

Post Application Coverage Endorsement (PACE)



College of Agricultural,
Consumer &
Environmental Sciences
UNIVERSITY OF ILLINOIS URBANA-CHAMPAIGN



Megan Dwyer
CCA



Gary Schnitkey
University of Illinois



Entities Involved with PACE

Developer

 Ag-Analytics


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Risk Management Agency Fact Sheet
Washington National Office — Washington, DC
Revised September 2022

Post Application Coverage Endorsement

Post Application Coverage Endorsement

The Post-Application Coverage Endorsement (PACE) program provides supplemental coverage when a producer is prevented from post-split applying nitrogen in the 2-3 week V3-V10 corn growth stages due to wet weather and field conditions.

Availability

PACE is available where non-irrigated corn is insurable in all counties of Iowa, Illinois, Minnesota, and Wisconsin, and in select counties of Indiana, Kansas, Michigan, Nebraska, North Dakota, Ohio, and South Dakota.

PACE Eligibility

You must:

- Have an underlying insurance policy of Yield Protection, Revenue Protection, or Revenue Protection with Harvest Price Exclusion with coverage at the additional coverage level;

Causes of Loss

PACE provides protection against the inability to apply the nitrogen application after planting, during the V3-V10 corn growth stages due to weather events and field conditions.

Additional Records

PACE requires a Producer Nitrogen Report to be submitted in the event of a possible loss, regarding nitrogen practices and applications. You must have acceptable records that support the information from the Producer Nitrogen Report. The acceptable records include:

- Sales receipts that show the:
 - Insured's name;
 - Date fertilizer purchased;
 - Type of fertilizer purchased;
 - The brand name of the fertilizer (if applicable);
 - Percentages of nitrogen (N), phosphorus (P), and potassium (K); and
 - The total amount of fertilizer purchased.
- Records that show:
 - The dates the fertilizer was applied;
 - The amount of fertilizer applied per date; and
 - The acreage of fertilizer coverage per field on which the fertilizer was applied.



Post Application Coverage Endorsement Tool

State: Illinois
 County: Champaign
 Unit: Enterprise
 Underlying Policy: RP
 Underlying Policy Level: 85%
 APH yield: 200
 Projected price: \$4.80
 PACE Coverage Level Election: 90% (75% to 90%)

Post Application Percent	90% Pace Coverage Election	
	Farmer-Paid Premium	PACE Indemnity
25%	\$1.43	\$26
30%	\$2.38	\$43
35%	\$2.85	\$52
40%	\$3.33	\$60
45%	\$3.80	\$69
50%	\$4.75	\$86
55%	\$5.23	\$95
60%	\$6.18	\$112
65%	\$7.13	\$130
70%	\$8.01	\$147
75%	\$8.76	\$164
80%	\$9.52	\$181

Product Description

PACE Claims

PACE FAST Tool

PACE Product Description



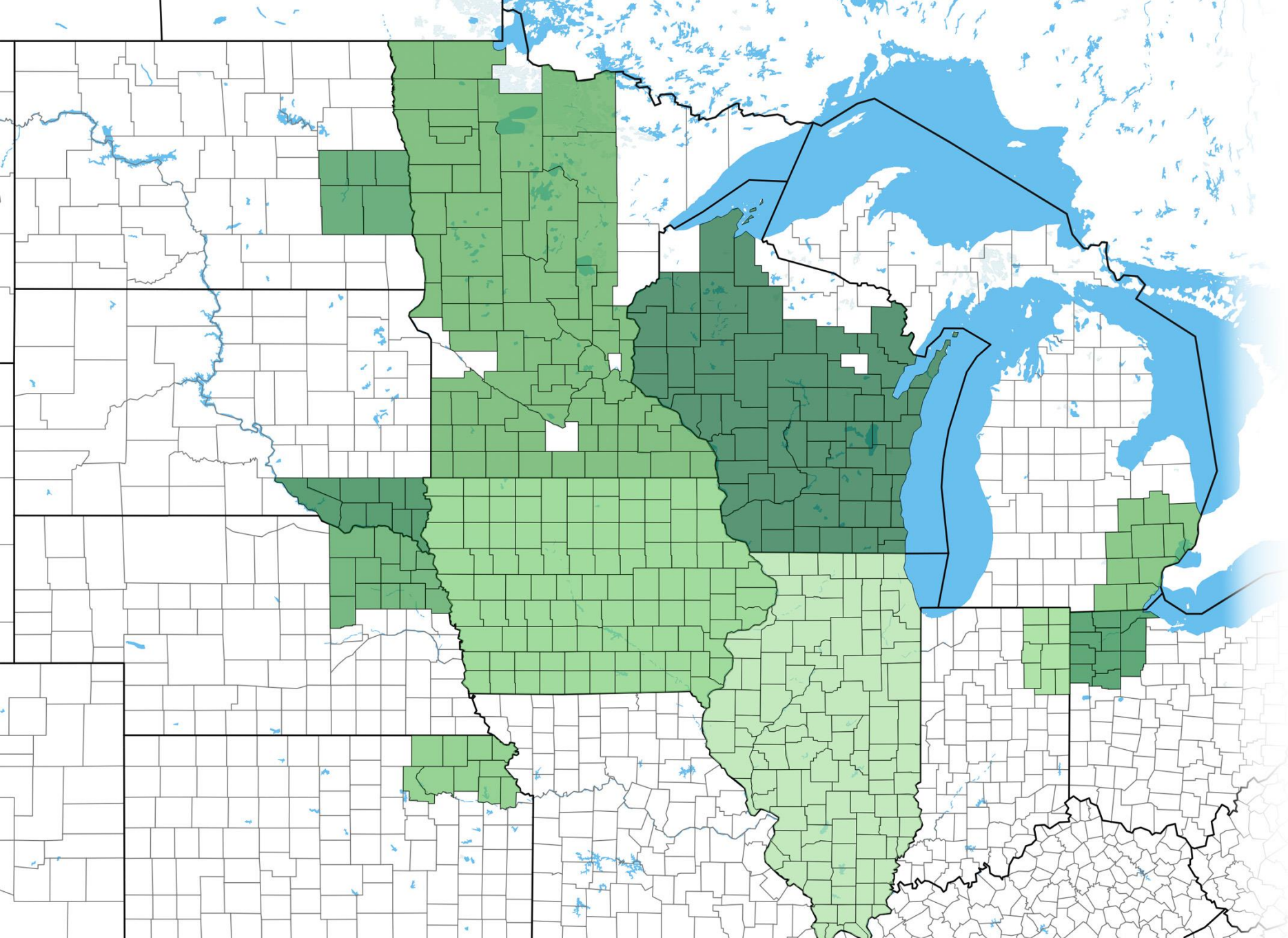
Post Application Coverage Endorsement (PACE)

Provides payments if you **can not apply nitrogen after planting** because of weather-related reasons

PACE is an event insurance (like hail),
final yield does not matter

Available for

- Revenue Protection (RP)
- Revenue Protection with Harvest Price Exclusion (RPHPE)
- Yield Protection (YP)



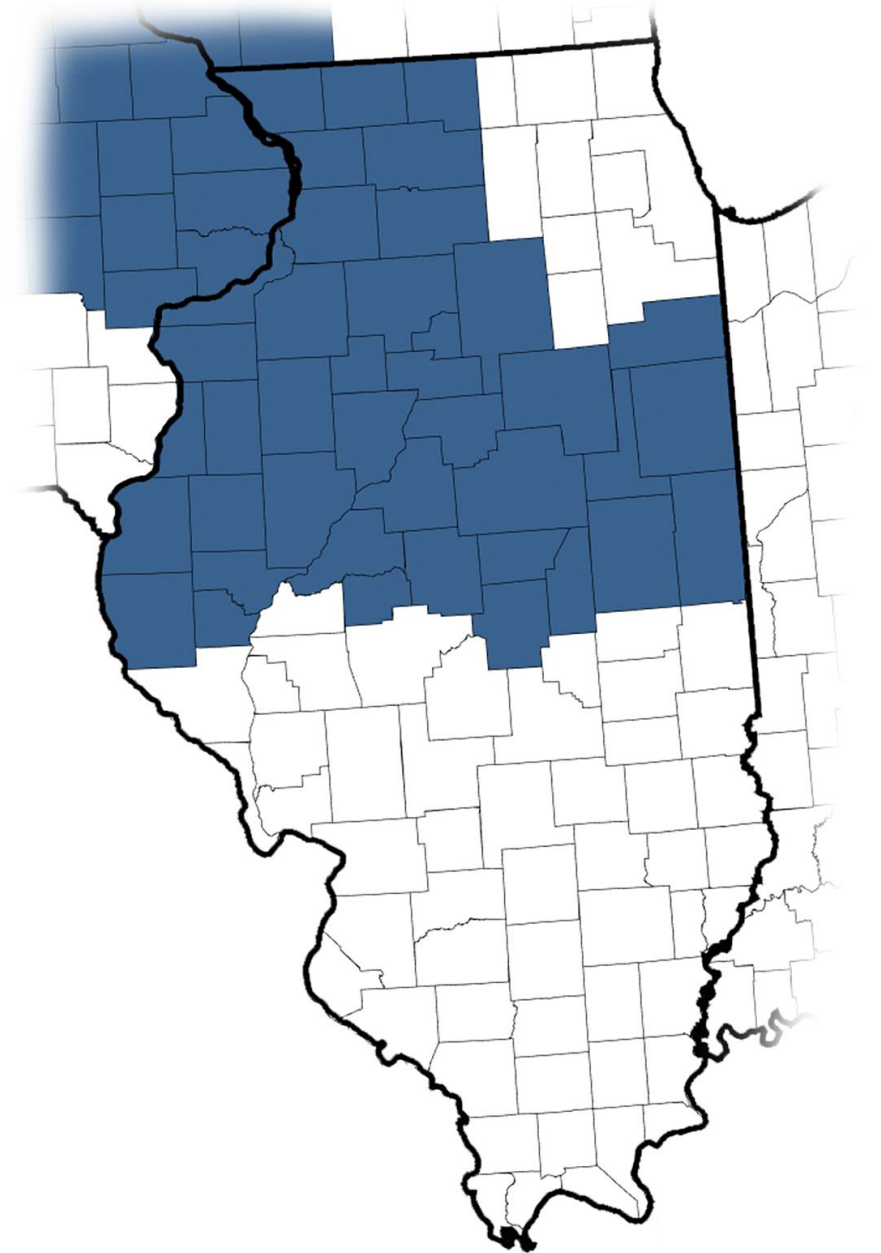
PACE Eligibility Counties (Non-irrigated)

2024 Example

LaSalle County, Illinois

\$4.80 Projected Price

220 bushel/acre yield



2024 Example

- LaSalle County, Illinois
\$4.80 Projected Price
220 bushel/acre yield
- Farmer decides by March 15
 - Total N to be applied for the year
 - **Post-application percent: 40%**
 - Unit (Enterprise, Basic, Optional)
 - **PACE coverage level election: 90%**
- Farmer-paid premium: \$2.33 per acre
- Payments if post application can not be made = \$57 per acre
Can go up if harvest price greater than Projected price, RP

Post-Application	75% PACE Coverage		90% PACE Coverage	
	Farmer-Paid	PACE Indemnity	Farmer-Paid	PACE Indemnity
25%	\$0.48	\$24	\$1.17	\$29
30%	\$0.63	\$32	\$1.56	\$38
35%	\$0.79	\$40	\$1.95	\$48
40%	\$0.95	\$48	\$2.33	\$57
45%	\$1.11	\$55	\$2.72	\$67
50%	\$1.27	\$63	\$3.11	\$76
55%	\$1.43	\$71	\$3.50	\$86
60%	\$1.75	\$87	\$4.28	\$105
65%	\$2.06	\$103	\$5.06	\$124
70%	\$2.22	\$111	\$5.45	\$133
75%	\$2.54	\$127	\$6.23	\$152
80%	\$2.86	\$143	\$7.00	\$171

PACE Decision by March 15

Post application percent

- Farmer reports total N budget
- Amount applied post plant

Example

- 200 pounds actual N
 120 pounds in Fall
 80 pounds post-plant
- Post application percent is
 $80/200 = 40\%$

Post-Application	75% PACE Coverage		90% PACE Coverage	
	Farmer-Paid	PACE Indemnity	Farmer-Paid	PACE Indemnity
25%	\$0.48	\$24	\$1.17	\$29
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PACE Decision by March 15

- PACE Coverage
 - Range from 75% to 90%

- Influences:
 - Premium
 - Indemnity

Post-Application	75% PACE Coverage		90% PACE Coverage	
	Farmer-Paid	PACE Indemnity	Farmer-Paid	PACE Indemnity
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PACE Decision by March 15

- **PACE Unit (not the same as RP unit)**
 - Enterprise units: can choose basic or optional units
 - Basic units: can choose basic or optional units
 - Optional units: optional units
- Do not have to insure all basic or optional units, but must insure all units that majority of acres (50%) is post-applied
- If you have enterprise units in two counties, can insure one and not the other

Unit Impact on Premiums

Post-Application	Enterprise		Basic		Optional	
	Farmer-Paid	PACE Indemnity	Farmer-Paid	PACE Indemnity	Farmer-Paid	PACE Indemnity
25%	\$1.17	\$29	\$1.54	\$29	\$1.54	\$29
30%	\$1.56	\$38	\$2.05	\$38	\$2.05	\$38
35%	\$1.95	\$48	\$3.57	\$48	\$3.57	\$48
40%	\$2.33	\$57	\$3.08	\$57	\$3.08	\$57
45%	\$2.72	\$67	\$3.59	\$67	\$3.59	\$67
50%	\$3.11	\$76	\$4.11	\$76	\$4.11	\$76
55%	\$3.50	\$86	\$4.62	\$86	\$4.62	\$86
60%	\$4.28	\$105	\$5.65	\$105	\$5.65	\$105
65%	\$5.06	\$124	\$6.67	\$124	\$6.67	\$124
70%	\$5.45	\$133	\$7.19	\$133	\$7.19	\$133
75%	\$6.23	\$152	\$8.21	\$152	\$8.21	\$152
80%	\$7.00	\$171	\$9.24	\$171	\$9.24	\$171

Basic and optional units have higher premiums than enterprise units

Difference in premiums are due to higher subsidy for enterprise units

The unit choice will not influence per acre payments.

Making a claim

- **Farmer initiates** the claim process, indicates number of acres could not post-apply
- There is a window listed in actuarial documents for making post application that depends on planting date. (Can vary by county)
 - **Plant on May 1, window between June 1 and June 22**
- Farmers can apply before and after those dates. Crop insurance companies will be provided weather analytics between those dates
- The claim will receive scrutiny if weather analytics indicate that adverse weather did not exist.
PACE will be somewhat like prevent plant in its application

Making a claim

Claim must be because weather related causes (can not be because of supply issues)

Farmer indicates to crop insurance agent acres that can not be applied



Example

LaSalle County

40% application rate

10 acres of the PACE insured acres could not be applied

Payment would be
10 acres x \$57 = \$570

Two checks on payments

- ✓ Check post-application percent to see if before applications cause a lower post-application percent
- ✓ Coverage does not exceed deductible when RP (RPhpe, YP) make a payment

Post application percent

Farmer reports by March 15

- Total N application
- Declared post application percent

Final percent will be lower if pre-applications exceed
Approved yield x 1.2 x (1 – declared post application percent)

If exceeded, post application percent is lowered to

$$1 - \frac{\text{Actual pre-application lbs N}}{(\text{Approved yield} \times 1.2)}$$

Example

Reported by March 15:

200 pounds of N expected

120 pounds pre-application / 80 pounds post applications

40% declared post-application percent

220 TA-APH

- Applied 120 pounds pre-plant and have a claim. Calculate

220 approved yield x 1.2 x (1 - 0.4) = **158**

- In this example, pre-applications (**120 lbs**) do not exceed the limit (**158 lbs**), so no adjustment

Deductible limit

If RP (or RPhpe, YP) pays

PACE payment can not exceed the deductible:
 $(1 - \text{RP coverage level}) \times \text{guarantee} \times \text{acres}$

Example

RP-85%, 220 guarantee yield, \$4.80 projected price

Total payments can not exceed

$(1 - 0.85) \times 220 \times \$4.80 = \$158 \text{ per acre} \times \text{insured PACE acres}$

PACE Decision by March 15

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70%	\$2.22	\$111	\$5.45	\$133
75%	\$2.54	\$127	\$6.23	\$152
80%	\$2.86	\$143	\$7.00	\$171

The 80% post-application percent at 90% coverage level **may** face a limit.

In this case, can not have all acres making a PACE claim and receive the entire **\$171 per acre**

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Post Application Coverage Endorsement Tool

January 31, 2024

This program calculates premiums for PACE: Post Application Coverage Endorsement Insurance.

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Post Application Coverage Endorsement Tool

About This Tool

🕒 Last Updated : January 31, 2024

This program calculates premiums for PACE: Post Application Coverage Endorsement Insurance.

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PACE: Post Application Coverage Endorsement Tool

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Post Application Coverage Endorsement Tool

State	Illinois
County	Champaign
Unit	Enterprise
Underlying Policy	RP
Underlying Policy Level	85%
APH yield	200
Projected price	\$4.80
PACE Coverage Level Election	90% (75% to 90%)

Post Application Coverage Endorsement (PACE) Tool

Post Application Percent	90% Pace Coverage Election	
	Farmer-Paid Premium	PACE Indemnity
25%	\$1.43	\$26
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55%	\$5.23	\$95
60%	\$6.18	\$112
65%	\$7.13	\$130
70%	\$8.01	\$147
75%	\$8.76	\$164
80%	\$9.52	\$181



¹ PACE makes payments when applications of nitrogen can not be made post-planting. More information is available at: <https://farmdocdaily.illinois.edu/2022/01/the-post-application-coverage-endorsement-pace.html>

² For 2023, PACE is available in a pilot area including all Illinois and Iowa Counties, most counties in Minnesota and Wisconsin, and select counties in North Dakota, South Dakota, Kansas, Indiana, Ohio, and Michigan. A map is available at: <https://farmdocdaily.illinois.edu/2023/02/pace-for-2023.html>

³ Units do not have to be the same as the underlying COMBO policy.

⁴ PACE is available for Revenue Protection (RP), RP with harvest price exclusion (RPhpe), and Yield Protection (YP).

⁵ Use the yield to determine guarantees. This will be either the Actual Production History (APH) yield or the Trend-Adjusted APH yield.

⁶ Higher PACE elections will have higher indemnities when they occur than lower PACE price elections. Farmer-paid premiums increase with higher price elections.

⁷ The post application percent is the amount of nitrogen applied after planting.

⁸ The PACE indemnity will be paid if nitrogen can not be applied because of natural causes. Final yields do not matter. Under RP, the PACE indemnity can increase if harvest price is above the projected price.

Post Application Coverage Endorsement Tool

State	Not available everywhere	Illinois
County		Champaign
Unit	Basic, Optional, Enterprise	Enterprise
Underlying Policy	YP, RP, or RPhpe	RP
Underlying Policy Level		85%
APH yield		200
Projected price	Same as underlying policy	\$4.80
PACE Coverage Level Election		90% (75% to 90%)

90% Pace Coverage Election

Post Application Percent	Farmer-Paid Premium	PACE Indemnity
25%	\$1.43	\$26
30%	\$2.38	\$43
35%	\$2.85	\$52
40%	\$3.33	\$60
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80%	\$9.52	\$181

PACE Tool Output

Based on coverage election, the Tool calculates

- Farmer-Paid Premium
- Indemnity

Post Application Percent is the amount of total N to be applied after planting

Weekly Farm Economics

The Post Application Coverage Endorsement (PACE)

[Gary Schnitkey](#) and [Bruce Sherrick](#)

Department of Agricultural and Consumer Economics

University of Illinois

January 18, 2022

farmdoc daily (12):7

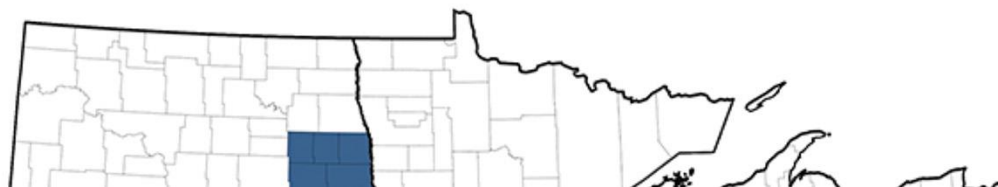
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The Post Application Coverage Endorsement (PACE) provides payments when a farmer cannot apply nitrogen to corn after planting because of weather-related causes. Some farmers indicate they do not rely on post-plant nitrogen applications because of the risk of not being able to apply nitrogen due to field conditions. This endorsement will aid in mitigating the financial risk associated with the post-application of nitrogen. Details on PACE are provided through an example for McLean County, Illinois.

The Basic Policy

PACE was approved by the Federal Crop Insurance Corporation (FCIC) and will be available for the first time in 2022. Because it is a new endorsement, PACE will only be available in a pilot area that includes counties in northwest Ohio, southeast Michigan, and northeast Indiana, northern Illinois and southern Wisconsin, northern Iowa and southern Minnesota, and select counties in North Dakota, South Dakota, Nebraska, and Kansas (see Figure 1). PACE is available on non-irrigated corn acres not classified as high-risk for insurance purposes.

Figure 1. 2022 Pilot Counties for PACE





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