

## **ABC Program's Risk Module Updated with 2022 Prices and Premiums for Corn and Soybeans**

### **Glennis McClure**

Extension Educator, Farm and Ranch Management Analyst  
Department of Agricultural Economics, University of Nebraska-Lincoln

### **Glennis McClure**

Associate Professor, Grain Marketing Specialist  
Department of Agricultural Economics, University of Nebraska-Lincoln

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Low yields and/or low prices are two ingredients that can lead to farm financial ruin. Even though low yields and/or low prices are rare, such possibilities do exist and can cause financial stress. Within this context we define risk as rare financially devastating events. The Agricultural Budget Calculator (ABC) program contains analysis features along with enterprise reports that users can utilize. The Risk Analysis module walks users through a scenario of considering either yield or price for the production year and, given various levels of crop insurance coverage, a budget report with proposed disaster values is created. User specific budget data and input into the risk analysis creates a user driven disaster value that the user must survive.

In the risk analysis, producers can run different simulations to see how the disaster value changes. If you cannot survive the disaster value, we recommend purchasing more insurance to see if you can get to a policy where you can survive. While the additional insurance will cost you more in premium, you gain confidence in surviving any rare event. An example, running through a scenario of growing half a dryland corn crop on 155 acres at production cost of \$573 per acre, with a revenue protection policy at a 75% crop insurance coverage level; and where the produced corn is sold and then adding in the realized crop insurance indemnity saves the producer from a net loss. The projected net revenue with the lower yield and a crop insurance policy for this enterprise is projected at \$25,709 whereas, without the yield disaster, a net return above total costs of \$57,243 was projected. Without the insurance policy a net loss for this corn enterprise of -\$12,343 is projected.

2022 corn and soybean crop insurance projected prices and premiums for various coverage levels have been updated in the risk module of the ABC program. If you have prepared your enterprise budgets for 2022 using the ABC program, the risk analysis module is ready for your use as you consider your crop insurance contracts by March 15 this year.



## Risk Analysis

How to think about rare financially devastating events.

[Read More](#)

Why consider the role of risk?

Failure to can lead to financial ruin.

[Read More](#)

## GAGE COUNTY Crop Reporting District: Southeast

Corn #23, Dryland, No Till, after Beans (Bt, ECB, & RIB)

Non-irrigated Corn

View Yield Exposure Values

View Price Exposure Values

### Expected Yield:

**145 bu/acre**

Represents the yield you expect to have at harvest. You entered this information when creating this enterprise budget.

### NASS Average:

**144.1 bu/acre**

Represents the National Agricultural Statistics Service (NASS) expected yield for the Crop Reporting District (CRD) you are located in

### Regional Low:

**53 bu/acre**

Represents the lowest CRD yield generated from looking at historical NASS yields.

The lowest yield in your CRD came in 2002.

[What happened in 2002?](#)

## Disaster Revenue Protection Calculator

The Risk Module will calculate revenue information to demonstrate how enterprise profitability can change based on decisions you make regarding insurance coverage.

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