



RISK MANAGEMENT UPDATES
FEBRUARY 2020

2020 Updates/Reminders:

- 2018 Farm Bill requiring R&D on Whole Farm Revenue Policies (WFRP) to improve effectiveness Hemp now available! Involves taxes, inventories, projections to get quote.
- Increases CAT policy fee from \$300 to \$655
- WHIP+ sign-up (no deadline as of today) 2018 and 2019
 - 1st qualification Disaster county
 - 2019 moisture dryland that had two or more inches of standing water for two or more consecutive days.
 - With sign up potential payment if deemed
- Beginning Farmer/Rancher (BFR) –
 - <5 years total farming history. Spouse or other SBI included in this “test”
 - 10% higher subsidy on premium
 - No \$30/crop “Admin fee”
 - 80% Yield adjustment vs 60% (standard)
- Veteran Farmer/Rancher (VFR) –
 - <5 years total farming history. Spouse does not have to qualify
 - 10% higher subsidy on premium
 - No \$30/crop “Admin fee”
 - 80% Yield adjustment vs 60% (standard)

2020 Prevented Planting Changes

- PP 5% additional coverage requested considered approved unless written notice of denial is received within 30 days of request.
- PP payment will be reduced if a cover crop is hayed, grazed, cut for silage, haylage, or baleage prior to Nov. 1
- Cutting a cover crop for silage, haylage or baleage after Nov. 1 is now allowed.
 - Renting of cover crop acreage is not allowed without reduction of PP payment.
 - No reduction if insured maintains control of the acreage until after Nov. 1 of current crop year
- Top up payments additional PP payment came out this fall – required to purchase Federal crop insurance for the next two crop years.
- No PP coverage on a field when changes hands if a claim is still open.
- No 2020 PP coverage on field if 2019 crop was not harvested.
- Enterprise unit qualification – elect BU or OU by Acreage reporting time.
 - On planted acres only, PP could change your qualifications.

2020 Sugar Beet Changes

- The definition of “processor contract” changed to “production agreement,” and must be submitted at acreage reporting date
- The maximum early harvest adjustment will now use the higher of the producer’s approved actual production history yield or the actual yield of the sugar beets harvested after full maturity from the unit
- Added procedures allowing third parties to test raw sugar content in addition to the processor
- Added salvage value procedures for damaged production.

Calculations of tons to pounds

The 2020 CIH has amended these calculation now utilizes without rounding beforehand, all original weights and percentages in the determination of pounds of raw sugar equivalents. Only the final value is rounded to whole pounds

35.249 net paid tons x 2000 x 0.170499 = 12,020 pounds of raw sugar equivalents

2020 Sugar Beet Early Harvest

Conditions qualifying for early harvest production adjustments (e.g. 1 % per each day prior to full maturity date) revised to include only situations where:

- Early harvest is required in the Production agreement, or
- The processor requests delivery of beets before full maturity
- New policy still retains minimum acreage requirement contained in the SP for PTC adjustments to be authorized

When early harvest is performed but the processor did not request or require EH in the Processor agreement and:

- The processor accepts delivery, then NO production adjustment is made, or
- The processor does not accept delivery, then the PTC will be the guarantee for acreage harvested and delivered early

Keep in mind, this EH adjustment will not be used if:

- If the processor did not request EH or require in their production agreement, or
- It is determined that the crop acreage was damaged by an insurable peril and leaving the crop in the field would have resulted in a further reduction in production

Example: Early Harvest Factor No Cap

Unit	Acres	Approved APH Yield
1	100	11,886
2	220	11,886

Example: Early harvested yield is less than the insured's approved APH yield or the actual yield of the production harvested after full maturity from the unit.

7,003 < 11,886 approved APH yield
 7,003 < 11,895 actual yield
No Cap = 7,003

Acres	Total Tons	to lbs	Total lbs	Avg Sugar %	Pounds of Raw Sugar	Yield per Acre
EH 20	574	* 2000	= 1,148,000	* 12.2%	= 140,056	7,003
H 80	2,600	* 2000	= 5,200,000	* 18.3%	= 951,600	11,895

Example: Early Harvest Factor With Cap

Example: Early Harvest yielded greater than the insured's approved APH yield and the actual yield of the production harvested after full maturity from the unit.

Unit	Acres	Approved APH Yield
1	100	11,886
2	220	11,886

13,420 > 11,886 Approved APH Yield
 13,420 > 11,895 Actual Yield

Early Harvest yield is capped by actual yield at 11,895

Acres	Total Tons	to lbs	Total lbs	Avg Sugar %	Pounds of Raw Sugar	Yield per Acre
EH 20	1,100	* 2000	= 2,200,000	* 12.2%	= 268,400	13,420
H 80	2,600	* 2000	= 5,200,000	* 18.3%	= 951,600	11,895

Example: Early Harvest Factor With Cap

Example: Early Harvest yielded greater than the insured's approved APH yield and the actual yield of the production harvested after full maturity from the unit.

Unit	Acres	Approved APH Yield
1	100	12,067
2	220	12,067

13,420 > 12,067 Approved APH Yield
 13,420 > 11,895 Actual Yield

Early Harvest yield is capped by approved APH yield at 12,067

Acres	Total Tons	to lbs	Total lbs	Avg Sugar %	Pounds of Raw Sugar	Yield per Acre
EH 20	1,100	* 2000	= 2,200,000	* 12.2%	= 268,400	13,420
H 80	2,600	* 2000	= 5,200,000	* 18.3%	= 951,600	11,895

Unit Structure for 2020

- OU – Optional Unit providing section by section and allows for spot loss coverage
- Unit 1 – 80 acres 160 bu gty X \$4.00 = \$640 X 80 = \$51,200
- Unit 2 – 80 acres 160 bu gty X \$4.00 = \$640 X 80 = \$51,200
- Unit 1 has 220 harvested yield @ \$4.00 harvest price = \$70,400
- Unit 2 has 145 harvested yield @ \$4.00 harvest price = \$46,400
- Unit 2 has indemnity of \$4,800
- EU – all units added together for the crop in the county to have 1 guarantee
- 160 acres with a revenue guarantee of \$102,400
- 160 acres harvested revenue of \$116,800

Multi-County Enterprise Unit (MCEU)

- Allows a producer to establish an enterprise unit by combining enterprise units from 1 county and all basic or optional units in an adjoining county. 2019 availability includes (when in actuarial documents): Small Grains, Coarse Grains, Cotton, Canola
- One county must individually qualify for EU (primary) and the other county must **NOT** qualify for EU (secondary)
- Counties must be contiguous. RMA makes final determination.
- Electing MCEU does not automatically make the county eligible, it must still meet criteria for forming a MCEU at Acreage reporting.

2020 SUPPLEMENTAL CROP INSURANCE OPTIONS



Product Info	NAU BPM:	NAU: BPM+	RCIS: APO/ARPO	RCIS: RPP	CRS: REV BOOST	GAIC: GAP
Level	70% - 85%	80% - 85%	70% - 85% 1% increments	max elections 70% 36% 75% 27% 80% 19% 85% 12%	•80% MPCI up to 90% Rev Boost •85% up to 90 or 95% Boost •75-85 •70-80 •Pick your price option	Yield or revenue + options of 80% - 90% 80% - 95% 85% - 95%
Unit Type	EU / OU Options OU override w/EU	Follows MPCI only	EU / OU Options	EU / OU Options	EU Option only	EU Option only
Exclusions	<ul style="list-style-type: none"> • Need 4 yrs. of history •No PP, High risk, CAT 		<ul style="list-style-type: none"> • NO High risk or organic • FAC on soybean when no FAC practice in the county 	<ul style="list-style-type: none"> • NO High risk or organic • FAC on soybean when no FAC practice in the county 	<ul style="list-style-type: none"> • NO high risk land or Written agreements 	
Requirement	<ul style="list-style-type: none"> • NO payment unless there is a yield loss on underlying policy 		<ul style="list-style-type: none"> • APO requires bushel loss for payout •ARPO requires underlying loss on Revenue policy for payout 	<ul style="list-style-type: none"> Payable loss when Rev. to count & MPCI indemnity pymts is less than Combined RPP & fed crop ins. Revenue guarantee for RPP unit • Does not require a revenue loss on MPCI 	<ul style="list-style-type: none"> • NO Fall Price option (RPHPE) •APH is determined using TA and YA if applicable 	<ul style="list-style-type: none"> • Spring price only •GAP can trigger claim even when MPCI does not
Crops	CORN for grain SUGAR BEETS & SOYBEANS	CORN for grain & SOYBEANS	CORN for grain SUGAR BEETS & SOYBEANS	CORN for grain SUGAR BEETS & SOYBEANS	CORN for grain & SOYBEANS	CORN for grain & SOYBEANS
Information				No cap on downward price movement	<ul style="list-style-type: none"> • Claims calculated on a line per line basis •Downside on harvest price •.50 max corn downward movement •1.00 max soybean downward movement 	<ul style="list-style-type: none"> •Upward price doesn't decrease yield trigger •No cap on downward price movement
Average Cost (Rwd Co)	85% Corn \$3.00 Sbean \$3.50	85% Corn \$6.50 Sbean \$7.50	ARPO 85% Corn \$10.00 Sbean \$7.50 APO 85% Corn \$3.60 Sbean \$4.40	85% Corn \$18.00 Sbean \$11.00	85-90% Corn \$5.70 Sbean \$3.01 80-90% Corn \$11.17 Sbean \$6.32 85-95% Corn \$17.83 Sbean \$10.09	85-95% Corn \$18.28 Sbean \$14.84 80-90% Corn \$16.60 Sbean \$13.54 80-95% Corn \$26.70 Sbean \$20.52

Must purchase underlying YR, RP or RPHPE MPCI buy-up policy.

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2020 Supplemental Products

- **Increased price products – (Yield protection)**
 - Base Price Modifier (BPM by NAU) \$.70 to \$.75 corn and \$1.50 soybeans
 - APO – RCIS

Increase Price on MPCl Bushel Guaranty:

$$170 \text{ bu gty} \times \$4 \text{ Feb pricing} = \$680$$

BPM Liability:

$$.70 \times 170 = \$119$$

Loss example:

$$160 \text{ bu harvested} = 10 \text{ bu short} \times .70 = \$7$$

2020 Supplemental Products

■ Increased Coverage Level products +5% or +10%

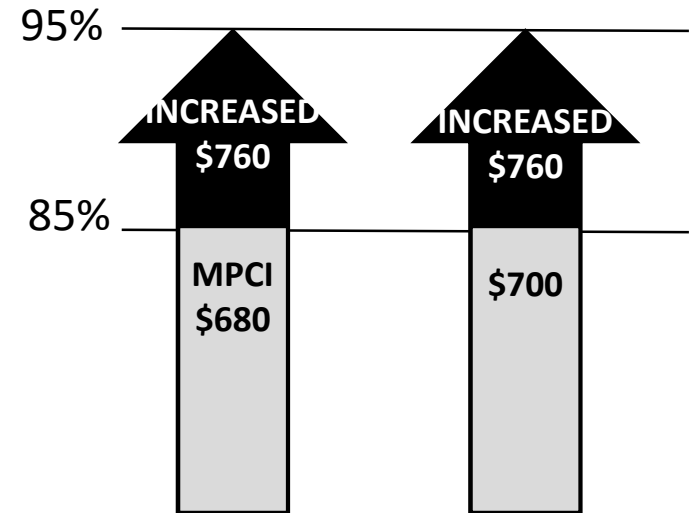
- RAMP - Farmers Mutual
- ICE - Pro Ag
- GAP - Great American
- ARMTECH - Band
- Revenue Boost– Crop Risk Services
- ARCH – Diversified
- RCIS – RPP

200 bu. APH

95%

190 bu. x \$4 = \$760

INCREASING Revenue to 95% with a Price Decline



APH: 200 bu/acre

MPCI Coverage: 85%

Spring Price: \$4/bu

Increased Coverage: 85-95%

Fall Price: \$3.50/bu

Increased Cov. per acre: \$80

INCREASED GUAR: \$760 (200 BU. X 95% X \$4.00)

HARVEST REVENUE: \$700 (200 BU. X \$3.50)

MPCI PAYMENTS: \$0 (\$700 > \$680 MPC Guarantee)

INCREASED PYMT: \$690 (200 BU. X 95% X \$4.00)

Partial payments: harvest revenue fell below the Increased Guarantee but above the MPC Guarantee

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Wright County

Boost

Coverage Level	95%	91%
Coverage/a	\$ 82.00	\$ 49.00
Corn		
EU	\$ 19.95	\$ 10.35
Protection Factor	95%	92%
Coverage/a	\$ 55.50	\$ 39.00
Soybeans		
EU	\$ 14.20	\$ 9.15

Band

Protection Factor	100%	65%
Coverage/a	\$ 82.00	\$ 53.30
Corn		
EU HPE	\$ 16.43	\$ 10.68
EU	\$ 23.20	\$ 15.08
OU	\$ 32.26	\$ 20.97
OU HPE	\$ 25.77	\$ 16.75
Protection Factor	100%	65%
Coverage/a	\$ 55.50	\$ 36.06
Soybeans		
EU HPE	\$ 18.64	\$ 12.11
EU	\$ 21.10	\$ 13.71
OU	\$ 27.39	\$ 17.80
OU HPE	\$ 24.33	\$ 15.81

GAP

Protection Factor	100%	65%
Coverage/a	\$ 82.00	\$ 53.30
Corn		
EU	\$ 28.32	\$ 18.41
Protection Factor	100%	65%
Coverage/a	\$ 55.50	\$ 36.07
Soybeans		
EU	\$ 20.56	\$ 13.36

RPP

% of price	12%	8%
Coverage/a	\$ 83.66	\$ 55.78
Corn		
EU	\$ 21.98	\$ 13.25
EU HPO	\$ 32.98	\$ 19.88
OU HPO	\$ 39.24	\$ 23.66
OU	\$ 26.16	\$ 15.77
% of price	12%	8%
Coverage/a	\$ 56.61	\$ 37.74
Soybeans		
EU	\$ 18.44	\$ 11.00
EU HPO	\$ 25.82	\$ 15.41
OU HPO	\$ 30.72	\$ 18.33
OU	\$ 21.94	\$ 13.09

Rate/100	RR	RR FP
RAMP	\$ 35.28	\$ 37.56
Coverage	\$ 50.00	
OU	\$ 17.64	\$ 18.78

Rate/100	RR	RR FP
	\$ 34.80	\$ 36.36
Coverage	\$ 40.00	
OU	\$ 13.92	\$ 14.54

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ARC vs PLC Corn

State
Minnesota

County
Wright

Crop
Corn

Reference Price
\$ 3.7

Practice Type *
 Irrigated Non-Irrigated

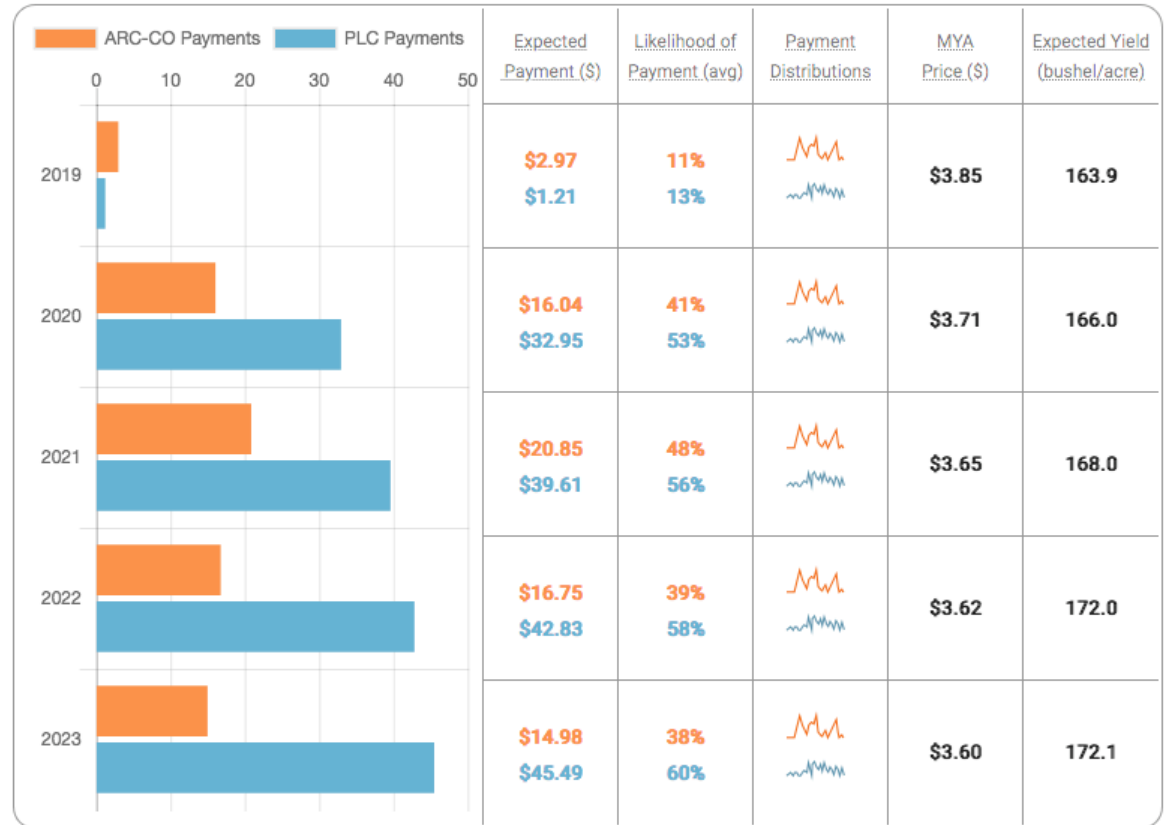
Forecast Model
Forecast

PLC Payment Yield *
170 bushels/acre

ARC Trend Yield *
2.04 bushels/acre

ARC/PLC Program Inputs	
ARC Coverage Level	86 %
ARC Coverage Range	10 %
Payment Acres	85 %

> RUN MODEL



Model data last updated: January 12, 2020

ARC vs PLC soybeans

State
Minnesota

County
Wright

Crop
Soybean

Reference Price
\$ 8.4

Practice Type *
 Irrigated Non-Irrigated

Forecast Model
Forecast

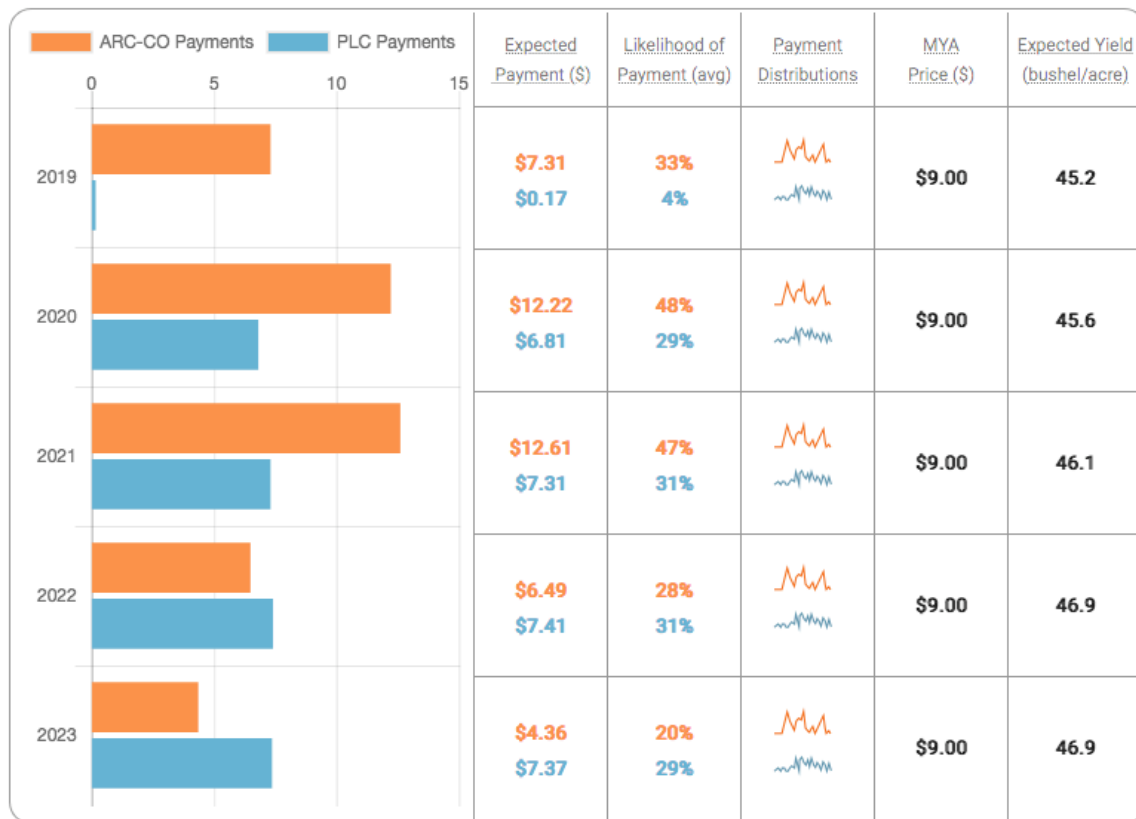
PLC Payment Yield *
45 bushels/acre

ARC Trend Yield *
0.44 bushels/acre

ARC/PLC Program Inputs

ARC Coverage Level	86 %
ARC Coverage Range	10 %
Payment Acres	85 %

RUN MODEL



Model data last updated: January 12, 2020

Basic Insurance Cost (-)

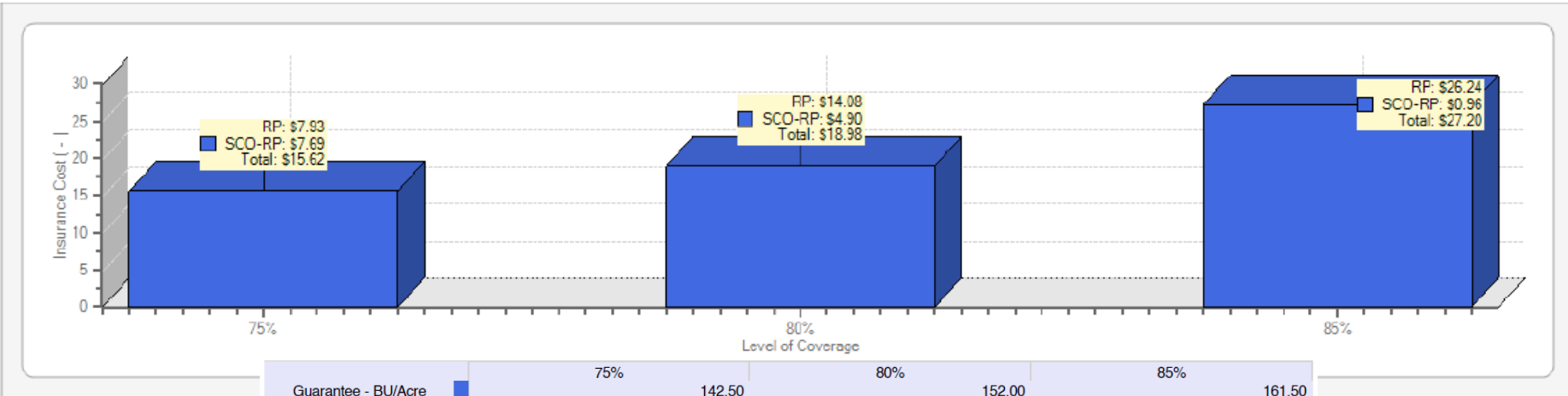
Multi Peril Crop Insurance Estimate

Policy Number:



AGQUEST INSURANCE AGENCY 711 FRONT ST PO BOX 67 MORGAN, MN 56266	Agency Code: 22-0500 (507)249-4015 (507)249-3187 (fax) AQINSURANCE@AGQUEST.NET	2020	Crop	Plan	Price	Projected Price %	Options	Price Volatility	Exp %
		State:							
		County:							
Minnesota	171 - Wright	CORN - 171	RP - 80%	\$3.91	100%	EUTAYA	0.15	100%	
171 - Wright		CORN - 171	SCO-RP - 80-86%	\$3.91	100%		0.15	100%	

Year	Unit	State / County	Crop	Plan	Acres	Risk/Rate Area	Approved / Rate	Options	Base Price	Price %
2020	0001-0001-000	Minnesota / 171 - Wright	CORN / NON IRR / GSG	SCO-RP	500.00		190 / 180*	EUTAYA	\$3.91	100 %



	75%	80%	85%
Guarantee - BU/Acre	142.50	152.00	161.50
Coverage - \$/Acre	557.18 (SCO-RP) 81.72 Total: 638.90	594.32 (SCO-RP) 44.57 Total: 638.89	631.47 (SCO-RP) 7.43 Total: 638.90
Gross Premium - \$/Acre	34.47 (SCO-RP) 21.97 Total: 56.44	44.00 (SCO-RP) 14.01 Total: 58.01	55.84 (SCO-RP) 2.76 Total: 58.60
Subsidy - \$/Acre	26.54 (SCO-RP) 14.28 Total: 40.82	29.92 (SCO-RP) 9.11 Total: 39.03	29.60 (SCO-RP) 1.79 Total: 31.39
Net Premium - \$/Acre	7.93 (SCO-RP) 7.69 Total: 15.62	14.08 (SCO-RP) 4.90 Total: 18.98	26.24 (SCO-RP) 0.96 Total: 27.20
Indemnity - \$/Acre	0.00 (SCO-RP) 52.47 Total: 52.47	0.00 (SCO-RP) 44.57 Total: 44.57	1.47 (SCO-RP) 7.43 Total: 8.90
Harvest Sales - \$/Acre	630.00	630.00	630.00
Acres	500.00	500.00	500.00
Price Election	3.91	3.91	3.91
Risk/Rate Area			
TA Effective Coverage	RP - 79%	RP - 84%	RP - 90%
Expected Revenue - \$/Acre	(SCO-RP) 665.09	(SCO-RP) 665.09	(SCO-RP) 665.09



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Wright Payout

Historical Performance for MN / Wright CORN NON IRR GSG 190 (152.0 BU) EU RP@80% \$3.91 100 Acres @ 100% share. / SCO-RP Co

Year	Expected Price	Expected Yield	Final Price	Final Yield	Trigger Yield	85% 86%-85%	80% 86%-80%	75% 86%-75%
2018	\$3.96	166.1	\$3.68	186.7	154.3	-	-	-
2017	\$3.96	164.1	\$3.49	183.2	159.5	-	-	-
2016	\$3.86	162.1	\$3.49	185	154.7	-	-	-
2015	\$4.15	160.1	\$3.83	199.1	148.7	-	-	-
2014	\$4.62	158.2	\$3.49	118.1	179.6	\$5.79	\$35.53	\$66.29
2013	\$5.65	156.2	\$4.39	123.5	173.3	\$7.82	\$47.97	\$89.56
2012	\$5.68	154.2	\$7.50	173.2	132.6	-	-	-
2011	\$6.01	152.2	\$6.32	141.3	130.9	-	-	-
2010	\$3.99	150.2	\$5.46	174.8	129.2	-	-	-
2009	\$4.04	148.2	\$3.90	181.3	132.6	-	-	-

DAIRY

Buffet of options available:

1) Dairy Margin Coverage (DMC):

- Enhanced version of the former MPP; via the 2018 Farm Bill.
- Much more user friendly and supportive.
- More friendly user limits. First 5,000,000 lbs. (tier I) open to all producers.
- Better margin levels available for tier I (\$9.50 vs \$8.00).
- Better bundled premium subsidies.
- Complimentary to DRP, LGM or forward contracting with creamery.

2) Dairy Revenue Protection (DRP): **2020 Changes**

- 70 and 75 percent coverage levels removed
- Extended cutoff time for RMA to publish daily offers from 4:00 to 4:30
- Component pricing option required information range changes
 - Minimum declared butterfat range:
 - 3.25 – 5.00 lbs, from 3.50 – 5.00
 - Minimum declared protein range:
 - 2.75 – 4.00 from 3.0 – 4.00

3) Livestock Gross Margin (LGM-Dairy):

- Oldest option of all choices.
- Milk Futures minus corn/soybean meal to establish coverage level

Field level data at your fingertips, gives you the "power of knowledge" when it comes to farming operations!

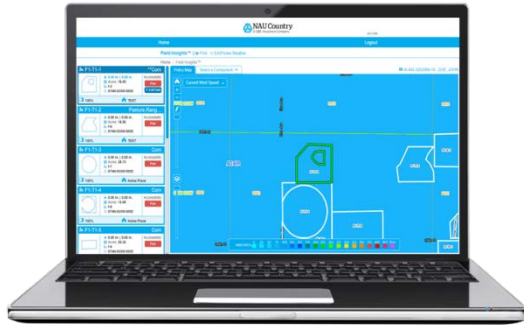
Field Insights is a suite of tools designed for farmers that will assist in understanding crop health conditions. These tools will help reduce loss risk and allow you to be more productive in the field.

- Current, future, and historical weather data.
- Radar, including 2 hrs. and 24 hrs.
- Wind speeds.
- Precipitation, including the last 24 hrs. and next 24 hrs.
- Canopy wetness.
- Spray Window Advisor.
- Planting conditions.
- Growth models and growing degree days.
- Harvest Advisor.
- Acreage Flow.



Field Insights™ Weather Data

Knowledge of current, future, and past weather data in relation to your fields.



Wind Speeds

Knowing wind speeds at the field level, gives you precise details needed for certain field activities.



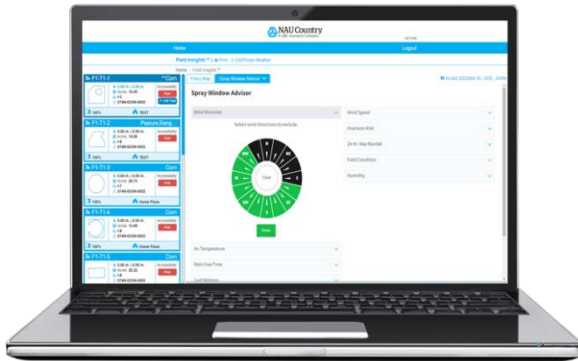
Precipitation – Last 2 hours & past 24 hours

Precipitation can be viewed for the last 24 hours as well as the past 2 hrs.



Radar – Previous and next 24 hours

See what has happened in the past 24 hours, as well as what the forecast is for the next 24 hours.



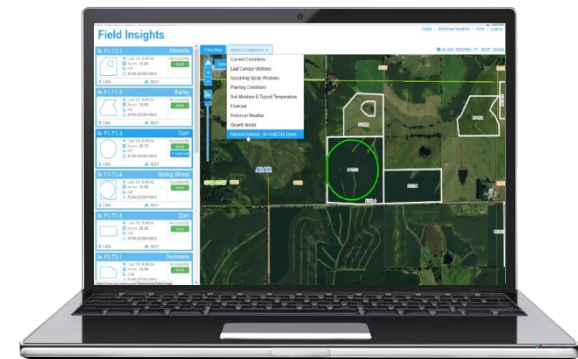
Spray Advisor

The Spray Window Advisor gives you the ability to set and exclude the following criteria to determine the best spray period



Target Moisture

Example: Corn has an optimum harvest moisture of approx. 23% to 25%. Delaying harvest until corn dries down to 17% to 19%, subject to greater risks of harvest losses.



Harvest Advisor

Field Insights Harvest Advisor looks at the optimum harvest moisture for supported crops along with the user's target moisture.

ENROLLMENT:

- 1) Available to insureds of NAU
- 2) Contact Becky rscheel@agquest.net with your email to get you set up.

NAU offering New Grain Services

Introducing Grain Market Commentary and Analysis

Join NAU Country's VP of Farm Services and Grain Marketing expert, Richard Morrison, on his daily industry updates. Rich provides an insightful analysis on market fluctuations, pricing trends, and so much more.

Join him for the following opportunities:

- **NAU Country's Opening Bell** - Start your day off right with a one to two minute recorded call on the daily grain updates.
- **NAU Country's Market Report** – Receive a daily email highlighting Futures pricing and Futures contract pricing. In addition, Rich provides a simplistic way to look at the market and how outside factors can take their toll.



This is just the beginning of what Rich has to offer! Talk to your NAU Country Marketing Representative to get signed up for these services today!

HAIL – PRODUCTION PLAN - 2019

NAU Production Hail – MN

0% or 5% qualifier

The higher the qualifier, the lower the premium



Regular Production OR Personal Plan coverage

Wind Endorsement

- **0% or 5 % deductible** options on wind for MN
- Wind, Green Snap and Extra Harvest Allowance
- Coverage extended to Nov. 1st



STANDARD HAIL OPTIONS

- **BASIC – 0% deductible, no multipliers
- DXS5 – 5% deductible disappearing @ 25%
- DXS10 – 10% ded. disappearing @ 50%
- DDA – 10% ded. disappearing @ 25%
- DDB – 20% ded. disappearing @ 40%
- DDC – 30% ded. disappearing @ 55%
- XS10IP – Excess over 10% loss – increasing payment
- XS20IP – Excess over 20% loss – increasing payment
- XS15IP – Excess over 15% loss – increasing payment
- XS5 – Excess over 5% loss – increasing payment
- Comp2 & Comp3 – Excess of 5% x increasing payment factor.
- **Comp+2 & Comp+3 – pays “better of” BASIC & COMP plans

Important Annual reminders:

- Initial plant date: (wheat – Mar 21); (corn/sugar beets - April 11); (soybeans - April 21)
- Final Plant date: (wheat – May 15); (corn – May 31); (soybeans – June 10)
- Late planting: 25 days after FINAL. 1%/day reduction in coverage
- Replanting – **MUST** notify agent beforehand. Self-cert. <50 acres.
- Acreage Reporting deadline: July 15th. Same as FSA certification deadline. Be thorough and don't assume. Use map books.
- Conservation Compliance – AD-1026. Always keep FSA up-to-date on any activities (clearing trees, fence lines), drainage, etc.
- RECORDS, RECORDS, RECORDS. Data mining is not going away. “Soft” records are vital.
- Premium: MUST be “postmarked” by 9/30, not just dropped in mailbox. There is a difference in smaller towns.



**When is the last
time
you serviced your
Insurance Contract?**

Together... We Find The Way!

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THANK YOU FOR ATTENDING!



Lynn Button
VP of Insurance



John Grassley
VP



Becky Scheel-Lang
CIS/BRM



Tim Lewis
Property & Casualty

**ANY
QUESTIONS?**

