



# CROP TALK

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## *Welcome!*

Thad Stauffer, Director of Insurance Strategies



**Happy Holidays from your Compeer Financial Insurance Team and welcome to our inaugural year-end newsletter.** We'd like to leverage this newsletter to connect with you, our clients, as we prepare to turn the calendar to 2022.

While we're still months away from planting our next crop, the decisions you'll make in covering your risks shouldn't be something you do on your own. Let's face it — there are more and more options being offered each year. It can be difficult to know what to do or what to consider. This is exactly why you work with Compeer. We're here to help you meet your goals.

A one-size-fits-all mindset doesn't work for crop insurance. This is why we've made several investments in your success. Our Optimum platform is an exclusive tool your insurance officer can use to compare multiple product choices based on your data. The platform is built to show you the raw data or in graph format. This flexibility allows us to set revenue price alerts and customize Multi-Peril Crop Insurance (MPCI) products to fit your needs.

For our clients with haying or grazing, protecting your forage or pasture ground heavily depends on rainfall. Our exclusive Pasture Rangeland Forage (PRF) tool gives us the ability to protect this ground based on grids and intervals. Our interactive maps track daily rainfall and can be emailed so you can follow along with your insurance officer.

For our dairy and livestock clients, we've invested in dedicated resources and technology to assist our insurance officers in the field. Our Dairy Revenue Protection (DRP) Analyzer gives

you a platform to track DRP endorsements, set price alerts and listen to educational updates from the creator of DRP. This is just one more way Compeer is looking out for your bottom line.

The last tool I'll mention is our Hail Pro platform. We know products like hail, wind and replant are important to your risk management package. We want a way to compare multiple product options without having to look in a manual. Hail Pro keeps our insurance officers up to speed with new endorsements and changes so they can keep you informed.

Before you peruse the rest of our newsletter, let me bring your attention to other resources available to you. MyCompeer is your spot for insurance documents. Whenever we complete an insurance transaction, we share your approved documents to your personal and secure MyCompeer site. This allows you to get your documents when you want them. I also want to highlight educational opportunities found at [compeer.com](https://compeer.com). We'll be providing a number of webinar options for you to stay connected before the March 15 sales closing date. You can register directly on our website or at the link provided later in this newsletter.

At Compeer, we champion the hopes and dreams of rural America. This is why we continue to make investments in our team and resources. We look forward to working with you in the coming months to ensure we protect your growing assets.



Staying connected to your crop insurance information is important. With MyCompeer, you'll enjoy the convenience of secure online access at your fingertips. MyCompeer is available 24 hours a day from your desktop, tablet or smartphone.

Crop insurance documents that you can find in MyCompeer include:

- Confirmation of Coverage
- Schedule of Insurance
- Approved Production History

Enrollment is quick and easy. Visit [compeer.com/mycompeer](https://compeer.com/mycompeer) or call us at (844) 426-6733.

Note: By enrolling in MyCompeer, you also have access to  our exclusive MyLearning platform with content tailored to our clients and their operations on topics like developing a grain marketing plan, balance sheet basics, cost of production, transition planning and more. Check it out!

## Online Renewals

Compeer is committed to providing robust and secure online tools to help our clients get business done — where and when you want. It's why we provide different options for renewing your crop insurance policy.

If you're not making any changes to your crop insurance policy, your Compeer insurance officer can send you an email to review your policy coverage from last year and you can easily renew with a click of the mouse.

If you're interested, please contact your Compeer insurance officer.



## LOOKING AHEAD AT 2022 CROP INSURANCE DECISIONS

In the next few months (if you haven't done so already), producers will make decisions of what crop insurance coverage to elect for the upcoming 2022 crop year. Over the last few years, we've seen the choices and options become more complex, and in 2021, we saw the cost increase significantly. As of right now, 2022 looks like it will present similar challenges.

At the time of this writing, the December 2022 corn price is \$5.35 and the November 2022 soybean future price is \$12.49. Although a lot can change before the end of February, it doesn't mean you shouldn't start getting a risk management game plan together.

One thing we do know is input costs are up. As you can see in the projection at the right using Compeer's Grain Margin Manager tool (which is available to Compeer clients), commodity prices are up but input costs are also way up. The total expense per acre on corn for this specific operation at the time of writing is \$917. This projection looks pretty good using a \$5.00 cash price and a 225 bu/acre average next year. We can all agree that would be a profitable scenario. But what happens if that price drops? What happens if a wind storm or any adverse weather event hits?

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COMPEER FINANCIAL			
Margin Manager 2021 Projections			
Sample	Description	Corn	Soybeans
		2021	2021
Acres		1000	1000
Dropdown for APH Yield or Expected			
Revenue Estimate per Acre	Expected Yield	225	65
	YIELD Bushel/Acre	225	65
Cash Price \$/Bushel		\$ 5.00	\$ 12.50
	Cash Price \$/Bushel	\$ 5.00	\$ 12.50
Crop Revenue/Acre		\$ 1,125.00	\$ 812.50
	Crop Revenue/Acre	\$ 1,125.00	\$ 812.50
Govt Payment (avg over acres)		\$ -	\$ -
	Govt Payment (avg over acres)	\$ -	\$ -
Total Revenue per Acre		\$ 1,125	\$ 813
State Average Expense Links			
Expense Estimate per Acre	MN FINBIN	\$ 45	\$ 65
	ISU Budgets	\$ 30	\$ 30
Chemicals		\$ 30	\$ 20
	Chemicals	\$ 30	\$ 20
Crop Insurance		\$ -	\$ -
	Crop Insurance	\$ -	\$ -
Custom Hire		\$ 30	\$ 30
	Custom Hire	\$ 30	\$ 30
Labor Hired & Employee Benefits		\$ 220	\$ 120
	Labor Hired & Employee Benefits	\$ 220	\$ 120
Fertilizer and Lime		\$ -	\$ -
	Fertilizer and Lime	\$ -	\$ -
Gas/Fuel/Oil		\$ -	\$ -
	Gas/Fuel/Oil	\$ -	\$ -
Insurance		\$ -	\$ -
	Insurance	\$ -	\$ -
Operating Interest		\$ -	\$ -
	Operating Interest	\$ -	\$ -
Repairing/Maintenance		\$ -	\$ -
	Repairing/Maintenance	\$ -	\$ -
Seed/Plants		\$ 100	\$ 65
	Seed/Plants	\$ 100	\$ 65
Storage/Drying/Warehouse		\$ 25	\$ 2
	Storage/Drying/Warehouse	\$ 25	\$ 2
Supplies		\$ -	\$ -
	Supplies	\$ -	\$ -
Trucking/Freight		\$ -	\$ -
	Trucking/Freight	\$ -	\$ -
Utilities		\$ -	\$ -
	Utilities	\$ -	\$ -
Other Expense		\$ 129	\$ 106
	Other Expense	\$ 129	\$ 106
Total Direct Expense per Acre		\$ 579	\$ 418
	Total Direct Expense per Acre	\$ 579	\$ 418
Land Cost (P&I + Rent + RE Taxes)		\$ 300	\$ 300
	Land Cost (P&I + Rent + RE Taxes)	\$ 300	\$ 300
Machinery Cost (P&I + Lease)		\$ 38	\$ 38
	Machinery Cost (P&I + Lease)	\$ 38	\$ 38
Total Capital Expense per Acre		\$ 338	\$ 338
Family Living Expense		\$ -	\$ -
	Family Living Expense	\$ -	\$ -
Non-Farm Income & Wages		\$ -	\$ -
	Non-Farm Income & Wages	\$ -	\$ -
Net Family Living Expense		\$ -	\$ -
Total Expense per Acre		\$ 917	\$ 756
	Total Expense per Acre	\$ 917	\$ 756
Net Margin per Acre		\$ 208	\$ 57
Break-Even per Bushel		\$ 4.08	\$ 11.63
	Break-Even per Bushel	\$ 4.08	\$ 11.63
Total Revenue		\$ 1,125,000	\$ 812,500
	Total Revenue	\$ 1,125,000	\$ 812,500
Total Expenses		\$ 917,000	\$ 756,000
	Total Expenses	\$ 917,000	\$ 756,000
Net Margin		\$ 208,000	\$ 56,500

## LOOKING AHEAD AT 2022 CROP INSURANCE DECISIONS

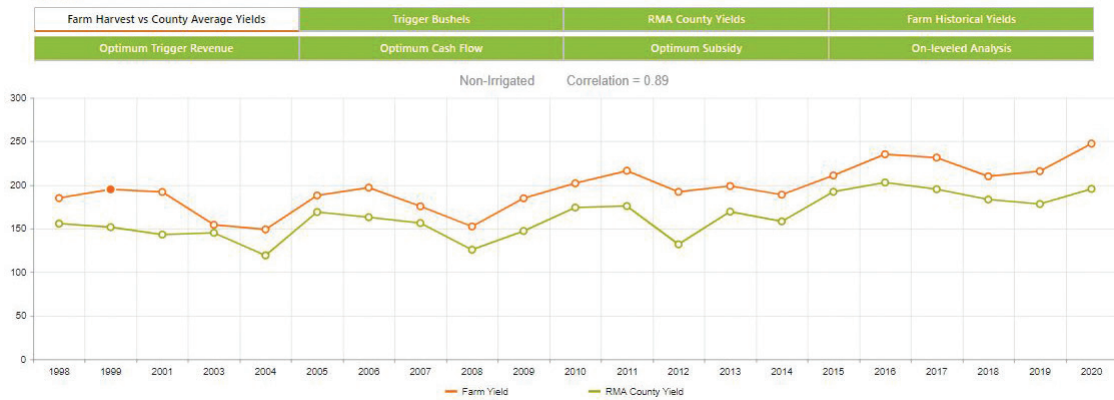
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More than ever, you need to know your numbers to make sure you're properly protected with crop insurance. Let's take a look at three insurance options, using the producer in our example and targeting protection at \$917 per acre to break even.

See below graph. The policy choice in purple is the producer's current policy. That 75% revenue policy gives the producer \$875 in revenue coverage. This would've been enough in the past few years, but for 2022, it's \$42 per acre short of the needed revenue to break even. The bar to the right shows an 80% policy. In this example, the 80% policy provides \$933 in revenue coverage, which is enough.



Keep in mind these numbers are using a \$5.35 corn futures price. What happens if prices drop to \$5.00? Now that same 80% policy provides just \$872 in revenue coverage. The producer should consider adding one of the county bands of coverage. Compeer insurance officers can quickly look at producer yields vs. county yields. As shown in the graph below, the producer in our example shouldn't have concerns about leveraging a county-based product for more insurance coverage because their correlation to the county is 0.94 (very strong). A 95% Enhanced Coverage Option (ECO) band at a \$5.00 corn price will give this producer almost \$100 in additional coverage.



Because there are many different ways you can get the coverage needed for the 2022 crop year, it can feel overwhelming. Here are some steps you can take now to help with the decision-making process:

- **Get working on your breakeven numbers.** It might be frustrating to think about rising input costs, but those are largely out of your control. Keep track of what they are and use a tool such as Compeer's Grain Margin Manager to assist you in nailing down your breakevens. [compeer.com/grain-margin-manager](https://compeer.com/grain-margin-manager)
- **Voice what you're concerned about** to your Compeer insurance officer (besides just covering costs). If wind and/or hail is on your mind, make sure your insurance officer knows it.



Learn more about Compeer's Grain Margin Manager tool:

[compeer.com/grain-margin-manager](https://compeer.com/grain-margin-manager)



WIND COVERAGE: A SOLUTION TO AN ONGOING PROBLEM

A popular term in the agricultural community and crop insurance industry these days is **wind**. The topic seems to be increasing in conversations, and with good reason.



Over the past several years, wind damage on crops has increased. The derecho of 2020 is widely known to have caused extensive damage throughout Iowa and parts of Illinois, but isolated wind storms are continually causing damage throughout the Compeer territory.

From 2016 through 2019, wind events in Illinois, Minnesota and Wisconsin increased 33% from the previous four years ([https://www.spc.noaa.gov/wcm/data/1955-2019\\_wind.csv.zip](https://www.spc.noaa.gov/wcm/data/1955-2019_wind.csv.zip)). In addition to wind becoming more frequent, the timing of wind events is also changing. To the right is a chart showing wind events by year and month.

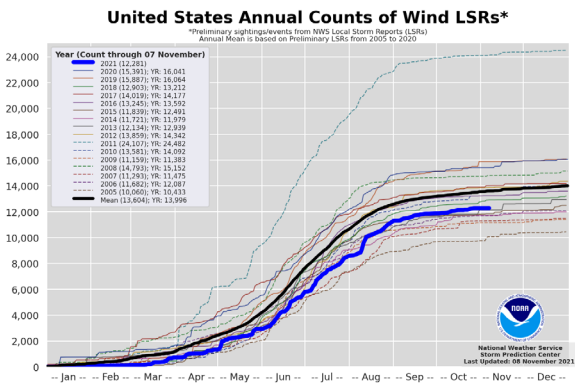
As you can see over time, large wind events are happening later in the year. This is causing greater damage to corn that already has put on that heavy ear. As genetics change and more of the corn plant puts energy toward the ear, corn stalks are increasingly vulnerable to these more severe and later wind storms.

This vulnerability means more thought needs to be put into whether to purchase wind coverage to go along with your hail policy. Compeer insurance officers have

access to a large number of policy options that could cover the wind perils you as a producer are most concerned about. Compeer also has the tools to quickly identify which of these policy options best fit the risks that keep you up at night.

The concept of “wind” coverage can mean many different things to a lot of different agents and producers. Unlike your regular multi-peril policy, a wind policy does not offer the same coverage; it varies depending on who you buy it from. Wind policies contain different language and even different dates that the policy expires. Don't let these slight changes haunt you down the road.

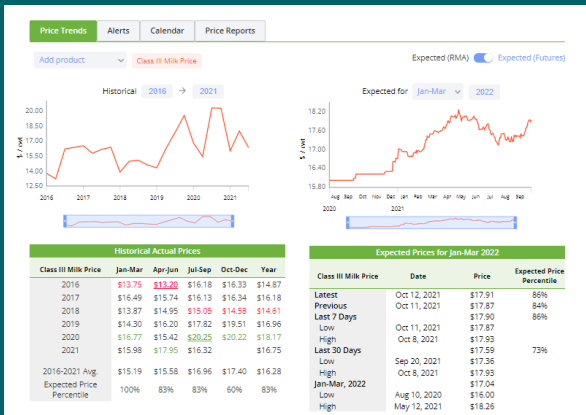
Talk to your Compeer insurance officer about insuring your crops against wind this upcoming crop year. We have the knowledge, tools and resources to be your trusted expert.



Compeer Offers Exclusive DRP Analyzer to Clients

With the uncertainty of today's dairy markets, Dairy Revenue Protection (DRP) is an important risk management option for dairy producers. Compeer's free DRP Analyzer is an exclusive tool available to our DRP clients that provides all the information needed to make informed coverage decisions in one place. The DRP Analyzer includes the following features:

- Premium quoter
- Track your active DRP endorsements and see current indemnity projections
- Receive customized quotes and market dynamics updates via email daily
- Follow price trends and set up price alerts to stay on top of pricing opportunities
- Track your farm's historical data to factor into your coverage decisions



There is also a DRP Analyzer App available for iPhone users.

Compeer also hosts Market Update calls for our DRP clients with Marin Bozic (co-developer of DRP) twice a month where Marin shares his unique perspective on dairy markets and policy. Recordings of these calls are available in the DRP Analyzer. Contact your Compeer insurance officer for more information.



LOOKING AHEAD AT CARBON MARKETS

The marketplace for carbon sequestration continues to develop rapidly, with opportunities available for farmers, ranchers and land holders. It's a complex market that involves the exchange of carbon or greenhouse gas storage in exchange for economic value paid by companies trying to limit their carbon footprint. The marketplace is both voluntary and compliance driven, which adds further complexity to the market access for farmers. In April 2021, Compeer formed a carbon workgroup focused on four main areas:

1 The political environment and potential impacts for our clients and Compeer, and opportunities for Compeer to influence policy

In Washington D.C., politicians have been considering various policy initiatives that support the establishment of carbon markets and conservation funding to help producers speed up adoption of climate-smart practices. In meetings with members of Congress, Compeer directors and senior leadership have shared the commitment our farmer-clients have toward continuous improvement on carbon reduction strategies and sustainability and reiterated that any public policies enacted by the federal government on climate must be voluntary for producer participation and incentive-based.

2 Educational opportunities for Compeer team members, clients and partners

Compeer is undergoing an effort to develop market access for farmers in the areas of soil carbon sequestration, timber carbon sequestration and renewable natural gas (RNG sales). Over the next several months, Compeer will be providing education and information to this RNG space.

3 Practices already complete or in progress by Compeer and our clients

Land Core and Compeer recently partnered to bring real-world data to the soil health non-profit's initiative to build a predictive model for the risk mitigating benefits of soil health practices. Compeer will develop and pilot various incentive options based on the Land Core risk model, becoming the first major agriculture financial services provider to approach risk assessment through the lens of sustainability and soil health.

4 Opportunities within the carbon markets for Compeer to gain transparent market access

Much of the conversation around generating carbon credits for row crops is being discussed as just another crop, a carbon crop. With that comes the same kind of planning, agronomic thinking and equipment considerations as with any other crop. Compeer has been exploring how we can help in this area, for those growers who are curious to serious about getting into this market. Compeer's financial officers and crop insurance teams already have a lot of deep experience understanding and supporting farms looking to make the most out of their acreage, and we aim to protect the hard work of our member-owners. As markets develop that move toward “carbon crops” and soil health initiatives, we are exploring and piloting ways to use the data we already collect and the on-farm relationships we cultivate to help make the data collection and carbon credit creation process as frictionless as possible, wherever possible.

Offices Closed for Holidays

Compeer Financial offices will be **CLOSED** on the following days in celebration of upcoming holidays:

**Friday, December 24, Christmas Eve** in observance of **Christmas Day**

**Monday, January 3**, in observance of **New Year's Day**

For your convenience, the **CONTACT CENTER IS OPEN:**

**Friday, December 24** (offices closed) 7:30 a.m. to noon

**Monday, January 3** (offices closed) 8:00 a.m. to 3:00 p.m.

To reach the contact center, please call (844) 426-6733.





# COMPEER LEADING THE WAY IN CORPORATE GIVING

Giving back is one way Compeer champions the hopes and dreams of rural America. From the start, our cooperative made a strong commitment to corporate giving by dedicating 1% of net earnings each year to our Fund for Rural America®. The Fund is in its fourth full year of existence in 2021.

The Fund focuses its giving in five areas important to our clients and rural communities to support:

- Agricultural Advocacy and Development
- Agriculture Education
- Cooperative Initiatives
- Rural Development and Community Enrichment
- Youth Engagement

Funding is distributed through many different grant and scholarship programs, as well as through annual commitments, to allow organizations to continue the good work they're doing.

At right is a look at how Compeer's Fund for Rural America impacted our three-state territory in 2020.

To learn more about Compeer's corporate giving efforts, please visit [compeer.com/giving-back](https://compeer.com/giving-back).

In 2020:

1%

Percent of  
Compeer Financial's  
net income dedicated  
to giving through the  
Fund for Rural America



\$3.5M

Amount contributed to the  
Compeer Financial Fund for  
Rural America in 2020

1.24 Million



Lives enriched



54,689

Farmers directly  
impacted



96%

Level of giving that  
made a regional,  
county or local  
level impact



1.6M

People  
supported by  
efforts to reduce  
food insecurity



522

Grants  
distributed



143

Scholarships  
awarded



114

Annual & One-Time  
Commitments given

## LEGISLATIVE AFFAIRS UPDATE

Perry Aasness, Vice President of Legislative Affairs



There are a number of inherent risks that come with farming each year — weather and markets to name just two. Public policies enacted at both the federal and state levels also have the potential of adding additional risks and uncertainties that can impact the economic viability of farmers and rural communities. The goal of Compeer's legislative affairs efforts is to build relations with federal and state elected officials in order to help inform and influence positive public policy outcomes for the clients we serve.

Over the past year, Compeer's legislative advocacy efforts at the federal level have focused on issues ranging from protecting the federal crop insurance program, protecting important tax planning tools such as stepped-up basis and estate tax exemptions, COVID-19 relief for agriculture, addressing agriculture labor needs, supporting additional investments in rural infrastructure, and climate-related policies that are voluntary and incentive-based, to name just a few. Compeer does this through frequent meetings and other communications with members of Congress and their staff, as well as working closely with Washington, D.C.-based organizations such as the Farm Credit Council and the National Council of Farmer Cooperatives.

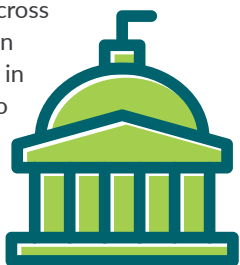
At the state level, Compeer is also active in public policy advocacy on issues important to our clients. We work collaboratively with other Farm Credit associations and state-based farm and commodity organizations at state capitols in Madison, Wis., Springfield, Ill., and St. Paul, Minn., to help advocate for policies that support the ability of farms of all types and sizes to sustain and grow their operations.

The 2020 election brought new leadership to Congress and the White House in 2021, and with that new priorities and issues. Compeer and many other agriculture-related businesses and trade associations have been concerned about potential tax policy changes being considered in Congress, such as the potential elimination of the stepped-up basis for purposes of calculating capital gains taxes and reductions in current estate tax exemptions to pay for new federal spending on social and climate programs. Although Congress has clearly heard the message from Compeer and other farm interests from across the United States who've weighed in in opposition to new tax increases on farmers, Compeer will continue to remain in contact with elected officials in the weeks and months ahead as additional tax increases are considered to pay for new spending programs.

Although the current Farm Bill doesn't expire until 2023, discussions are already beginning in terms of what's working with the current Farm Bill and what policies may need to be changed to better support farmers and rural communities. Compeer is fortunate to have three U.S. senators and seven members of the U.S. House of Representatives within our territory currently serving on the Senate and House Agriculture Committees. We will continue to work with them and other members of Congress in advocating for policies that support our clients, including protecting important risk management tools such as the federal crop insurance program.

Finally, just a reminder that each of us has a role to tell our story and engage with elected officials. Despite frustration many have today with our current political climate, elected officials need to hear from their constituents! If you haven't done so already, I encourage you to get to know your elected representatives and be proactive in contacting their offices on issues that are important to the current and future viability of your farming operation.

Compeer values the work our farmer-clients do in helping support the economic vitality of their local communities while feeding the world, and we'll continue to advocate for federal and state policies that allow our clients to sustain and grow their operations now and in the future.





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*Mark your calendar!*

# CROP INSURANCE VIRTUAL UPDATE

WEDNESDAY, JANUARY 12 | 10:00 AM

Please join Compeer's State Insurance Product Officers for a Crop Insurance update meeting. They will cover topics such as:

- Government program update and ARC/PLC decision
- Crop insurance changes for 2022
- 2022 crop insurance strategy

Register today at [compeer.com/webinars](https://compeer.com/webinars)

