



2021 Farm Bill Strategies & Analysis

January 2021

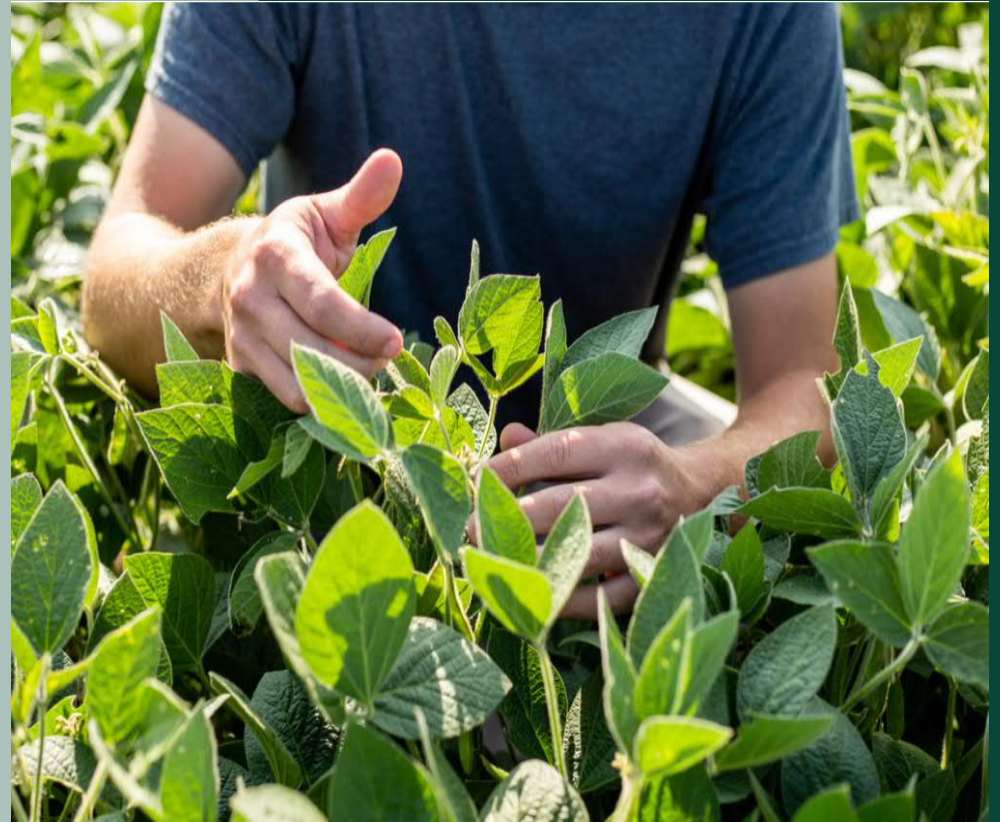


Farm Bill & Crop Insurance Strategies

- Farm Bill Programs
 - ARC vs PLC
- Crop Insurance Policies
 - Supplemental Coverage Option (SCO)
 - Enhanced Coverage Option (ECO)
- Named Peril Policies
 - Banded products
 - RAMP
 - GAP
 - Banded



Farm Bill ARC vs PLC



Free Price Support Programs

- Agricultural Risk Coverage – County (ARC-CO)
- Agricultural Risk Coverage – Individual (ARC-IC)
- Price Loss Coverage

Choice for 2021 must be made by March 15, 2021.

ARC-COUNTY

- Most popular price support option in the 2014 farm bill
- Pays out when year's calculated revenue for the COUNTY is less than 86% of that county's calculated revenue guarantee
- Payments are made in the October following harvest on 85% of base.
i.e. Any payment triggered on the 2021 crop won't be paid until October of 2022.

ARC - Individual

Similar concept to the ARC – CO program, but worked back to the individual, whole farm level

Finds an annual guarantee through weighting revenue on the whole FSN number

Pays on 65% of the base acres versus 85% under ARC-CO

Price Loss Coverage

- Most popular option in the 2014 farm bill for minor oilseeds, some small grains but could become more popular for corn and wheat
- Payments are triggered when the final Marketing Year Average Price (MYP) falls below the effective reference price
- Total payment to a producer is equal to that shortfall x their yield at FSA* x 85% of their base acres
- Just like ARC-CO, payments are made the October FOLLOWING harvest, after the final Marketing Year Price has been set for corn and soybeans

Price Loss Coverage

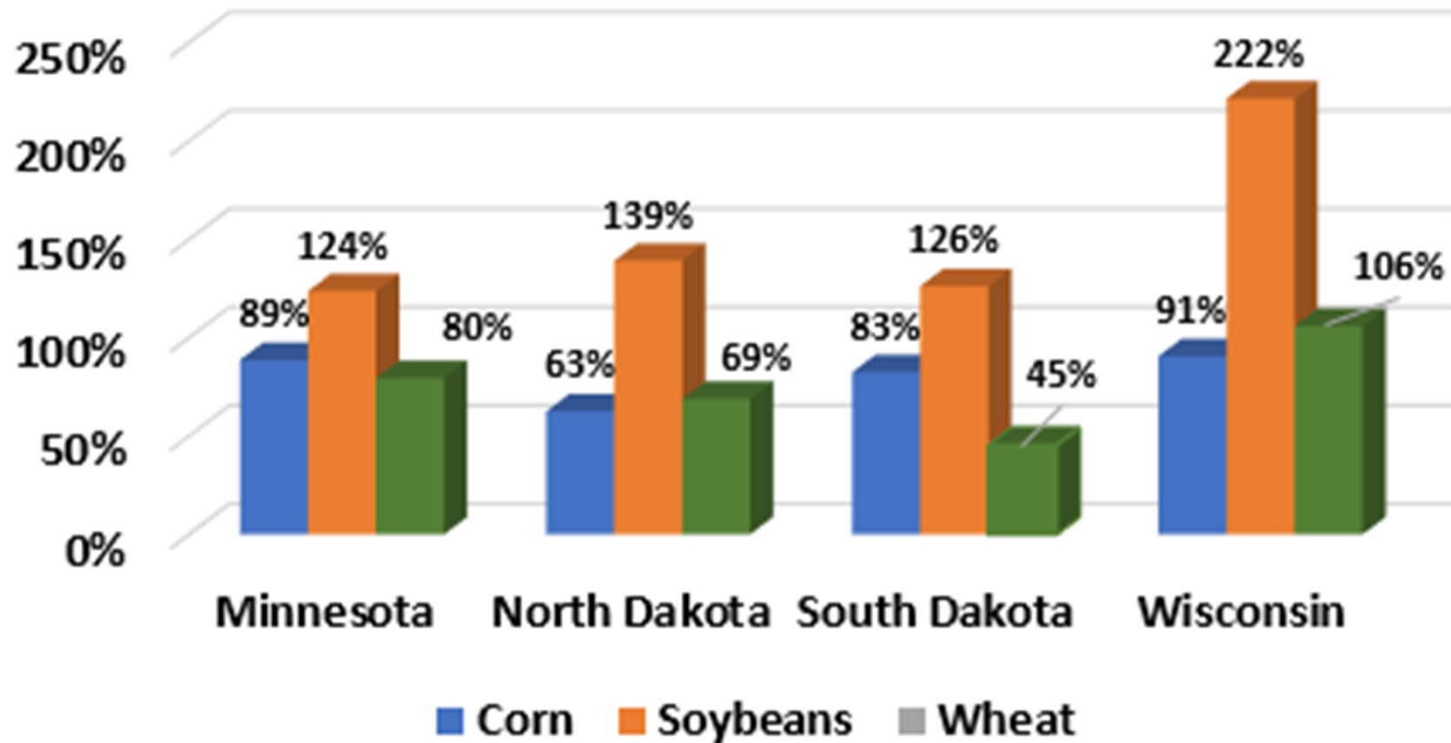
- Payments are triggered when the final Marketing Year Average Price (MYP) falls below the effective reference price
- Total payment to a producer is equal to that shortfall x their yield at FSA* x 85% of their base acres

Price Loss Coverage

- Effective Reference Prices:

Commodity	Unit	Minimum	Maximum
Barley	Bu	\$4.95	\$5.69
Corn	Bu	\$3.70	\$4.26
Minor Oil Seeds	Cwt	\$20.15	\$23.17
Oats	Bu	\$2.40	\$2.76
Soybeans	Bu	\$8.40	\$9.66
Wheat	Bu	\$5.50	\$6.33

2020 Planted Area as a Percentage of Base





Crop Insurance Policies



Supplemental Coverage Option (SCO)

- SCO-Supplemental coverage option.
- Only available on crops put into PLC program.
- County level revenue coverage up to 86% level.
If buy 86% SCO, and buy 75% RP insurance, would have 11% SCO coverage; from 86% down to 75%.
- 65% premium subsidy.
- County coverage.
- No payment limit on SCO.
- Paid on planted acres. SCO only program pays on planted acres.

SCO vs ARC

- SCO pays on planted acres vs 85% of base
- SCO pays at 86% to MPC1 vs ARC at 85% to 75%
- SCO costs premium subsidized at 65% vs ARC is free
- SCO adjusts to individual APH compared to County expected yield
 - It's an area plan that pays based on individual history
- SCO allows PLC vs ARC is only ARC

Enhanced Coverage Option (SCO)

- ECO-Enhanced coverage option.
- Available on crops in either PLC or ARC.
- County level revenue coverage from 86%-90% or 95%.
- 44% premium subsidy on 95%.
- 51% premium subsidy on 90%.
- County coverage.
- No payment limit on ECO.
- Paid on planted acres.

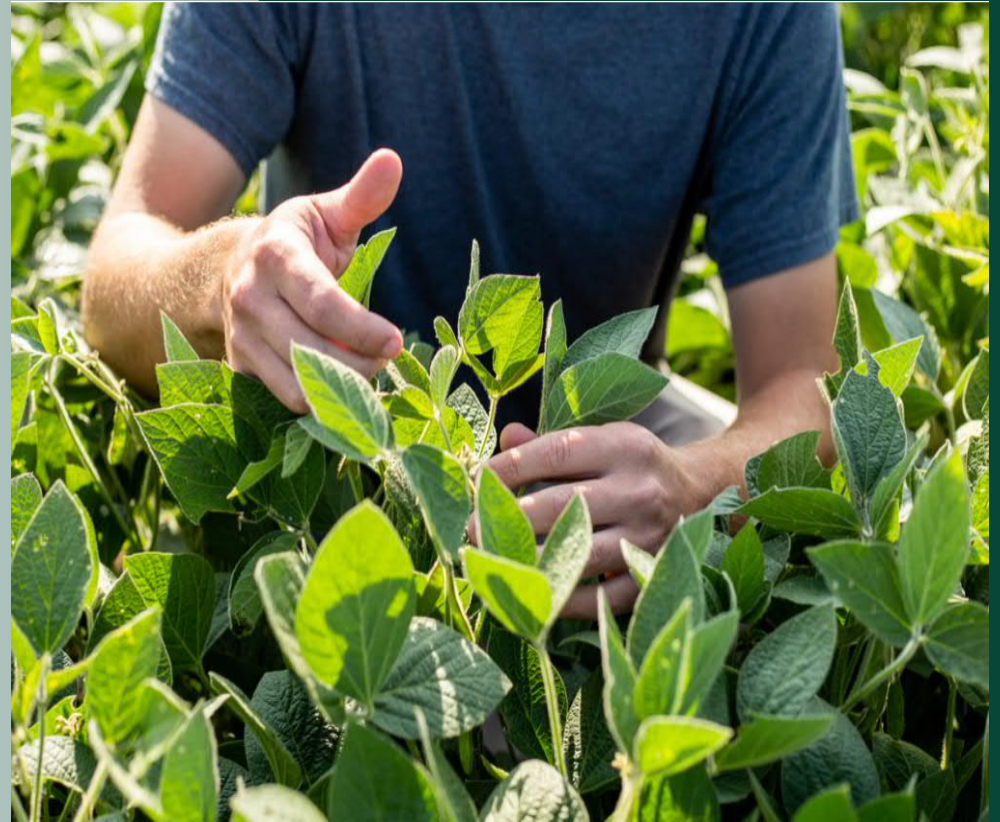
SCO & ECO Coverages

Deductible (no coverage)	100-95%
ECO Coverage Range	95% -86%
SCO Coverage Range	86-75%
MPCI Coverage Range	75%

Deductible (no coverage)	100-90%
ECO Coverage Range	90% -86%
SCO Coverage Range	86-75%
MPCI Coverage Range	75%



Named Peril Products



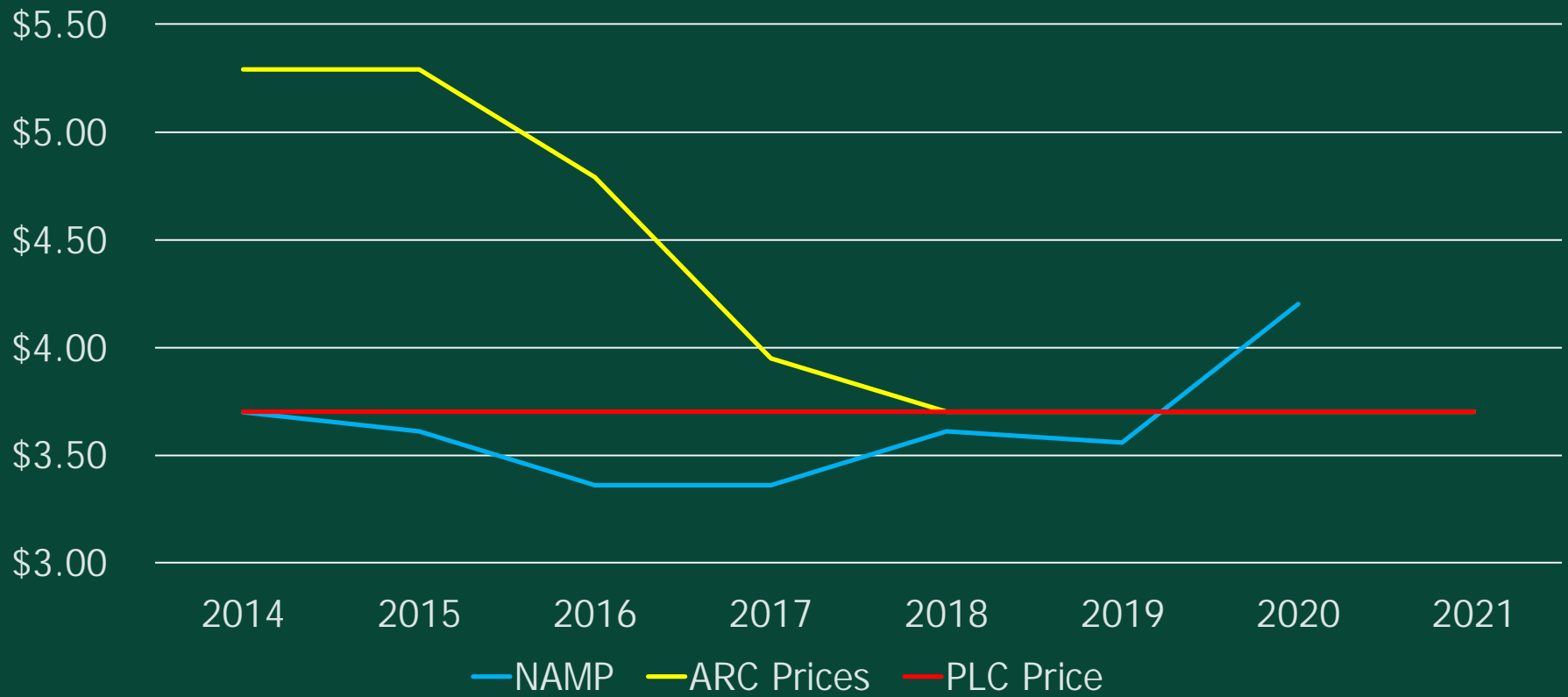
Banded or Increased Revenue Coverage

- RPowerD
- Rev Net
- APP
- Price Flex
- BPM
- EASYrev
- RAMP
- GAP
- RPP
- APO
- ARPO
- Revenue Boost

Add on Products

- Want to increase revenue on guaranteed bushels?
- Want to increase guarantee bushels?
- Want to increase revenue & guaranteed bushels?
- There are limitations with some AIP's on ECO and these products.
- Need to know what you really are trying to protect.

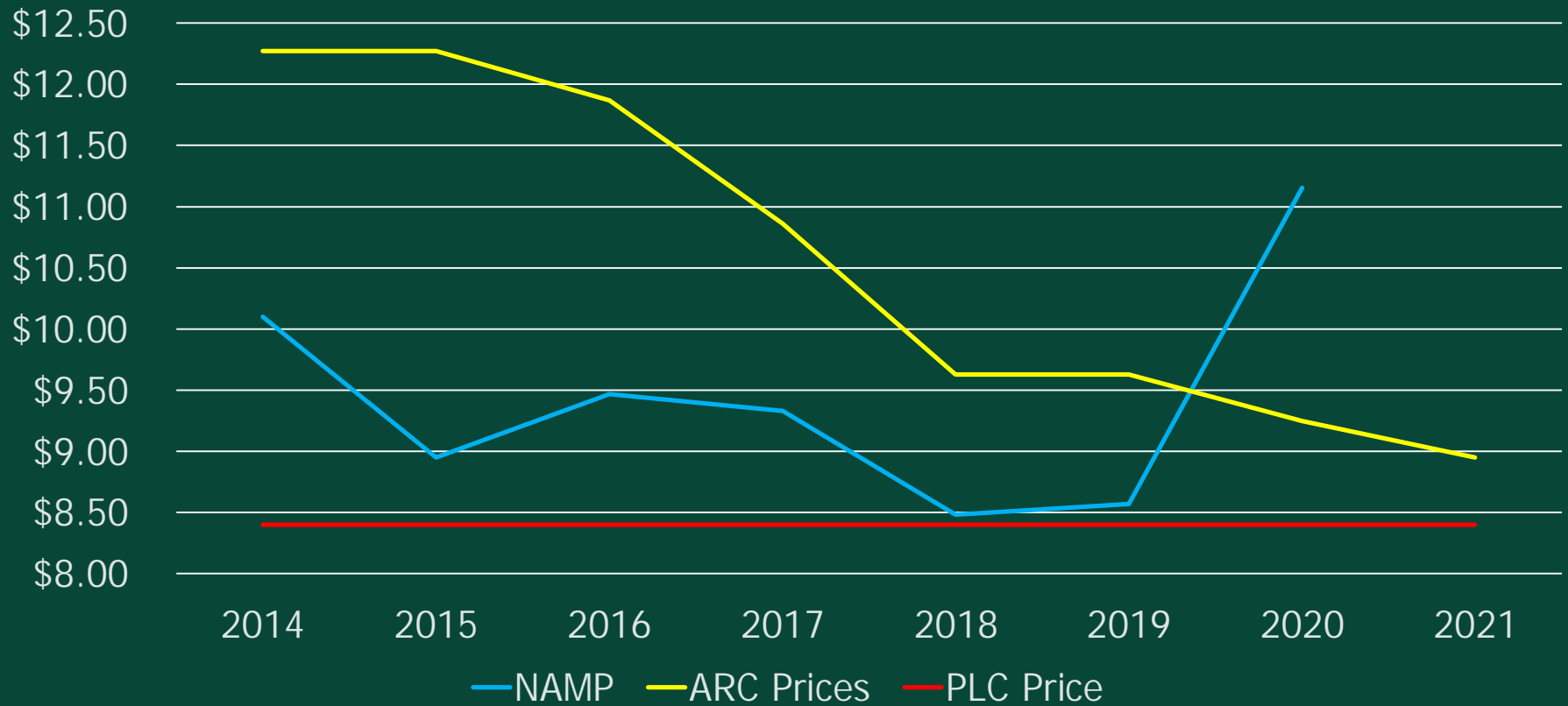
Corn



2021 Corn Prices

- ARC - \$3.70
- PLC - \$3.70
- Futures - \$4.52
- NAMP - ??? Sept 1st – Aug 31st

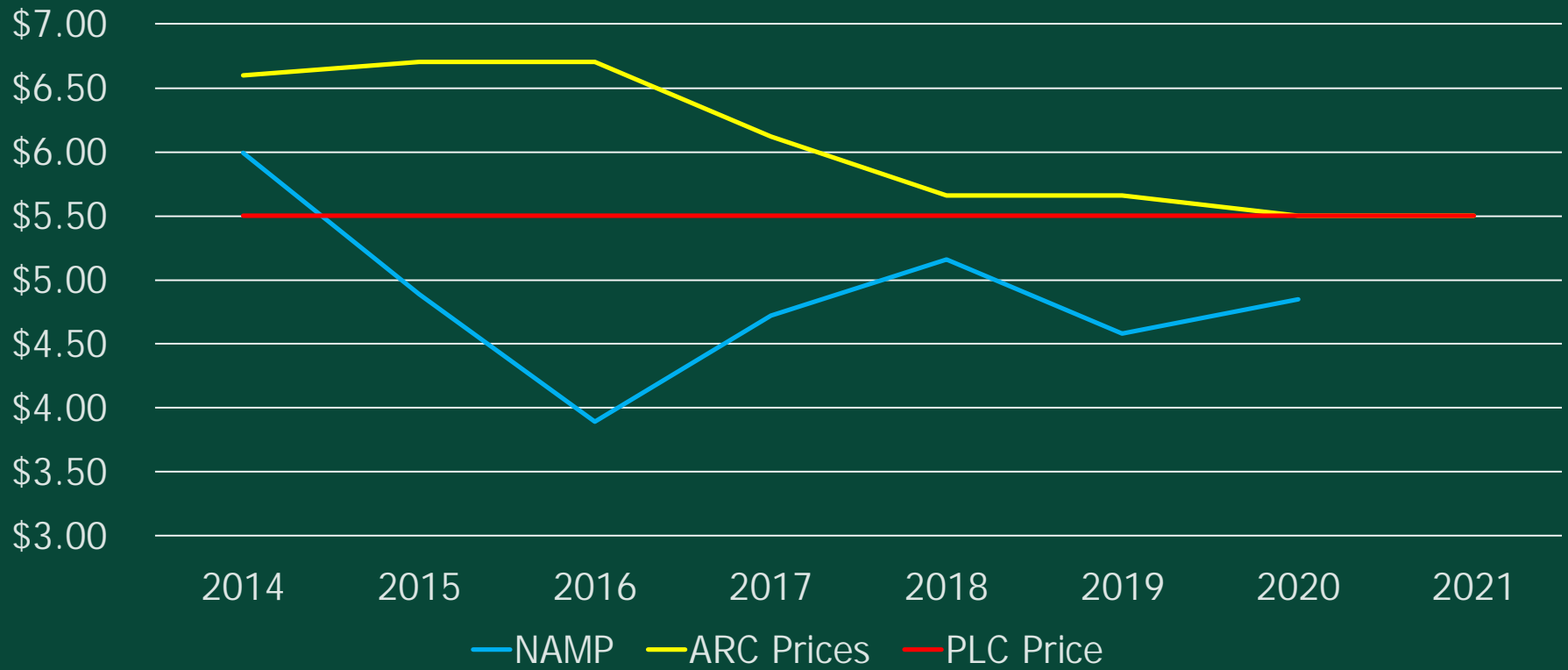
Soybeans



2021 Soybean Prices

- ARC - \$8.95
- PLC - \$8.40
- Futures - \$11.65
- NAMP - ??? Sept 1st – Aug 31st

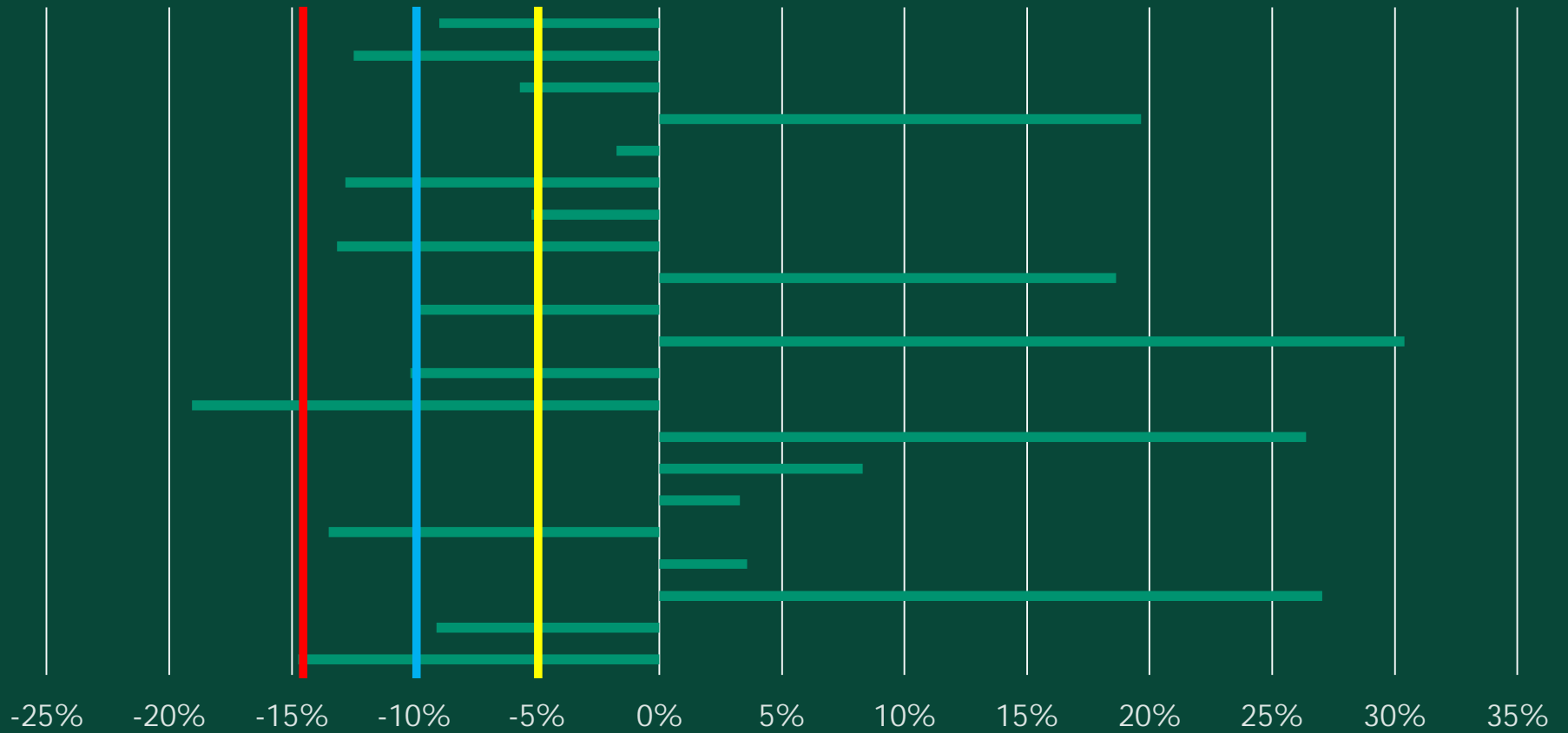
Wheat



2021 Wheat Prices

- ARC - \$5.50
- PLC - \$5.50
- Futures - \$6.48
- NAMP - ??? June 1st – May 31st

2000-2020 HRSW RP Prices



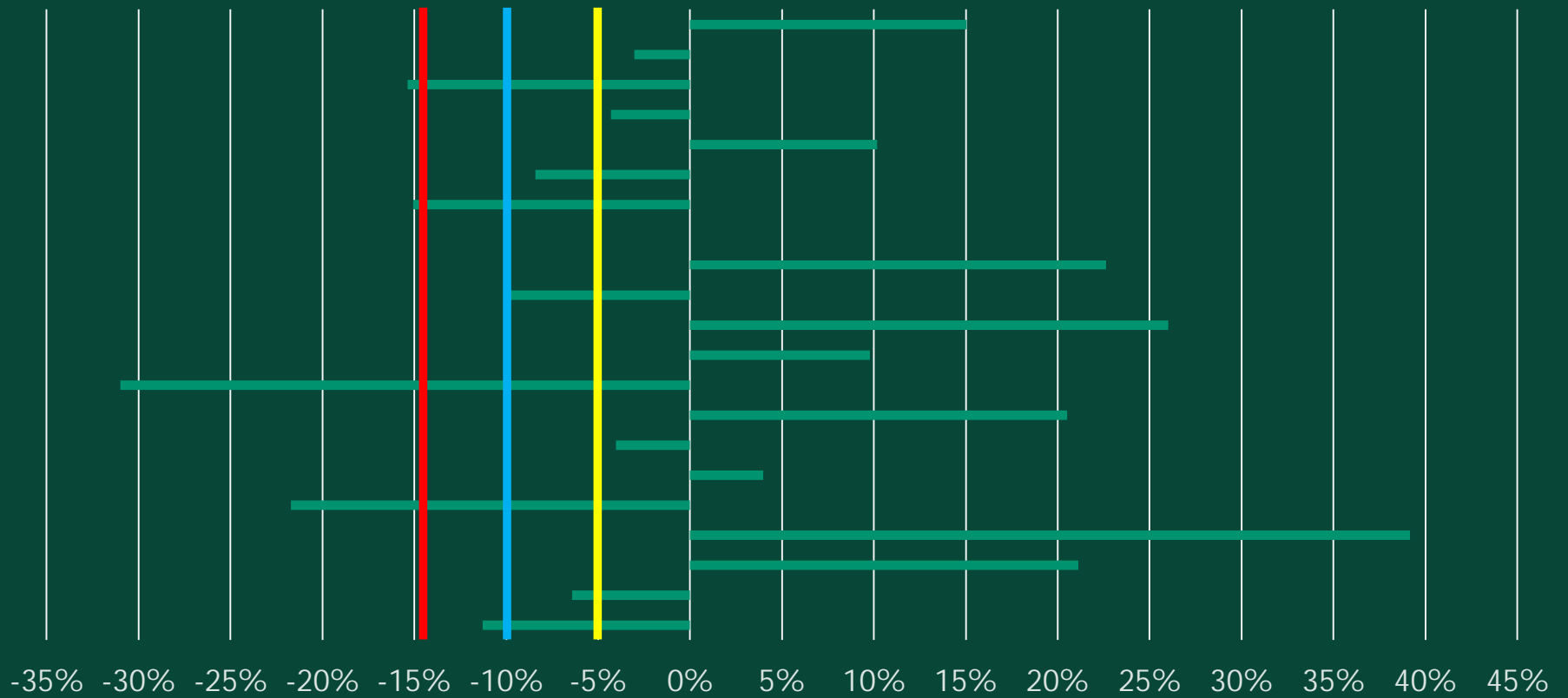
95% ECO Trigger 12 out of 21 years – 57%

90% ECO Trigger 7 out of 21 years – 33%

86% SCO Trigger 2 out of 21 years – 10%



2000-2020 Sbean RP Prices



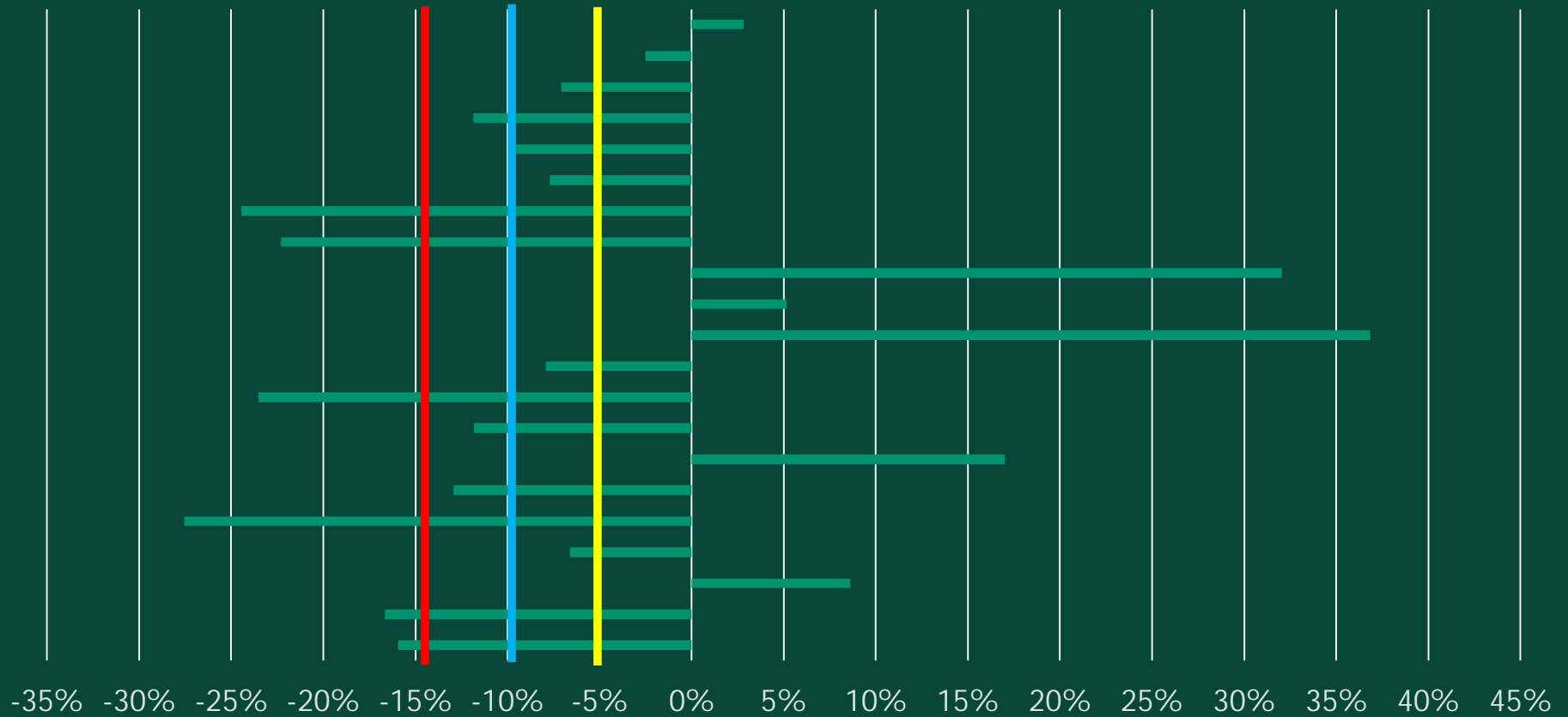
95% ECO Trigger 8 out of 21 years – 38%

90% ECO Trigger 5 out of 21 years – 24%

86% SCO Trigger 4 out of 21 years – 19%



2000-2020 Corn RP Prices



95% ECO Trigger 14 out of 21 years – 67%

90% ECO Trigger 9 out of 21 years – 43%

86% SCO Trigger 6 out of 21 years – 29%





2021 Strategies



2021 Strategies to Think about

- Covering 65% or 85% of base acres vs Planted
- Using historic Olympic averages vs Projected Prices & Yields
- County based protection vs personal protection
- Premium vs free
- How much premium?

2021 Strategies

- Revenue Protection (RP) & Farm Bill only
 - Wheat & Corn PLC
 - Soybeans ARC-CO
- RP with PLC & SCO
- RP w/ PLC, SCO, & ECO
- RP w/ ARC/PLC and Named Peril product
- RP w/ combination of ARC/PLC, Named Peril, & SCO/ECO

Questions????

