

## 2023 PRICES

Official MPCCI commodity prices will be the February average close of the CMEX new crop future. Basis is not a factor. The numbers in the chart below are simply the most recent numbers as of February 9<sup>th</sup>. The final prices and volatility factors will likely be similar to what we have here.



## PLANT DATES

Corn and Soybean early plant dates in western Minnesota were each moved up one day. Any seeding prior to the first plant date annuls replant coverage. Add on replant coverage is available to be covered for planting before the earliest plant date.

**CORN = April 10 – May 31**

**SOYBEAN = April 20 – June 10**

**WHEAT/OATS = March 21 – May 15**

**If you want information on any other insurable crops or plan on adding something new, see us before the change deadline of March 15<sup>th</sup>.**

| Unofficial Prices | Conventional Grain | Organic Certified |
|-------------------|--------------------|-------------------|
| Corn DEC          | \$4.74             | \$8.42            |
| Soybean NOV       | \$11.73            | \$23.64           |
| Wheat SEP         | \$7.05             | \$14.00           |

## COVERAGES

**SCO** = Supplemental Coverage Option. This subsidized plan will cover losses up to 86%. Someone at 75% could add about \$105 of liability to their corn for \$11. Despite being cheaper than just buying 85% on your policy, it only offers a county wide guarantee.

**ECO** = Enhanced Coverage Option. This coverage goes from 86% to 95%, which sounds great, but it is still based on county averages. Assuming this option would add \$95 of liability, it would cost \$28. In comparison, a 75% crop insurance policy in Big Stone County that covers \$750 is just \$21 per acre.

**PF+5** = 5% extra Prevent Plant coverage. Extra premium will apply to all crop acres in the county. For example, a \$750/a coverage pays 55% for PP = \$412. The PF5 increases that to a 60% payout = \$450.

## NAMED PERILS

**Replant** – Effectively removes the 20/20 rule and provides increase payout. \$0.75/a will get you \$50/a paid.

**Late Plant** – This one makes up for the lost coverage if you plant within the 10 day late plant period. Despite being cheap, it's very unlikely to pay.

**Adding Coverage Options** – There are many products that can provide higher price coverage. The plans are good, but can be expensive if you don't know what you're buying. When working with these products, you need to talk with someone that you know isn't there to just line their own pockets with the large commissions these generate. See the back page for a breakdown of how these can work for you.

**Hail Production Plan** – You can get a similar Hail coverage and payout schedule for a cheaper premium with a Comp2+ hail product. **Furthermore, Comp2+ can be purchased field by field (HPP is county wide) and it doesn't have a yield component that can reduce your adjusted loss %.**

## THANK YOU

I sincerely appreciate your business. I value every client and try to earn my business with quality advice and support. Also, supporting independent agents is a great way to support our local economy.

Map Books will be ordered and delivered in early April. If you have any added land or specific requests, let me know before the end of March.

[WWW.HAUGENCROPINS.COM](http://WWW.HAUGENCROPINS.COM)

Madison 320-598-3332      Ortonville 320-839-2896  
Peter 320-894-0747      Tim 320-305-1315      Duane 320-226-5056

## Added Coverage Options

RCIS has some good, competitive options here. Other companies will have their own products under different names, but for the most part, these policies are doing pretty much the same thing. Keep in mind, that insurance is always a give and take and I want to help maximize your earning potential without adding unnecessary cost.

Added Price Option is a simple policy that simply adds a limited amount of price per bushel to any MPCl loss. It does not increase the chances of an indemnity. No bushel loss, no payment here. Price drop is not a factor. You can think of it as a YP policy on top of whatever MPCl you have.

Revenue Policy Protection actually increases the overall liability, essentially creating a higher coverage level like ECO & SCO would create, except this is a personal guarantee. No more county average, you have a loss, you get paid. This works best in a 10-15% drop in price year. Downfall is you must purchase RP for your underlying MPCl policy. This is similar to other companies offering 95% plans.

This chart uses **85% Corn RP** policy that has a **190 APH** at **\$4.75** price. All price drop and yield scenarios are hypothetical. Harvest price can be added or excluded and can also be purchased with OU or EU structure for the add on policy.

| % Change | Fall Price | 170   | 175   | 180   | 185   | 190   | 195   | 200   | 205   | 210   | Yield |
|----------|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 10%      | 5.23       | -     | -     | -     | -     | -     | -     | -     | -     | -     |       |
| 8%       | 5.13       | -     | -     | -     | -     | -     | -     | -     | -     | -     |       |
| 6%       | 5.04       | 2.39  | -     | -     | -     | -     | -     | -     | -     | -     |       |
| 4%       | 4.94       | 19.39 | -     | -     | -     | -     | -     | -     | -     | -     |       |
| 2%       | 4.85       | 34.69 | 10.44 | -     | -     | -     | -     | -     | -     | -     |       |
| 0%       | 4.75       | 51.69 | 27.94 | 4.19  | -     | -     | -     | -     | -     | -     |       |
| -2%      | 4.66       | 66.99 | 43.69 | 20.39 | -     | -     | -     | -     | -     | -     |       |
| -4%      | 4.56       | 83.99 | 61.19 | 38.39 | 15.59 | -     | -     | -     | -     | -     |       |
| -6%      | 4.47       | 92.06 | 76.94 | 54.59 | 32.24 | 9.89  | -     | -     | -     | -     |       |
| -8%      | 4.37       | 92.06 | 92.06 | 72.59 | 50.74 | 28.89 | 7.04  | -     | -     | -     |       |
| -10%     | 4.28       | 92.06 | 92.06 | 88.79 | 67.39 | 45.99 | 24.59 | 3.19  | -     | -     |       |
| -12%     | 4.18       | 92.06 | 92.06 | 92.06 | 85.89 | 64.99 | 44.09 | 23.19 | 2.29  | -     |       |
| -14%     | 4.09       | 92.06 | 92.06 | 92.06 | 92.06 | 82.09 | 61.64 | 41.19 | 20.74 | 0.29  |       |
| -16%     | 3.99       | 92.06 | 92.06 | 92.06 | 92.06 | 92.06 | 81.14 | 61.19 | 41.24 | 21.29 |       |
| -18%     | 3.90       | 92.06 | 92.06 | 92.06 | 92.06 | 92.06 | 92.06 | 79.19 | 59.69 | 40.19 |       |
| -20%     | 3.80       | 92.06 | 92.06 | 92.06 | 92.06 | 92.06 | 92.06 | 92.06 | 80.19 | 61.19 |       |

10% price drop seems to be the magic number to get a decent yield and still pay out. Just 5 of the previous 16 years have seen a 10% or larger price drop in Corn. Soybeans only had 4 years of at least 10% drop in that same span. If you are interested in more details, stop in. We have assembled historical charts and our own exclusive scenario calculators to help inform you about the real nature of pricey add-ons.

My take on adding coverage, is you had better be ready to forward contract that grain up to what your insurance guarantee is. By purchasing this extra coverage, you are saying you are certain the price is going to drop. If you are certain the price is going to drop, then you should probably sell those bushels. Another way to look at it is to forget about adding insurance and remove the Harvest Price Option (RPHPE), this saves premium and works exactly the same as RP when the market goes down. Another option would be to switch to optional units.

Visit with us about your 2024 strategy and planting intentions prior to March 15<sup>th</sup>

**Our business is to keep you in business**