



Independent
Community Bankers
of Minnesota®

Always with you. Always for you.™

AgLink

Your source for agricultural and rural topics
affecting community banks in Minnesota

2017 Crop Insurance Considerations

During the next few weeks, many farm operators will be finalizing their crop insurance decisions for the 2017 crop year.

*Note: March 15th is the deadline to purchase crop insurance for the 2017 crop year.

Profit margins for crop production this year remain very tight, which makes 2017 crop insurance decisions even more critical. Producers have several crop insurance policy options to choose from, including yield protection (YP) policies, revenue protection (RP) policies, and other group insurance policy options. There are also decisions with using "enterprise units" versus "optional units," and whether to take advantage of trend-adjusted actual production history (APH) yields for 2017.

YP insurance policy options provide yield-only insurance protection based on historic actual APH yields on a given farm unit. YP prices are based on average Chicago Board of Trade (CBOT) prices for December corn futures and November soybean futures during the month of February, similar to revenue insurance products. Producers can purchase YP insurance coverage levels from 50-85 percent and losses are paid if actual corn or soybean yields on a farm unit fall below the yield guarantees.

RP insurance policy options provide a guaranteed minimum amount of gross revenue per acre based on APH and the average CBOT prices for December corn futures and November soybean futures during the month of February. The revenue guarantee is increased for final insurance calculations, if average CBOT prices during the month of October are higher than the February CBOT prices. The final crop revenue is the actual yield on a farm unit multiplied by the CBOT December corn futures price and November soybean futures price during the month of October.

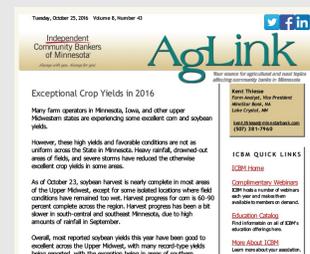
Revenue protection with harvest price exclusion (RPE) policy options function the same as RP policies, except RPE policies have a minimum revenue guarantee (yield and price) that is fixed, based on February CBOT corn and soybean prices, and cannot be increased later. As of February 6, the 2017 estimated crop prices in

Kent Thiesse

Farm Analyst, Vice President
MinnStar Bank, NA
Lake Crystal, MN

kent.thiesse@minnstarbank.com
(507) 381-7960

*Manage Your ICBM E-Publications



If you would like to update your e-publication deliveries from ICBM, please contact Kristi Ploeger at kploeger@icbm.org or 651-789-3997.

ICBM QUICK LINKS

[ICBM Home](#)

[Complimentary Webinars](#)

ICBM hosts a number of webinars each year and makes them available to members on demand.

[Education Catalog](#)

Find information on all of ICBM's education offerings here.

[More About ICBM](#)

Learn more about your association.

[Bank Directory](#)

Find general information on any of

the Upper Midwest for YP, RP, and RPE policies were: \$3.95 per bushel for corn, \$10.13 per bushel for soybeans, and \$5.62 per bushel for spring wheat. 2017 YP prices and RP base prices will be finalized on March 1.

Many producers in the Upper Midwest have been able to significantly enhance their insurance protection in recent years by utilizing the trend-adjusted yield (TA-APH) endorsement, with only slightly higher premium costs. The APH yield exclusion (YE) option allows specific years with low production to be dropped from crop insurance APH yield guarantee calculations. Several counties in central and northern Minnesota are eligible for YE for corn and soybeans in some of the past 10 years. For information on which counties, crops, and years are eligible for YE, go the USDA's RMA [website](#).

Given the tight profit margins for crop production in 2017, some producers may have a tendency to reduce their crop insurance coverage in order to save a few dollars per acre in premium costs. However, a producer must first ask the following question: "How much financial risk can I handle if there are greatly reduced crop yields due to potential weather problems in 2017, and/or lower-than-expected crop prices?" RP crop insurance policies serve as an excellent risk-management tool for these situations and 2017 may not be the year to reduce insurance coverage.

In recent years, many Midwest corn and soybean producers have been utilizing a minimum of 80 percent RP coverage with "enterprise units." However, 2017 may be the time to consider upgrading to the 85 percent coverage level. In many cases, the 85 percent coverage level offers considerably more protection, with only a modest increase in premium costs. Many producers will be able to guarantee near \$550-650 per acre for corn and near \$350-450 per acre for soybeans at the 85 percent coverage level in 2017, especially when also utilizing trend-adjusted APH yields.

A reputable crop insurance agent is the best source of information to find out more details regarding various coverage plans.

The following websites are also good sources for crop insurance information:

- [University of Illinois FarmDoc](#)
- [USDA Risk Management Agency](#)

For more information, contact Kent Thiesse, Farm Management Analyst and Vice President, MinnStar Bank, Lake Crystal at: 507-381-7960 or kent.thiesse@minnstarbank.com.

Manage Your ICBM E-Publications

If you would like to update your e-publication deliveries from ICBM, please contact Kristi Ploeger at kploeger@icbm.org or 651-789-3997.

our bank members. Available to members only.

[B2B Directory](#)

Public listing of every ICBM Associate Member. Searchable by company, city, and business category.

[Bank Locator](#)

Get a map and directions to any one of our member banks or branches.

[ATM Locator](#)

Find an ATM located on the In Balance® Network.

Like AgLink?

See what else we publish

[Learn More](#)

