of $30
- Coverage on planted acres, not base acres.
- SCO Liability will be based on the expected crop value from individual grower's APH but the loss is determined by county yield data.
- Can choose anywhere from 50-100% of total coverage dollars

SCO Wheat Example: Mahnomen County *(Price Decline Scenario)*

Projected Price: $8.90 / Harvest Price $7.50 Level of MPCI coverage: 75% APH Yield: 64 bu.

MPCI RP coverage: 64 bu. x .75 x $8.90 = $427
SCO coverage: 64 bu. x 11% (86% - 75%) x $8.90 = $62.66 SCO Coverage/Ac
SCO deductible: 100% - 86% = 14%

Expected County Bushels:	66.8 bu.	Expected County Revenue:	66.8 bu. x $8.90 = $595
Final County Bushels:	65 bu.	Final County Revenue:	65 bu. x $7.50 = $488

Loss Percentage = 18.0% ($595-$488/$595)
18.0% loss – 14% deductible = 4.0 % net loss
4.0% loss/11% coverage level = 36% payment factor
SCO Payment: $62.66 SCO Coverage/Ac x 36% payment factor = $22.56/Ac SCO Payment
Estimated Premium = $9.13 /Acre

Enhanced Coverage Option (ECO)

- Does not matter what your underlying farm bill decisions are
- ECO will provide the same type of coverage (yield or revenue) as the underlying MPCI policy with a March 15th sales closing date and purchase through crop insurance agent
- Can purchase in conjunction with SCO or stand alone
- ECO Premium is subsidized at 44% for RP and 51% for YP
- Who is a good fit for ECO? Those buying higher levels of insurance (80-85%) or already buying area based coverage. Also for producers who have enrolled in ARC-CO / ARC-IC and are not eligible for SCO
- Can choose anywhere from 50-100% of total coverage dollars

ECO Wheat Example: Mahnomen County *(Price Decline Scenario)*

Projected Price: $8.90 / Harvest Price $7.50 Level of MPCI coverage: 75% APH Yield: 64 bu.

MPCI RP coverage: 64 bu. x .75 x $8.90 = $427
ECO coverage: 64 bu. x 9% (95% - 86%) x $8.90 = $51.26 SCO Coverage/Ac
ECO deductible: 100% - 95% = 5%

Expected County Bushels:	66.8 bu.	Expected County Revenue:	66.8 bu. x $8.90 = $595
Final County Bushels:	70 bu.	Final County Revenue:	70 bu. x $7.50 = $525

Loss Percentage = 11.8% ($595-$525/$595)
11.8% loss – 5% deductible = 6.8 % net loss
6.8% loss/9% coverage level = 75% payment factor
ECO Payment: $51.26 ECO Coverage/Ac x 75% payment factor = $38.72/Ac ECO Payment
Estimated Premium = $17.93 /Acre