ProAg Service & Insurance—Sept 2024

As the latest rain moved through the area last week, I can't help but have a feeling of déjà vu of 2019. The memory of the sets of combine tracks being trucked in and fields that wouldn't hold equipment up no matter how hard a person tried are enough to send a shiver up your spine. The 2024 chapter has seen a once promising wheat crop that has now had too much rain on it leading to major quality issues. The row crops that were seeded and re-seeded later in the planting window still need quite a bit of heat to get to maturity. The forecast for the first half of September is calling for slightly above average temperatures and below average rainfall. Lets pray that holds true. The markets have presented their own series of frustration as there hasn't exactly been a lot to celebrate on that front. With all of these factors in mind, there is an increased likelihood of losses across our region. Communicate with us early and often and we can help you understand what your options are so you can make the best decision for your operation. We emphasize keeping good production records if you think there is any chance you might be anywhere close to a loss scenario. With most commodities down 10-20% from their respective spring insurance prices those thresholds may be closer than you think. Thanks again for the opportunity to work with you – we don't take the trust you place in us lightly! -Mike Vipond

MPCI PREMIUM REMINDER

Payments must be postmarked by 9/30 to avoid interest charges. There is no extension in 2024 as there has been in the past.

Wheat Quality Issues

With wheat, there are numerous factors that affect the quality, which in turn can have an impact on the final sale price. This year, the discounts are primarily focused on the following:

*Vomitoxin *Sprout *Test Weight
*Falling Numbers *Protein

Falling Numbers, Sprout, and VOM

When Falling Numbers, Sprout, and/or VOM are present, insurance can help cover losses. The calculations can be different based on whether the grain is sold or unsold (stored). The grain is considered sold once a basis/cash price is attached to the actual bushel of grain (grain at the elevator under a storage contract is not considered sold). Crop insurance uses discount charts to determine how a loss is calculated for FN, VOM, or Sprout (see below):

Vomitoxin Discount Chart

Range	Sold	Unsold
0.0 - 2.0 ppm	0.0%	0.0%
2.1 - 3.0 ppm	RIV	14.7%
3.1 - 4.0 ppm	RIV	22.8%
4.1 - 5.0 ppm	RIV	30.9%
5.1 - 10.0 ppm	RIV	45.0%
Above 10 ppm	RIV	RIV

Falling Number Discount Chart

Range	Sold	Unsold
Above 300	0.0%	0.0%
299-275	4.8%	4.8%
274-250	8.0%	8.0%
249-225	11.2%	11.2%
224-200	14.4%	14.4%
Below 200	RIV	50.0%

Sprout Discount Chart

Range	Sold	Unsold
Below 10%	0.0%	0.0%
10.1 - 11.0	11.4%	11.4%
11.1 - 12.0	12.5%	12.5%
12.1 - 13.0	13.6%	13.6%
13.1 - 14.0	14.7%	14.7%
14.1 - 15.0	15.8%	15.8%
Above 15	RIV	50.0%

To determine crop insurance losses, production is reduced by the corresponding values noted above. For example, a wheat field that produced 60 bpa of **unsold** grain with falling numbers below 200 would equal 30 bpa.

60 x (1 – 50% RIV) = 30 bpa

The production of 30 bpa would then be compared to the grower's crop insurance guarantee. If 30 bpa is less then the guarantee, an insurance indemnity would be triggered on the shortfall. The same calculation can be used for VOM and Sprout.

When the grain is sold and the quality "falls off the charts", reduction in value (RIV) is used to calculate the loss. Using the same example, a wheat field that produced 60 bpa of grain sold with a $6 local market price that was discounted $2 for falling numbers of 180 would equal 40 bpa.

$2 / $6 = 33% RIV ———-> *60 x (1 – 33% RIV) = 40 bpa*

Protein and Test Weight

Crop insurance does **not** provide any quality assistance due to low protein. There is quality deductions for low test weight, however, the test weight needs be below 50 lbs before it hits the discount charts.

Quality Notes and Reminders

- Unharvested wheat with VOM greater than 10 may be destroyed with full insurance indemnity (adjuster must obtain field sample).
- VOM and Falling Number Discount Factors can be added together if unsold, however, Falling Numbers and Sprout cannot (needs to be one or the other but you can get the higher of the two).
- Production qualifying for quality adjustments **must** have **a sample taken within 60 days of harvest by an adjuster**. Elevator samples may be used, but must be in accordance with Federal Grain Inspection procedures (a quick test is not acceptable). VOM samples analysis must be performed by an approved laboratory using quantitative tests..
- Segregate farm stored production by like quality.

If you're dealing with quality issues, call us ASAP to ensure the proper steps are taken.

Production Reporting Reminders

- RMA conducts random APH audits every year, so it is **crucial** producers keep acceptable yield records throughout harvest. For the 2025 crop year, losses by crop/county will be pooled together (prevent plant, production, ECO, etc.) increasing the likelihood of triggering an audit.
- In an APH audit, if an insured does not have acceptable records to support the production report, the insured will be assigned yields for their APH equal to 75% of the previous year's APH. These assigned yields could affect a payable claim. If an insured has acceptable records, these records must be within 5% of the yield reported or assigned yields will also apply.
- Yield records can be as simple as a handwritten tally of loads from each field with the field name, date harvested, and approximate bushels for each load. Combine or grain cart monitor records may also be printed and used as load records. **If you would like some blank load record sheets, please contact our office.**
- If you have farm stored production with bin measurements**, you will still need load records by unit/field or section** (if reporting by optional units).
- Insureds are required to indicate the type of records they used to certify their Production Report, such as load records, assembly sheets, yield monitor data, etc.
- When reporting production for any FSA program, it is advisable to report the same as crop insurance production. A 3-year RMA audit may be triggered if these do not match.

STORED GRAIN FROM PREVIOUS YEARS MUST BE MEASURED BY THE INSURANCE COMPANY PRIOR TO COMMINGLING WITH ANY NEW CROP

Contact us if you are planning to comingle any crops this fall.

Sugarbeet Early Harvest Adjustment

For 2024, RMA modified the rules in relation to the Early Harvest Adjustment (EHA). EHA is a calculation that adds 1% per day to sugarbeet production harvested before October 1st, provided a minimum percent of acres were pre-lifted. The primary changes are as follows:

- Early Harvest Adjustment is now an option that must either be elected or waived by the Sales Closing Date (March 15th). In the past it was automatically applied.
- The minimum acreage threshold to trigger the EHA by unit has been changed from 10% to 15%.

If an insured elected the EHA option, the adjustment may be waived in certain loss situations (disease, drought, hail) when the company determines the crop would continue to decline if not harvested. For the EHA to be waived, a Notice of Loss would need to be submitted to the company prior to harvest of the unit.

Time to Consider an FSA Marketing Assistance Loan?

Marketing Assistance Loans or (MALs) through FSA are marketing tools available for producers which provide marketing flexibility as commodity prices fluctuate. The Marketing Assistance Loan program is a lower interest, nine month loan that can help provide financing at harvest time to meet cash flow needs without selling at typical harvest time lows. MAL's allow producers to store production on the farm and borrow against it at an established loan rate so they can market their grain throughout the year as prices improve.

2024 National Average Loan Rates –

Commodity	Loan Rate Per Bushel	
Wheat	**$**	**3.38**
Corn	**$**	**2.20**
Soybeans	**$**	**6.20**
Barley	**$**	**2.50**
Oats	**$**	**2.00**

August Interest Rates 6%

For more information contact your local FSA office or visit:

https://www.fsa.usda.gov/programs-and-services/price-support/commodity-loans/index

Corn Test Weight Discounts and Growth Stages

With areas of delayed planting and replanting this spring, a slightly cooler than average summer has some fields behind on the needed GDU's to reach fall maturity. This in turn may cause some issues with lighter test weight corn. To the right is the crop insurance test weight discount table. This, along with grade and damage discounts will be used when determining production to count on corn claims. When corn falls below 44lb TW the RIV (Reduction in Value) is determined by taking the price received divided by the board price the date the production is sold. For unsold or unharvested production, the Reduction In Value (RIV) will be 50%. Elevator discounts in our area usually start under 54 lbs for #2 corn.

TEST WEIGHT DISCOUNT FACTORS

Test Weight	Discount Factors
49 and above	None
48-48.99	0.039
47-47.99	0.049
46-46.99	0.059
45-45.99	0.068
44-44.99	0.078
Below 44	Reduction in Value

STAGE	Corn Growth Development Stages	*	Calendar Days Remaining	GDU's To Maturity	% of Max Yield		Moisture Content		Yield Reduction
					Grain	Whole Plant	Grain	Whole Plant	
Silking	This is the pollination period. Silks emerged, tassel shedding pollen.		50-60	1100-1200	0	50-55	0	80-85	
Silks brown	Pollination period almost complete. 75% of silks brown, but not dry to touch.								
Pre-blister	Pollination period is complete. Silks are brown but not dry. No fluid in seed coat and kernel has appearance of a pimple.	9							
Blister	Kernel appear as watery blisters. Kernel is white and fluid is colorless. Removal of fluid from kernel would leave only hull.	13	40-45	875-975	0-10	55-60	85-95	80-85	
Early Milk	Beginning of roasting ear stage. Kernels changing in color from white to yellow. Thin (chalky or milky) substance in kernels.								
Milk	Prime roasting ear stage. Full yellow color. Cob has reached it's maximum length. Milky fluid in kernel - no solid substance.	21							
Late Milk	Milky fluid thickening and solids forming in base of kernel.	25	**30-40**	**650-750**	**30-50**	**65-75**	**60-80**	**75-80**	**35-50%**
Soft dough	Past prime roasting ear stage. First few dents are showing near butt end. Kernels still produce a milky substance when squeezed.	30							
Early dent	Kernels along entire ear beginning to dent. Thick gummy substance will be evident when kernel is squeezed, many kernels will still squirt milk.	35	**20-25**	**425-525**	**60-75**	**75-85**	**50-55**	**70-75**	**10-20%**
Late dent	All kernels dented. The kernels are drying down from the top where a small hard white layer of starch is forming.	45	**11-15**	**200-300**	**90-95**	**100**	**35-40**	**65-70**	**4-5%**
Nearly Mature	Milk-line is midway between tip and base. Hull on opposite side of embryo has shiny hardened appearance nearly halfway to the cob.	50							
Mature	Physiological maturity has been reached and the moisture level is below 35% - 40%. Shiny hardened appearance of hull on opposite side of embryo has extended to the cob. The tip of the kernel is generally black indicating dry matter accumulation has ceased.	55	**0**	**0**	**100**	**95-100**	**25-35**	**55-65**	**0%**

* Days After Pollination

Crop Insurance Changes for 2025

Some of the crop insurances changes for 2025 have already been released. There may be more announced this winter, but this is what we have to date:

- **Enhanced Coverage Option premium subsidy increased from 44% to 65%:** ECO is an area based shallow loss coverage that covers losses from 86% to 90 or 95% of a county expected yield. This will be a policy that you will want to consider if you haven't been taking it the past couple of years. For those that have been taking this coverage, premiums will be about 38% less.
- **New Breaking Acreage** has been changed to land that has not been planted and harvested or insured in one of the 4 previous crop years (was previously 3). If acreage does not qualify for new breakage, it is still insurable at 85% of the Co T yield (previously was 80%) and a producer must insure the first year it is broken out (previously had the option to insure or go uninsured). New breakage insurability requests are no longer needed.
- **Acreage emerging from USDA programs,** like CRP, that is planted within 3 years of emergence is now insurable at 100% of the Co T (use to be 2 years). If not planted within 3 years of emergence from the program, new breaking rules apply.
- **Native Sod**: New Breaking Acres that have never been cropped is considered Native Sod. No Native Sod New Breakage request is required, and the producer needs to insure the first year it's broken out. Insurance companies may require proof that the acreage had been cropped prior to Feb. 7, 2014 otherwise they will consider it to be Native Sod.
- **Enterprise Unit for Organic Practice/Non Organic practice is now available.** If a producer has both organic and non-organic practices for a crop, they may now be insurable under their own enterprise if all other qualifications are met.
- **Compliance Reviews:** Beginning in 2025, all indemnities by crop/county are added together to determine if a $200K high dollar claim review needs to be done. This would mean that a producer with a PP claim, harvest claim and ECO claim would add the indemnities together to determine if a review is needed. (Prior high dollar claim reviews were determined by claim type ie PP vs harvest). It is important to keep good harvest records as they need to match the production reported on your Production Reports.
- **Rye** is now an insurable practice in Mahnomen county.

Revenue Protection

With a Revenue Protection (RP) policy, a minimum revenue guarantee is established in February:

Spring Revenue Guarantee = APH x Coverage Level x Spring Price

The revenue guarantee is then recalculated again in the fall with the harvest price:

Harvest Revenue Guarantee = APH x Coverage Level x Harvest Price

Revenue Protection allows for the grower to receive the higher of the Spring Revenue Guarantee or the Harvest Revenue Guarantee. For the 2024 crop year, most crops will be based on the Spring Revenue Guarantee, since the price has dropped from spring to harvest.

When the price decreases (as is the case for 2024), the bushels a grower is guaranteed increases:

(Spring Bushel Guarantee) x (Spring Price) ÷ (Fall Price) = New Bushel Guarantee

See below for an example of how a decrease in price from Spring to Harvest increases the total bushels a grower is guaranteed from insurance:

		Corn*	Soybeans*	Wheat*
Price Change	**Spring Price**	*$4.66*	*$11.55*	*$6.84*
	Harvest Price*	*$3.90*	*$9.80*	*$5.80*
	Price Change	-16.3%	-15.2%	-15.2%
When the Harvest Price is Lower than the Spring Price, The Guaranteed Bushels Increase				
Change in Coverage (Example)	**APH**	*175*	*45*	*70*
	Coverage Level	*75%*	*75%*	*75%*
	Original Guarantee	*131.3*	*33.8*	*52.5*
	New Guarantee**	*156.8*	*39.8*	*61.9*
	Added Bushels	***+25.6***	***+6.0***	***+9.4***

**Harvest price will be finalized Sept. 1 for wheat and Nov. 1 for corn and soybeans*

***If the harvested bushels are below the guaranteed bushels, the difference will be paid at the harvest price*

CLAIMS MUST BE SUBMITTED NO LATER THAN 15 DAYS AFTER THE HARVEST OF THE FIELD

2024 Spring & Harvest Prices

Crop	Spring	Fall	
Corn	$4.66	TBD	Harvest price set in October tracking Dec. CBOT futures
Soybeans	$11.55	TBD	Harvest price set in October tracking Nov. CBOT futures
Wheat	$6.84	$5.79	Final Harvest Price
Barley	$4.34	$3.60	Final Harvest Price
Sflower-Oil	$0.238	TBD	Harvest price set in October using Dec. CBOT Soybean Oil futures
DBean-BLK	$0.39	TBD	Harvest Price released 3rd week of Jan. using data from AMS
Oats	$3.38	$2.98	Final Harvest Price

Farm Bill

The farm bill is set to expire at the end of this year (again) and as of now a one year extension of current bill remains the most likely outcome (again). With the Senate, House, and Presidency up for grabs this November, each party hasn't felt the need to press the issue as they each hope to have control and shape the bill to their liking. The Republican controlled House passed their version of the bill this spring that passed mainly along partisan lines. The Democratic-controlled Senate has yet to release a mark up of their bill. Major battle lines have been drawn in regard to increasing reference prices for ARC and PLC and how that is going to be paid for. The House version of the bill included 10-20% increase in reference prices as well as increasing the ARC revenue guarantee from 86% to 90%. Thankfully it seems that so far, crop insurance has broad bi-partisan support and their has been no talk of any cuts. When the bill expired originally before last years extension, prices were sitting at or near multi-year highs and their wasn't much of a sense of urgency in farm country. Well that has changed in a hurry.

Dairy Revenue Protection

- DRP is a federally subsidized,area-based product that insures against unexpected declines in quarterly revenue from milk sales. At sales closing time, a guaranteed revenue is set, and if at the end of your insurance period the state indexed revenue is below your guarantee, you will receive an indemnity payment for the difference.
- DRP provides insurance only for the difference between the final revenue guarantee and actual milk revenue. Losses due to death or damage of dairy cattle are not covered.
- You can have a DRP policy along with FSA's Dairy Margin and RP programs at the same time.
- 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.

2023 ARC/PLC Payment Estimates

2023 PLC Payment Estimates

Below are the final and projected marketing year average (MYA) crop prices for the 23/24 marketing year. No payments are expected as prices came in above reference prices.

Wheat *(Final)*: $6.96 (reference price = $5.50)
Corn (Projected): $4.65 (reference price = $3.70)
Soybeans(Projected): $12.50 (reference price = $8.40)

2023 ARC Payment Estimates

With marketing year average (runs 9/1/23 to 8/31/24 for corn/soy) prices for the '23 crop still well above the comparable benchmark prices there are very few ARC payments anticipated in Minnesota and North Dakota. See PLC Final/ Projected prices above.

2024 ARC / PLC Payment Outlook

2024 represents the first year that reference prices have increased due to provisions included with the 2018 Farm Bill. The reference price for corn has increased to $4.01, Soybeans increased to $9.26. Wheat is still unchanged at $5.50. Current projected prices for the 24/25 marketing year are still above payment levels for PLC but the sustained decline in prices over the past year has seen these numbers converge to the point that a payment can't be ruled out.

Winter Wheat

Many Producers this year may be planning to plant winter wheat on prevent plant acres this fall to get some cover on the fields and lighten the spring workload.

Winter Wheat is only an insurable crop in northern Minnesota and North Dakota if a request is submitted to your Multi-peril Insurance provider by 3/15 requesting coverage on your fall planted acreage. An appraisal then needs to be done in the spring once the crop breaks dormancy to determine if the crops stand meets insurability requirements.

Please give us a call if you are planning to plant any winter wheat this fall and would like to cover it under your policy.

SERVICE & INSURANCE

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Livestock Risk Protection (LRP)

LRP allows a producer to place a subsidized floor on fed cattle, feeder cattle, and swine. LRP can be purchased for any number of head or weight. There are also no brokerage or margin fees, and the coverage periods can range from 13-52 weeks out.

Major improvements were made to LRP in the last few years. These include a premium subsidy increase and that policies are now billed after the coverage period has ended instead of paying the premium upfront. **For a customized quote or more information on the LRP policy, call ProAg.**

Pasture & Forage Insurance Dec. 1st!

We encourage all livestock producers to take a look at the Pasture, Rangeland, Forage (PRF) policy. PRF is an area-based insurance policy that covers pasture and forage against a lack of rainfall. When rainfall is below a chosen threshold (i.e. 90% of normal) during a time period you select, an indemnity is automatically triggered to help you offset feed costs. PRF is federally subsidized and can be tailored to your needs.

Contact us @ 218-935-2700 to cover your pasture today!

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