



SEPTEMBER 2020

Weather Or Not Cover That Crop

CROP AND FARM INSURANCE SOLUTIONS

BETSY HARMS, PHILLIPS STAFFORD INSURANCE GROUP

POTENTIAL FOR MPCl REVENUE CLAIMS IN 2020

There is potential for revenue claims on MPCl in 2020. The Project Price was \$3.88 for corn and \$9.17 for soybeans. The Harvest Price will calculate in the month of October. Currently, December 2020 corn futures are in the \$3.30 neighborhood and November 2020 soybean futures are bouncing up and down around \$8.90. Below are payout examples given today's prices.

Corn Scenario Example

If you have an APH of 210 bushels per acre with 85% Revenue Protection coverage, you would be guaranteed \$692 per acre ($(210 \times \$3.88 = \$814) \times 85\% = \692). If the price averages \$3.30 in the month of October, the trigger yield would be 209 bushels per acre. Therefore, yields under 209 bushels per acre would result in a claim. Speaking in general terms, a claim would trigger if you produced under your APH.

Soybean Scenario Example

If you have an APH of 60 bushels per acre with 85% Revenue Protection coverage, you would be guaranteed \$467 per acre ($(60 \times \$9.17 = \$550) \times 85\% = \467). If the price averages \$8.90 in the month of October, the trigger yield would be 52.5 bushels per acre. Therefore, yields under 52.5 bushels per acre would result in a claim.

GRAIN FIRE

MPCl coverage does not provide coverage for a combine fire. A Grain Fire policy is a great way to cover your crop while it is standing in the field or in transit to the first place of storage. If you have a Crop Hail policy, the Crop Hail policy and Grain Fire would work together to provide the total coverage per acre. The Crop Hail policy would pay first and the Grain Fire policy would provide additional coverage.

CALIBRATION TIPS

- Follow manufacturers specifications for calibration
- Complete single point or multi-point calibration
- Re-calibrate if moisture changes
 - 4 points on corn, 2 points on beans
- Re-calibrate if yield changes
 - 40 bu. on corn and 20 bu. on beans



CLAIM POTENTIAL ON 95% COVERAGE

RAMP –FARMERS MUTUAL HAIL

Farmers Mutual Hail’s top end product, RAMP, provides up to \$50 of coverage and triggers at the 95% level. Given the same MPCl example on page 1, the MPCl guarantee is \$692 per acre. With RAMP, the new total coverage per acre is \$742. Coverage would start to trigger at 95% of your APH (234 bushels per acre), each bushel lost would be worth \$2.38.

| | |
|---------------|---|
| \$692 | MPCl Guarantee (210 x 85% x \$3.88) |
| <u>+\$50</u> | RAMP Coverage |
| \$742 | Total Coverage Per Acre |
| | |
| \$692 | MPCl Guarantee |
| <u>-\$693</u> | Production to Count (210 bu x \$3.30 Harvest Price) |
| \$0 | MPCl Indemnity Per Acre |
| | |
| 234 | RAMP Revenue Bushel Trigger |
| -210 | Actual Production |
| 24 | Bushel Shortfall |
| \$50 | RAMP Indemnity Payment (24 bu x \$2.38 coverage per bu = \$57) (Max indemnity of \$50) |

RPP– RCIS

RCIS offers Revenue Protection Policy (RPP), which covers a percentage of MPCl price to provide coverage up to the 95% of your APH. Given the same MPCl example as on page 1, the MPCl guarantee is \$692 per acre. With RPP the new combined revenue guarantee would be \$755 per acre. There would be an \$82 per acre payment if the Harvest Price is \$3.30 and the actual yield is 210 bushels per acre.

| | |
|---------------|--|
| \$692 | MPCl Guarantee (210 x 85% x \$3.88) |
| <u>+\$83</u> | RPP Revenue Guarantee (210 x 85% x \$0.47) |
| \$775 | Combined Revenue Guarantee |
| | |
| \$692 | MPCl Guarantee |
| <u>-\$693</u> | Production to Count (210 bu x \$3.30 Harvest Price) |
| \$0 | MPCl Indemnity Per Acre |
| | |
| \$775 | Combined Revenue Guarantee |
| <u>-\$693</u> | Production to Count (210 bu x \$3.30 Harvest Price) |
| \$82 | RPP Indemnity Payment |

**All calculations are for example purposes only.



FARM BILL UPDATES FOR 2019 CROP

SEASON-AVERAGE PRICE CALCULATOR

According to Iowa State's calculator, the 2019 Marketing Year Average Price is estimated to come in at \$3.59 for corn and \$8.59 for soybeans. The reference price for corn is \$3.70 and \$8.40 for soybeans. So corn looks to be on track for a PLC payout, but not soybeans.

| Marketing year month | | | Actual U.S. monthly farm price | | Current futures price by trading contract | | | | | |
|----------------------|--|--|--------------------------------|----------|---|------|--|------------|------|--|
| | | | Corn | Soybeans | Corn | | | Soybeans | | |
| Sept. 2019 | | | 3.80 | 8.35 | Sept. 2019 | | | Sept. 2019 | | |
| Oct. 2019 | | | 3.84 | 8.60 | Dec. 2019 | | | Nov. 2019 | | |
| Nov. 2019 | | | 3.68 | 8.59 | Mar. 2020 | | | Jan. 2020 | | |
| Dec. 2019 | | | 3.71 | 8.70 | May 2020 | | | Mar. 2020 | | |
| Jan. 2020 | | | 3.79 | 8.84 | Jul. 2020 | 3.39 | | May 2020 | | |
| Feb. 2020 | | | 3.78 | 8.59 | Sept. 2020 | 3.42 | | Jul. 2020 | 8.84 | |
| Mar. 2020 | | | 3.68 | 8.46 | | | | Aug. 2020 | 8.79 | |
| Apr. 2020 | | | 3.29 | 8.35 | | | | Sept. 2020 | 8.77 | |
| May 2020 | | | 3.20 | 8.28 | | | | | | |
| Jun. 2020 | | | | | | | | | | |
| Jul. 2020 | | | | | | | | | | |
| Aug. 2020 | | | | | | | | | | |

Monthly farm prices are available from USDA [here](#).

| Estimated season-average prices | |
|---------------------------------|------|
| Corn | 3.59 |
| Soybeans | 8.59 |

2019 PLC CORN PAYOUT EXAMPLE

Here is an example of a PLC payout for farm number in Hardin County that has a 2019 PLC Payment Yield of 140 bushels per acre. If the Marketing Year Average Price stays at \$3.60, a payment of \$11.09 would be received.

Version 1.1 - 02/19

1. Select the cell below and choose an Iowa county from the dropdown menu

Hardin

Estimated Payments for Corn Base Acres in Hardin County, Iowa

| Marketing Year Average (MYA) | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Price | \$ 4.46 | \$ 3.70 | \$ 3.67 | \$ 3.36 | \$ 3.36 | \$ 3.67 | \$ 3.60 |
| Higher MYA, Effective Ref. Price | \$ 4.46 | \$ 3.70 | \$ 3.70 | \$ 3.70 | \$ 3.70 | \$ 3.70 | \$ 3.70 |
| Olympic Price | \$ 5.29 | \$ 5.29 | \$ 4.79 | \$ 3.95 | \$ 3.70 | \$ 3.70 | \$ 3.70 |

3. Price Loss Coverage (PLC)

| | 2019 | 2020-23 | | 2018-19 | 2019-20 |
|----------------------------------|---------|---------|---------------------------|---------|---------|
| Enter Farm PLC Yield | 140 | 155 | | | |
| Statutory Reference Price | \$ 3.70 | \$ 3.70 | PLC Yield | 140 | |
| National Loan Rate | \$ 2.20 | \$ 2.20 | 85% of Olympic Price | | \$ 3.15 |
| Cap on Effective Reference Price | \$ 4.26 | \$ 4.26 | Effective Reference Price | \$ 3.70 | \$ 3.70 |

Adjustment for payments made on 85% of base acres

| | 85% | 85% |
|--|---------|-----|
| Payment / bushel / base acre after sequestration | \$ 0.08 | |

PLC Payment based on farm yield / base acre \$ 11.09

2019 ARC-CO SOYBEAN PAYOUT EXAMPLE

For soybeans many farmers elected ARC-CO for the 2019 year. Hardin County averaged 53.5 bushels per acre in 2019. If the Marketing Year Average Price stays at \$8.55, total revenue in Hardin County would be \$457.43 which is less than the guarantee of \$477.03. After the payment adjustment factor on 85% of base acres, estimated payout is \$15.53 per acre.

Estimated Payments for Soybean Base Acres in Hardin County, Iowa

| Marketing Year Average (MYA) | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|----------------------------------|----------|----------|----------|----------|---------|---------|---------|
| Price | \$ 13.00 | \$ 10.10 | \$ 8.95 | \$ 9.47 | \$ 9.33 | \$ 8.48 | \$ 8.59 |
| Higher MYA, Effective Ref. Price | \$ 13.00 | \$ 10.10 | \$ 8.95 | \$ 9.47 | \$ 9.33 | \$ 8.48 | \$ 8.59 |
| Olympic Price | \$ 12.27 | \$ 12.27 | \$ 11.87 | \$ 10.86 | \$ 9.63 | \$ 9.63 | |

Year Yields

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|
| County Yield | Not needed | Not needed | Not needed | Not needed | Not needed | Not needed | 53.5 |
| RMA Trend Adjusted Yield | 49.1 | 49.9 | 61.1 | 65.4 | 61.8 | Not needed | Not needed |
| Olympic Yield | | | | | | | 57.6 |

| | |
|------------------------------------|------------|
| Benchmark Revenue | \$ 554.69 |
| 86% Guarantee of Benchmark Revenue | 86% |
| Net Revenue Guarantee | \$ 477.03 |
| 10% Payment Cap Rate | 10% |
| Payment Cap | \$ 55.47 |
| Actual Revenue | \$ 459.57 |
| Profit/Loss | \$ (17.47) |

Adjustment for payments made on 85% of base acres

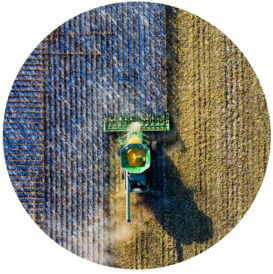
ARC-CO Payment / base acre after sequestration \$ 13.84

| COUNTY | OLYMPIC YIELD | 2019 COUNTY YIELD | ARC-CO ESTIMATED PAYMENT |
|----------|---------------|-------------------|--------------------------|
| Butler | 56.2 | 54.3 | \$0 |
| Franklin | 56.6 | 53.6 | \$6.73 |
| Grundy | 62.5 | 56 | \$28.84 |
| Hardin | 57.6 | 53.5 | \$13.84 |

Resource: Iowa State Extension
Ag Decision Maker

2020 Farm Bill Decisions

<https://www.extension.iastate.edu/agdm/info/farmbill.html>



HARVEST REMINDERS & EVENTS

PRO FARMER CROP TOUR

August 17-20, 2020

7:00 PM Online Meetings

Register @ Profarmer.com/register

Promo Code: RCIS2020

Sponsored by RCIS

HARVEST PRICE

Average in October

December Corn Futures

November Soybean Futures

FIELDVIEW PLUS

September 1

Subscriptions \$100

HARVEST REMINDERS

- Appraisal for old crop in the bin.
- Appraisal for chopping silage.
- Complete calibration forms
- Grain Fire coverage available
- Report claims within 60 days

**STOP IN AND GRAB
YOUR CALIBRATION SHEETS!**

FARM, PERSONAL, COMMERCIAL

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