

2021 Crop Insurance

When trying to decide coverage options and levels this year, an operator really needs to look within his/her operation and what will help get them through the volatility of 2021.

As of this writing Federal crop insurance can protect \$4.55 for Corn and \$11.76 for soybeans. These are higher levels than we have seen in several years. This provides a great opportunity to protect a reasonable margin in most operations.

It also appears to be a dry start to spring. I've heard all kinds of different ideas where we are headed in that department. All the way from fog days earlier this year to how the onion peeled. So while I am not a weatherman, I also believe we have some extra risk this year in that department.

Given the information I have just alluded to, I believe an operator needs to at least maintain the same level of coverages as last year. Also consider the value of moving up a level of coverage or two depending on each individual situation.

On corn for example, a move from 80% to 85% based on a 189 rate yield would increase the premium from \$17.52 to \$29.10. While this is an increase of \$11.58 per acre, it is an increase of 9.5 bushels per acre protection. At \$4.55 that is a \$43.23 dollar increase in the per acre guarantee, thus moving your total protection to \$731.19 per acre.

Soybeans on the other hand shows an increase of \$9.26 per acre in premium based on a 58 bushel rate yield. This would increase bushel coverage by almost 3 bushels per acre or \$35 per acre, moving the guarantee up to \$579.77 per acre.

The previous examples were based on Plymouth county Iowa.



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3/15/2021



ARC-CO Versus PLC

There have been many questions about which program to sign up for in the 2021 crop year. While I don't have a crystal ball, I believe it all comes down to where you think prices will average for 2021. PLC pays based on an average price of \$3.70 on corn and \$8.40 on soybeans. If you believe we are going to maintain our current price

levels for an average this year, you should sign up for ARC - Co. PLC will only pay if we go below those prices. These changes will need to be done by 3/15/21 at the FSA Office.

ARC-CO—Agriculture Risk Coverage based on the county level

PLC—Price Loss Coverage

Be sure to visit www.thejkw.com for more information!

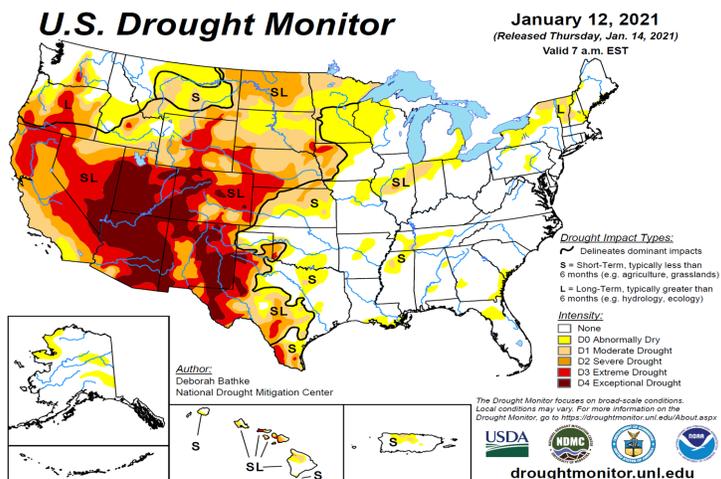
U.S. Drought Monitor

According to ISU Extension, global markets are concerned by drought conditions in the U.S. and South America.

Please note picture to the right. →

ECO—Enhanced Coverage Option

I have attached an article about the “Case for ECO coverage” Look it over, if you have questions do not be afraid to give myself or Jennifer O’Connell a call to discuss it further. Understand, with ECO this is a county wide product and if it pays you won’t know for several months after the 2021 crop has been harvested. If you aren’t at the 85% level on your individual crop insurance, consider revising your individual coverage first.





Quality Loss Option

The Quality Loss Option (QL) is a new crop insurance option that you can elect starting with the 2021 crop year. The Risk Management Agency implemented the QL in response to the 2018 Farm Bill to carry out research and development that establishes an alternative method for adjusting quality losses that will not impact your Actual Production History (APH). The QL allows exclusion of quality loss from an APH database in circumstances where a quality loss occurs. The QL will be offered at an actuarially sound premium rate.

Like yield exclusion, the QL must be elected by the sales closing date. 3/15/2021

Hail Rates

Hail rates are also coming out. After last years wide spread wind events, the case can be made for Extra Harvest coverage which will pay 8% of the Hail coverage you select if the corn is hard to pick up. Also remember hail coverage can be important in the case of field fires.

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