

CANOLA RISK MANAGEMENT

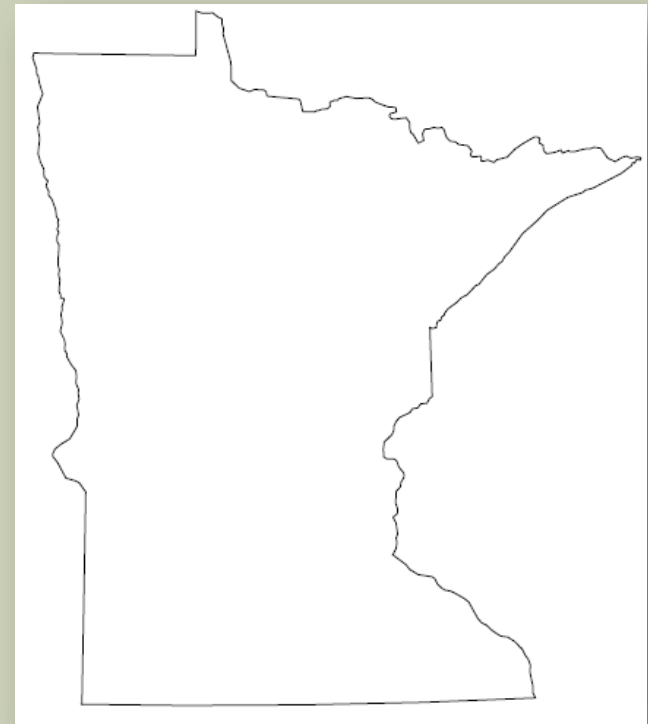
CHANGES AND OPTIONS FOR 2013

St. Paul
Regional
Office

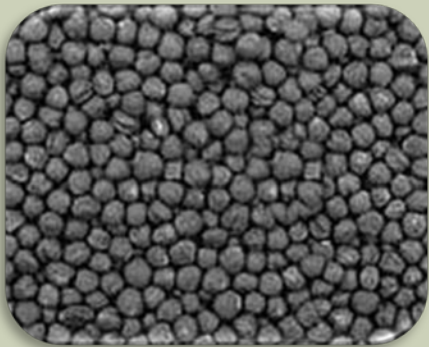


MN CANOLA INSURANCE EXPERIENCE

Year	Liability	Indemnity
2012	\$6,446,372	\$436,487
2011	\$7,514,902	\$992,823
2010	\$7,129,501	\$829,336
2009	\$3,616,731	\$1,647,043
2008	\$5,211,451	\$409,486
2007	\$3,544,531	\$516,643
2006	\$2,455,802	\$427,294
2005	\$6,364,431	\$3,956,005
2004	\$5,836,131	\$2,979,920
2003	\$4,564,119	\$534,716



MN ACRES INSURED



Year	NASS Planted Acres	Insured Acres (-) Pre. PI.	Percent Insured	Prevent Planted Acres
2012	31,000	27,306	88.1%	0
2011	29,000	26,452	91.2%	2,836
2010	46,000	43,172	93.9%	1,189
2009	13,000	11,641	89.5%	13,808
2008	23,000	19,724	85.8%	1,208

DATES

- Sales Closing Date – March 15
- Earliest Planting Date – April 16
- Final Planting Date – **June 5 NEW**
- Acreage Reporting Date – July 15
- Premium Billing Date – August 15
- Production Reporting Date – April 29



STATEMENTS

- Changed the Rotation Statement
 - A crop which was planted, and then all plant growth is terminated by chemical or mechanical means prior to **June 15th**, will not be considered planted for rotational purposes only.
- Added New Breaking Statement
 - Pertains to acreage that has not been planted or harvested in at least one of the three previous years



TYPES

- New types of Canola
 - Spring Oleic Type 286
 - High Oleic Type 384
- Developed to offer yields and revenue coverage for specialty canola
- Modeled after the Specialty Soybean Pilot Program



SPRING OLEIC TYPE 286

- Replacing the Spring Type 012
 - Same T-yields and rates
 - Can insure the same as in the past
 - No change from Spring Type Canola



HIGH OLEIC TYPE

- **High Oleic Type** – a variety of canola characterized by a high ratio of oleic to linolenic acid; with no more than 3.5 percent linolenic acid in the seed
 - Grown under contract
 - Prices correlate with Canola Futures Price
 - Details will be provided in the Special Provisions for each Minnesota Canola County



TREND ADJUSTED APH



NOT AVAILABLE FOR CANOLA IN MINNESOTA

TREND ADJUSTMENT APH

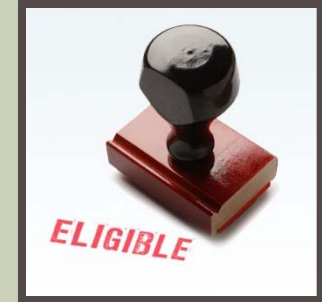
- Developed by Illinois Corn Marketing Board and Integrated Financial Analytics Research
- Adjusts yields to reflect long term increases in the county's historical yield
- Available for the 2013 crop year in specific Minnesota counties for **corn, soybeans, and wheat**
 - Corn – excluding silage type
 - Soybeans – excluding specialty types



TREND ADJUSTMENT APH

■ Eligibility

- County/Crop
- Elected by the sales closing date
- Have at least one APH database with an actual yield in one of the last four most recent crop years for the crop/county
 - NOTE:
 - Organic and transitional acreage databases do not qualify
 - Specialty types do not qualify
 - Silage type does not qualify
 - Not available for Catastrophic Risk Protection (CAT) policies



TREND ADJUSTMENT APH

- Yield substitutions apply when elected
- Trend Adjustment has no impact on the reporting of production and actual yields by the insured
- Trend Adjustment does not apply to:
 - SA T-yields or new producer T-yields
 - Databases insured under Written Agreements other than High Risk and UA Written Agreements
 - Actual yields reduced due to excessive yields are not eligible for trend adjustment

TREND ADJUSTMENT APH

- Applicable to Enterprise, Basic, and Optional Units
- Does not impact yield database
- Trend Adjustment APH calculated for each database
- Trend amounts/yields updated annually



TREND ADJUSTMENT APH

■ Cancellation

- Continuous election
- Must be canceled in writing on or before the applicable cancellation date
- Trend adjustments to any yield no longer apply after cancellation



TREND ADJUSTMENT APH

■ APH Database

- Must have at least one actual yield in one of the four most recent crop years
- If the APH database contains fewer than four actual yields in the 12 most recent calendar years the trend adjustment is reduced
 - One actual yield = 25% of trend adjustment
 - Two actual yields = 50% of trend adjustment
 - Three actual yield = 75% of trend adjustment
 - Four(+) actual yields = 100% of trend adjustment

TREND ADJUSTMENT APH

■ Example

- **Step 1:** The APH database has at least an actual yield in one of the four most recent crop years, qualifying for trend adjustment
- **Step 2:** The APH database has four actual yields in the most recent 12 calendar years; therefore, the applicable trend adjustment percentage is 100 percent
- **Step 3:** $1.00 \times 42 = 42$ bushels
- **Step 4:**
 - 2012: $2013 - 2012 = 1$
 - 2011: $2013 - 2011 = 2$
 - 2010: $2013 - 2010 = 3$
 - 2009: $2013 - 2009 = 4$

2013	Canola (0015)	NPS (997)	Spring Oleic (286)
Unit # 0001-0000 BU			
Year	Prod	Acres	Yield
2009	221250	150	A
2010	125000	100	A
2011	227250	150	A
2012	135000	100	A
T-Yield=1332		Approved APH	1398
		Average Yield	1398
		Rate Yield	1398

TREND ADJUSTMENT APH

Example Cont.

Step 5:

- 2012: $1 \times 42 = 42$ bushels
- 2011: $2 \times 42 = 84$ bushels
- 2010: $3 \times 42 = 126$ bushels
- 2009: $4 \times 42 = 168$ bushels

Step 6:

- 2012: $1350 + 42 = 1392$
- 2011: $1515 + 84 = 1599$
- 2010: $1250 + 126 = 1376$
- 2009: $1475 + 168 = 1643$

- Step 7: $(1392+1599+1376+1643)/4 = 1503$

- Step 8: $1503 < (1515 + 42 = 1557)$
 - Approved APH Yield = 184

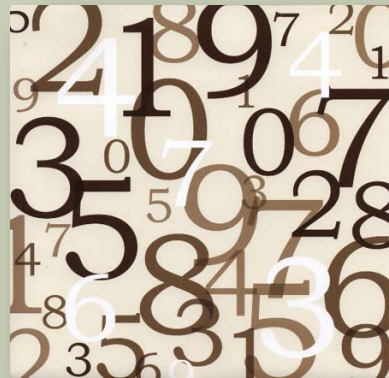
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- Step 9: $(1350+1515+1250+1475)/4 = 1398$
 - APH Yield without Trend Adjustment = 1398

TREND ADJUSTMENT APH

■ 2013 Established Trend Rates

- Based on NASS county and Crop Reporting District yields from 1976 through 2011
- County data screens for number of yields, acreage, and other quality conditions
- Trend rates are capped at 90th percentile or lower based on crop



QUESTIONS?

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- Contact the Saint Paul Regional Office
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