POWERED BY:

FARM BUREAU FINANCIAL SERVICES

CROP

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Crop Insurance -2023 Spring Farmer Meeting

January 2023

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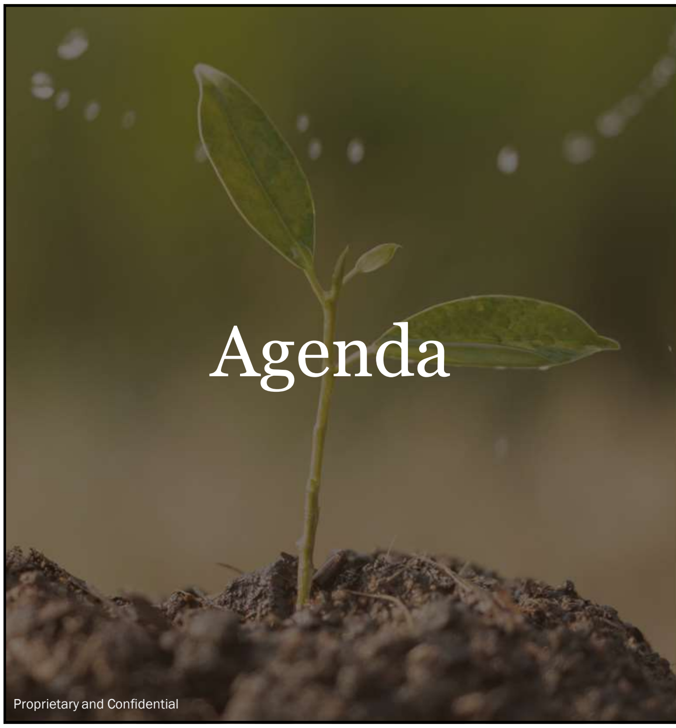

- Revenue Protection
- Unit Structure
- Supplemental Coverage Option
- Enhanced Coverage Option
- RPO with MCO
- Sales Closing Reminders

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Revenue Protection

- Protection against loss of revenue due to production loss, price decline or a combination of both
- Revenue Protection also provides prevented planting and replant protection
- Ability to select Harvest Price Exclusion
- Select coverage level between 50 – 85 percent
- Sales closing date of March 15
- Spring base price is determined by averaging the new crop futures contract settlement price – December for corn and November for soybeans, during February 1 – February 28
- Harvest price, for both corn and soybeans, is determined by averaging the new crop future contract settlement price during the month of October

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Revenue Protection – How does it work?

Determining your dollar guarantee
[Approved Yield * Coverage Level * Your Crop Share * Projected Price] = Dollar Guarantee

Determining your value of production
[Harvest Production * Harvest Price^ * Your Crop Share] = Value of Production

Determining your loss payment
[Dollar Guarantee – Value of Production] = Loss Payment

^ The harvest price is not price at which your crop is sold.

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Revenue Protection - Corn

*Example: **Higher** Harvest Price*

APPROVED YIELD	CROP SHARE	SPRING BASE PRICE	HARVEST PRICE
180 bu. / acre	100%	$4.00/bu.	$4.35 / bu.

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Corn Example: Higher Harvest Price

Revenue Protection - Higher Harvest Price			
Levels of Coverage	65%	75%	85%
Projected Guarantee / Acre	$468.00	$540.00	$612.00
Harvest Guarantee / acre	$508.95	$587.25	$665.55
Initial Yield Trigger	117	135	153
Final Yield Trigger	117	135	153
Bushels Harvested x Harvest Price (not price corn was sold)			
160 x $4.35 = $696.00/acre	No Loss	No Loss	No Loss
140 x $4.35 = $609.00/acre	No Loss	No Loss	$56.55
120 x $4.35 = $522.00/acre	No Loss	$65.25	$143.55

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Revenue Protection - Corn

Example: Lower Harvest Price

APPROVED YIELD	CROP SHARE	SPRING BASE PRICE	HARVEST PRICE
180 bu. / acre	100%	$4.00/bu.	$3.80 / bu.

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Corn Example: Lower Harvest Price

Revenue Protection - Lower Harvest Price			
Levels of Coverage	65%	75%	85%
Projected Guarantee / Acre	$468.00	$540.00	$612.00
Harvest Guarantee / Acre	$444.60	$513.00	$581.40
Initial Yield Trigger	117	135	153
Final Yield Trigger	123.1	142.1	161.1
Bushels Harvested x Harvest Price (not price corn was sold)			
160 x $3.80 = $608.00 /acre	No Loss	No Loss	$4.00
140 x $3.80 = $532.00/acre	No Loss	$8.00	$80.00
120 x $3.80 = $456.00/acre	$12.00	$84.00	$156.00

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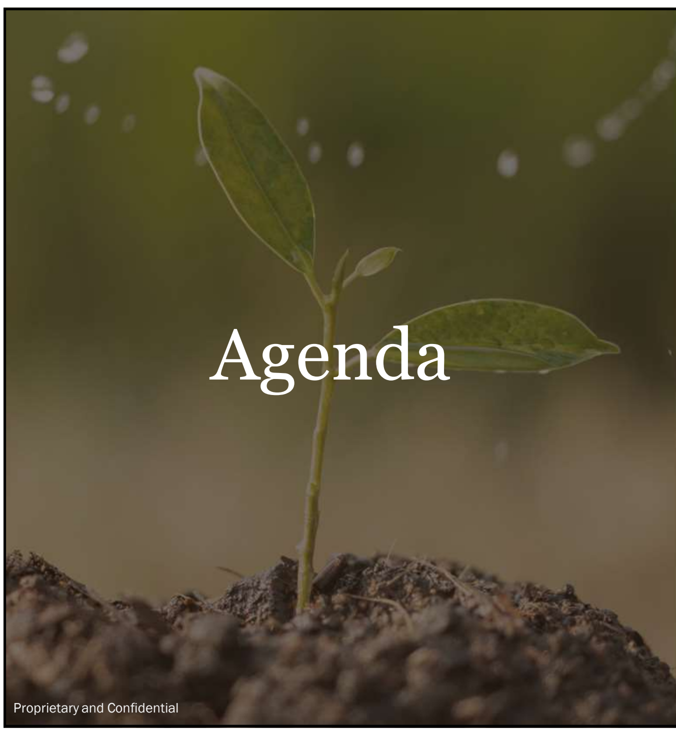

Revenue Protection

Unit Structure

Supplemental Coverage Option

Enhanced Coverage Option

RPO with MCO

Sales Closing Reminders

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LARGEST

SMALLEST

Types of Unit Structure

LEAST EXPENSIVE

MOST EXPENSIVE

1. **Whole Farm Units (WU)**
   Grouped by County – regardless of crop
2. **Enterprise Units (EU)**
   Grouped by County & Crop – regardless of shareholder
3. **Basic Units (BU)**
   Grouped by County, Crop, & Shareholder
4. **Optional Units (OU)**
   Grouped by County, Crop, Shareholder, Section, Irrigated and Non-Irrigated, & Type (winter, spring & durum)

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Unit Structure
Enterprise Units: Additional Options

Enterprise units by Irrigation Practice (EI)

Allows for the formation of an enterprise unit for irrigated land and a separate enterprise unit for non-irrigated land

Each practice must qualify for enterprise unit on its own

Enterprise units by Cropping Practice (EC)

Allows for the formation of separate enterprise units for FAC and NFAC cropping practices

(Soybeans and grain sorghum only)

Enterprise units by Type (ET)

Allows for the formation of separate enterprise units by crop type *(Dry beans, Dry peas, and Wheat only)*

Can elect a mix of unit structures (i.e. EU for Winter Wheat and BU/OU for Spring Wheat)

Multi-County Enterprise Unit (MCEU)

Allows for the creation of an enterprise unit for two contiguous counties
One (1) county must qualify for EU, the second county must no qualify for EU

Must have identical coverage elections on each county – *Plan of Insurance, Coverage Level by practice - if applicable, EU or EU by practice, MCEU*

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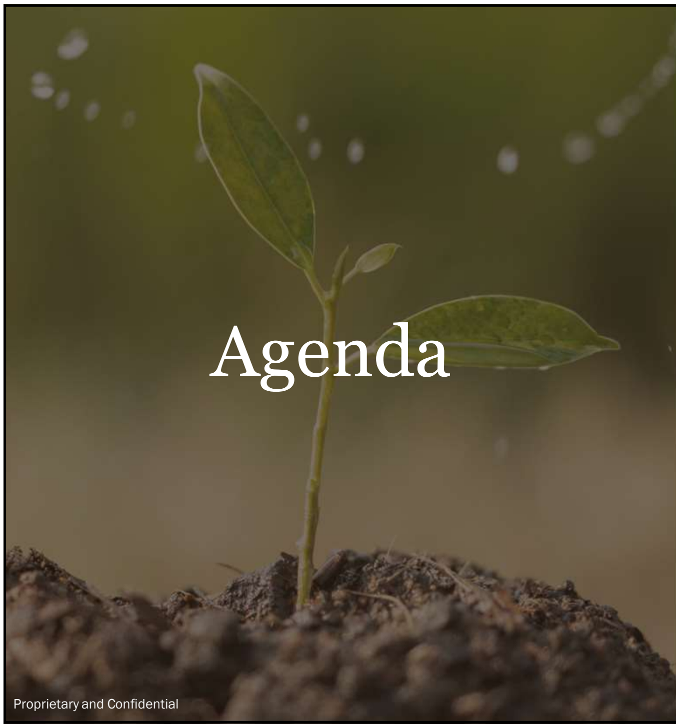

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Supplemental Coverage Option (SCO)

- County-level policy endorsement that is in addition to an underlying crop policy, and covers a portion of the loss not covered by the same crop's underlying policy
- Coverage: Underlying policy coverage level up to 86%
- Loss Triggers on an area basis—Similar to ARPI
- 65% premium subsidy
- Separate administrative fees by crop/county
- Prevented planting and replanting provisions do not apply
- Payment within 30 days after FCIC releases Final Area Yields and Revenues

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Supplemental Coverage Option (SC)

Not available to producers who choose Agriculture Risk Coverage (ARC)

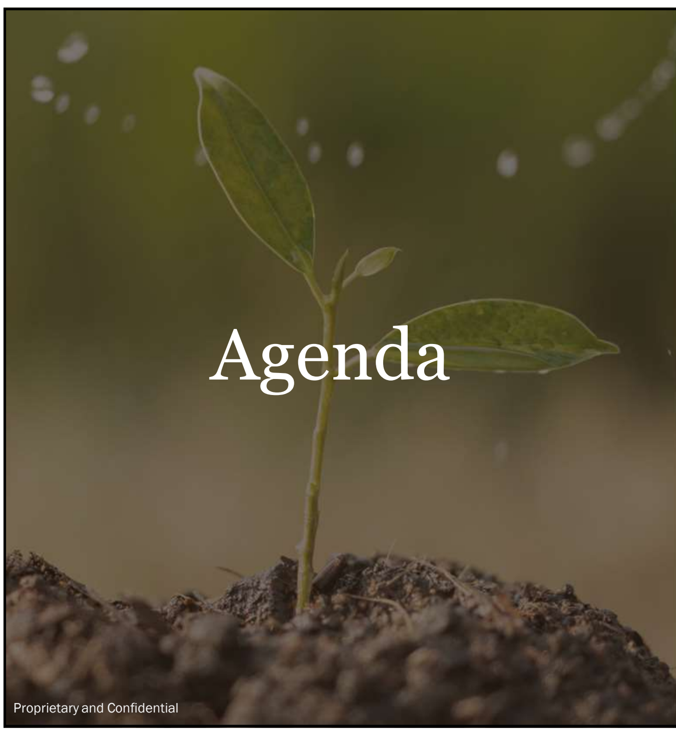
ARC can be elected by FSA crop/Farm Number (FN).

If producers choose ARC on certain farms and SCO on other farms

- Acres will have to be reported by CLU (farm, tract, field)
- Acreage report will need to designate which acres/FSNs are enrolled in ARC and which are covered under SCO

Penalty applies for enrolling both in ARC and SCO

- **Lose SCO coverage and pay 60% of premium**



Revenue Protection

Unit Structure

Supplemental Coverage Option

Enhanced Coverage Option

RPO with MCO

Sales Closing Reminders

What is the Enhanced Coverage Option (ECO)?

ECO provides area-based coverage for a portion of the deductible of your underlying policy in a manner similar to the Supplemental Coverage Option (SCO)

Coverage follows the underlying policy

Revenue Protection or Yield Protection

Coverage is based on underlying policy liability

Separate coverage and indemnity determinations

Claims are triggered based on county performance

Paid in the summer following the crop year

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Enhanced Coverage Option

Example: SCO/ECO options

EXAMPLE 1: 95% ECO Trigger

Deductible (no coverage)	100-95%
ECO Coverage range *(based on county level yields)*	95-86%
SCO or ARC Coverage range *(based on county level yields)*	86-75%
MPCI coverage range	75%

EXAMPLE 2: 95% ECO Trigger

Deductible (no coverage)	100-95%
ECO Coverage range *(based on county level yields)*	95-86%
Deductible (no coverage)	86-75%
MPCI coverage range	75%

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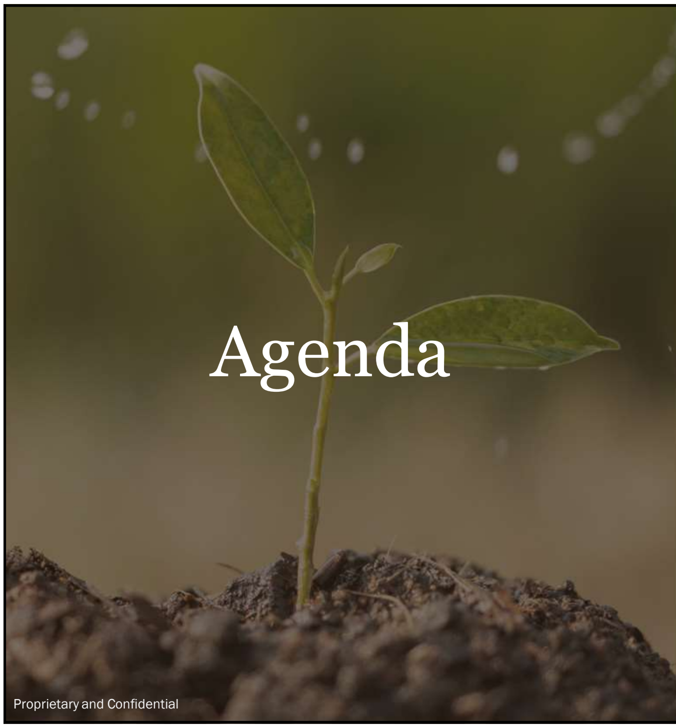

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Revenue Price Option (RPO) with Market Coverage Option (MCO)

What is RPO with MCO?

New coverage option exclusively available through Rain and Hail that allows you to insure your corn and soybeans at a higher price than what is available under your Revenue Protection (RP) policy.

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RPO with MCO Availability

RPO with MCO is available on a limited basis for corn and soybeans in these states: IA, KS, MN, NE, and SD

Maximum coverage allowed under this endorsement is:

- $1.00 per bushel for corn
- $2.00 per bushel for soybeans

Revenue Protection (RP) only (not allowed for RP with HPE or YP)

Any unit structure is allowable and will be the same as elected under the underlying RP policy

The policy must be purchased by the sales closing date of the underlying RP policy

Not available on…

Acres identified as native sod, high risk, unrated, unclassified, organic, insured with a written agreement, insured under added county election, acreage which is double cropped, acreage planted to a specialty type using a contract price, acreage insured as a silage type or acres planted prior to the earliest planting date (see special provisions of insurance).

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RPO with MCO – How it works

Growers have the three methods of setting their price coverage per bushel:

FIRST RPO Price	The RPO price elections available are: • $0.05 to $0.25 cents per bushel for corn • $0.05 to $0.60 cents per bushel for soybeans
SECOND Market Price	The most recent daily settlement price from the applicable futures contract minus the applicable RP projected price.
THIRD Marketing Period Price	The monthly average daily settlement price (e.g. May, June, and/or July) from the applicable futures trading contract minus the applicable RP projected price

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How RPO with MCO Works

1. **Growers first choose their RPO price election**
2. **Then, growers have the option of choosing either the market price, the marketing period price, or both**

The coverage under RPO with MCO will be the higher of the options selected.

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How RPO with MCO Works - *Example 1*

Market Price Option – Corn: February 1st

Grower chooses the maximum allowed for the RPO price election of 25 cents and the market price.

- Yesterday's closing price for corn was $5.25.
- The RMA projected price for the underlying RP policy is ultimately set at $4.50.

Since the market price election of $0.75 ($5.25 - $4.50) is greater than the RPO price election of $0.25, the coverage under RPO with MCO will be $0.75.

$4.50 + $0.75 = $5.25 Total Coverage Price

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How RPO with MCO Works - *Example 2*

Marketing Period Price Option – Corn: February 1st

Grower chooses the maximum allowed for the RPO Price Election of 25 cents and the marketing period price for the month of June.

- The RMA projected price for the underlying RP policy is ultimately set at $4.50 so the RP price plus RPO price election is $4.75 ($4.50 plus $0.25).
- The monthly average daily settlement price for corn in June for the applicable trading contract is $5.40 [$5.40 - $4.50 = $0.90 marketing period price].

Since the June marketing period price of $0.90 is higher than the RPO price election of $0.25, the coverage under RPO with MCO is $0.90

$4.50 + $0.90 = $5.40 Total Coverage Price

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How RPO with MCO Works - *Example 3*

Market Price and Marketing Period Price Options – Corn – February 1st

Had the grower chose both options using the prices in Examples 1 and 2, the coverage under RPO with MCO would be set at the higher of price of $0.90

$4.50 + $0.90 = $5.40 Total Coverage Price

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Benefits of RPO with MCO

Increase Spring Projected Price

Forward Contract With Confidence

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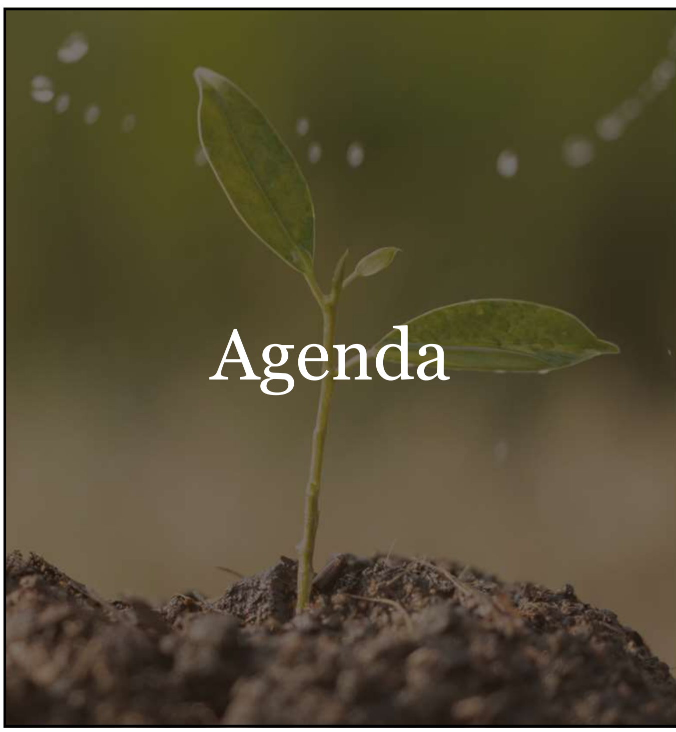

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Sales Closing Reminders

Always be sure to review your policy for any changes ahead of the applicable sales closing deadline. This will ensure the proper coverage is in place with all options to provide proper risk management for the growing season.

Review your policy for any changes or new options before the March 15th Sales Closing Deadline

- Policy Type – YP or RP
- Unit Structure – *BU, OU, EU, Unit by Practice, or MCEU*
- Coverage Levels – *50-85% for most Crops, CL by Practice*
- Beginning Farmer & Rancher Applications
- ECO/SCO options
- Trend Adjustment
- Yield Exclusion Option
- Yield Cup Option
- Added Land/Added County
- Entity Changes

PACE Program (Post Application Coverage Endorsement)

What is PACE?

Provides supplemental coverage when a producer is prevented from post/split applying nitrogen in the 2-3 week V3-V10 corn growth stages due to wet weather and field conditions.

PACE Program

Only Available In Certain Counties

Where Is It Available?

Iowa and Minnesota: All Counties

Kansas: Atchison, Brown, Doniphan, Jackson, Jefferson, Leavenworth, Marshall, Nemaha, Pottawatomie, Riley, Wyandotte

Nebraska: Antelope, Boone, Burt, Cedar, Cuming, Dakota, Dixon, Knox, Madison, Pierce, Stanton, Thurston, Wayne

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

PACE Program Eligibility

1. The insured must have an underlying insurance policy in force (YP, RP, or RP-HPE) for **non-irrigated corn**
2. Coverage for the underlying insurance policy must be at the **additional coverage level**
3. The insured **must use a split application of nitrogen practice**
4. The insured must comply with all terms and conditions of the underlying insurance policy
5. The insured **must have documentation** supporting the purchase of nitrogen for the split-application of nitrogen practice
6. The insured **must have been prevented from applying the post-application of nitrogen during the insurance period** by an insurable cause of loss stated in the underlying insurance policy
7. The **acreage** on which a **split application of nitrogen** practice was intended, and the pre-application of nitrogen was **applied must be listed on the insured's timely submitted PACE acreage report**

PACE Program

PACE provides **protection against the inability to apply the nitrogen application after planting**, during the **V3-V10 corn growth stages** due to **weather events and field conditions**

PACE only pays indemnity on the acres that post application of nitrogen is prevented

You may apply nitrogen outside of the window after planting, however, if you do so then you were not prevented from post-applying and may not submit a claim

⚠ ***Yield loss does not apply to PACE***

PACE Coverage Level

COVERAGE LEVEL:

The producer may select a PACE coverage level election percent from **75 to 90 percent** in 5 percent increments for PACE

The PACE coverage level election percent **may differ** from the coverage level on the underlying policy

CAUSE OF LOSS:

PACE indemnifies in accordance with the endorsement when there is an **inability to post-apply nitrogen during the insurance period**

PACE Loss Example

Assume the insured has an approved yield of **200 bushels** per acre and uses a split application of nitrogen practice on **100 acres** in the unit. The insured elects a **90% PACE** coverage level election percent, the projected price is **$4.00**, the insured's share is **100%**, and the **PACE loss factor is 0.18**.

The PACE guarantee would be:

(1) 200 bushels/acre * 100 acres = 20,000 bushels
(2) 20,000 bushels * 90% PACE coverage level election = 18,000 bushels
(3) 18,000 bushels * $4.00 = $72,000
(4) $72,000 * 100 percent share = $72,000
(5) $72,000 * 0.18 PACE loss factor = **$12,960 PACE Guarantee**

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