



JUNE 25
2019

Issue: 190625



RPowerD® - Stressed Producers are Looking for a Plan

If you have customers dealing directly with Replant and Prevented Planting or even customers glued to the news about these issues as they wade through the sometimes accurate and often misinformed blog posts regarding MFP, Cover Crop, Disaster Program, etc., you are not alone.

Many farmers are in some combination of crisis or worry about how 2019 will turn out. For some, getting operating money for 2020 will be a challenge. We know spot basis levels for stored crops are extremely high, but farmer selling is light. We know there will be logistic abnormalities all winter and through the 2020 harvest next year, as 2019 grain has to be pulled away from normal markets into domestic demand centers where production was limited. We know basis and spreads will be volatile as a result. Board of Trade prices on which crop insurance guarantees are based will likely be volatile in both directions too.

Every producer can tell you stories about how they missed profitable pricing opportunities only to be forced into the perpetual “wait, hope, pray” routine again. So what can an agent do?

Helping those with large claims get ready for \$200,000 reviews comes to mind. Being the voice of factual information regarding approved cover crops for their county and Prevented Planting rules is imperative. Agents can both empathize with their customer’s 2019 plight, and help them document a plan for a better 2020 season right now with minimum revenues that cover expected costs.

If you read this newsletter, you know RPowerD is giving growers the opportunity to establish the minimum crop insurance price now by “opting-in” to the previous sessions closing price. This is called RPowerD Market Price. This feature has afforded many producers the opportunity to establish a minimum revenue that covers expected 2020 costs of production. Adding Alternative Discovery Periods expands their opportunity for 2020 for just a few cents/bu more. Tell the story, show the matrix, and they will be interested.

While setting 2020 minimum revenues, your producers might also be interested in learning more about the Margin Protection policy that covers 95% of expected yield and pays \$1.20 for every dollar of loss. It also insures against a rise in many of their input costs between rotation decision time and planting. If their yields track with the county, they are a great candidate for Margin Protection and can get a premium credit when they add an individual base policy to their portfolio.

For 2020, Margin Protection expected and harvest yields will be based on RMA county yields and planted acres as reported for crop insurance instead of NASS survey yields. MP, ARP, and SCO will use the same expected and harvest yields for 2020. RMA is set to announce expected yields for 2020 on Aug 7th. The RPowerD sales tools show how MP results compare to RP alone.

Maybe your producers bought SCO for 2019, but now that yields are in jeopardy, expect to enroll in ARC County. For 2019 only, they can get both an SCO and an ARC payment with no penalty. Check out the Farm Bill Comparison tool in www.AgenteVantage.com and show that an SCO calculator is included.

Helping people make good decisions in times of stress builds long-term loyalty. Helping people make the first, best decision to establish minimum revenues that cover costs with RPowerD opens a world of opportunity and gives peace of mind to make all the next decisions too.