



**Crop Insurance Update:
2021 Crop Year**

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Agenda

1. Quality Loss Option (QL)
2. Enhanced Coverage Option (ECO)
3. Enterprise Unit flexibility for cropping practices
4. Industrial Hemp date changes
5. FAC (double-crop) soybean practice added in Shelby County
6. Prevent Plant eligibility revisions
7. High-Risk Changes (Map Area in certain counties)

Quality Loss Option (QL)

- Brand new option for 2021 crop year
- QL option allows the insured to improve their Actual Production History (APH) for years in which they suffered a quality loss
- When QL is elected, insureds may replace a quality adjusted yield with an actual yield based on total production prior to any quality adjustment reduction
 - This is referred to as QL replacement, thereby increasing their actual yields for individual crop years
- QL Replacement only applies when a NOTICE OF LOSS was timely filed and the crop had “quality-adjusted” production to count, regardless of whether an indemnity payment occurred

QL Eligibility

- To be applicable for the current crop year, the insured must elect Quality Loss (QL):
 - By the Sales Closing Deadline
 - On a per crop, per county basis
- The QL option is continuous election that remains in effect unless cancelled

QL

Quality Loss (QL) is available for the following crops:

- Barley, Buckwheat, Canola, Corn, Cotton, Flax, Grain Sorghum, Malting Barley, Oats, Rice, Rye, Safflower, Soybeans, Sunflowers, and Wheat

Quality Loss (QL) Option will be available for:

- Yield Protection (YP)
- Revenue Protection (RP)
- Revenue Protection w/ Harvest Price Exclusion (RPHPE)
- APH

Quality factors that qualify for QL adjustment include:

- Grade, Test Weight, Defects, Sprout Damage, Falling Numbers, Light Smutty, Smutty, Garlicky, Ergoty, Musty Odor, Sour Odor, COFO, Substances or Conditions Injurious to Human or Animal Health

QL

- QL may be used in any combination along with Trend Adjustment (TA), Yield Adjustment (YA), Yield Cup (YC), and Yield Exclusion (YE)
- QL can apply to prior crop years in your APH database that had quality losses if a Notice Of Loss for that applicable crop year was submitted
- There is no limit to the number of actual yields that can be replaced
- QL applies to all actual yields eligible for replacement for pre-quality actual yields for all APH databases unless the insured **opts out in writing** by the Production Reporting Date

QL and Yield Floors

Yield Floors:

- APH databases without QL replacement of actual yields remain eligible for Yield Floors
- Approved APH yields using QL replacement of actual yields are not eligible for Yield Floors
- NOTE: If an APH database is “Yield Floored”, the QL Option may not be a benefit

QL Example

Crop Year	Quality Adjusted Production	Acres	Quality Adjusted Yield	Pre-Quality Adjusted Production	Pre-Quality Adjusted Yield
2011	782	9.30	84	782	84
2012	630	9.60	66	630	66
2013 L	574	9.50	60	761	80
2014	184	9.30	20	184	20
2015 L	527	9.00	59	555	62
2016	751	9.00	83	751	83
2017	480	5.00	96	480	96
2018	415	5.00	83	415	83
2019 L	528	11.12	47	679	61
2020	874	8.00	109	874	109
Approved Yield:			70.7		74.4

Supplemental Coverage Options

RMA Options

- **Supplemental Coverage Option (SCO)**
 - County based coverage from 86% down to your coverage level
- **Enhanced Coverage Option (ECO)**
 - County based coverage from either 90% or 95% down to 86%

COUNTRY Financial Options

- **Soil Type Plus (STP)**
 - 90% or 95% coverage level on your farm's individual APH and soil type
- **Added Value Enhancement (AVE)**
 - Additional commodity price protection on band of bushels you select within your federal crop coverage

What is ECO?

Enhanced Coverage Option (ECO) is a new option offered as part of the USDA's Federal Crop Insurance program

- ECO provides Area-Based (County) coverage for a portion of the deductible of your underlying federal crop policy similar to Supplemental Coverage Option (SCO)
- ECO offers 2 Coverage Levels: (Area Loss Triggers)
 - 95%
 - 90%
- Trigger means the percentage of expected yield or revenue at which a loss triggers a claim

What is ECO?

ECO:

- Must be purchased with an underlying individual crop policy: ECO has the same purchase deadline
- Is treated as an endorsement to the underlying individual crop policy and therefore must be purchased from the same company and agent
- ECO is a continuous endorsement to the following plans:
 - YP (Yield Protection)
 - RP (Revenue Protection)
 - RPHPE (Revenue Protection with Harvest Price Exclusion)
 - APH (Actual Production History)
 - YDO (Yield Based Dollar Amount of Insurance)

ECO Availability, Prices and Yields

ECO availability:

- Corn – All counties in IL
- Soybeans – All counties in IL
- Grain Sorghum – Select counties in IL
- Hybrid Seed Corn – Select counties in IL
- Popcorn – Select counties in IL
- Oats – Select counties in IL

ECO Prices and Yields:

- Same Projected (February) and Harvest (October) prices as Individual Plans of Insurance
- Same Expected & Final Yields as Area Plans of Insurance

ECO Coverage Range

ECO covers a band from 86% (where SCO coverage ends) up to 90 or 95% of expected crop value

- ECO Coverage level 95 provides 9% additional coverage (95% - 86%)
- ECO Coverage level 90 provides 4% additional coverage (90% - 86%)

ECO Premium Subsidy

ECO Subsidy Factors		
ECO - Plan	90% Coverage	95% Coverage
ECO - RP	0.440	0.440
ECO – RPHPE	0.440	0.440
ECO – YP/APH/YDO	0.510	0.510

ECO Coverage

ECO Coverage follows yours underlying plan of insurance

- If underlying policy is revenue-based (RP or RPHPE), ECO covers area revenue loss
- If underlying policy is yield-based (YP, APH, YDO), ECO covers area yield loss
- ECO does not offer Prevented Planting or replant coverage on the additional ECO coverage band
- There are separate Premium and Administrative fees for ECO by crop/by county
- You may not purchase ECO if you choose Margin Protection (MP) or an area-based crop policy such as ARP or AYP

ECO and High-Risk Land

- High-Risk acreage insured by the underlying policy is also insurable with ECO
- Any high-risk acreage excluded from an underlying policy under the High-Risk Land Exclusion Option is not insurable under ECO
- ECO cannot attach to a CAT policy
- When high-risk acreage is insured under a separate policy by the HR-ACE, ECO must be elected on the HR-ACE when insured elects ECO on the base policy

ECO, SCO and FSA Farm Programs

You may purchase ECO on any farm, regardless of your farm's ARC or PLC selection

- ECO is unlike SCO in that SCO is only available on farms enrolled in PLC

SCO has no effect on eligibility for ECO

- You are not required to have SCO to purchase ECO

RP + ECO Example; Coverage & Guarantees

Approved APH (bu./acre)	210 bpa
RP Coverage Level %	85%
RP Projected Price (Feb avg.)	\$4.00/bushel
RP Revenue Guarantee/acre (210 x .85 x \$4.00)	\$714.00/acre
ECO Supplemental Coverage selected	95%
ECO Revenue Guarantee (210 x \$4.00 x 9%)	\$75.60/acre
ECO Revenue Trigger (200 ECY* x \$4.00 x .95)	\$760.00/acre

*ECY = Expected County Yield

RP + ECO Claim Example #1

Final Yield Realized (bu./acre)	200 bpa
Harvest Price (Oct avg.)	\$3.80/bushel
Actual Harvest Revenue (200 x \$3.80)	\$760.00/acre
RP Indemnity (\$714 - \$760)	\$0.00/acre

Final Area Yield	190 bpa
Final Area Revenue (190 x \$3.80)	\$722/acre
ECO Loss %: 95% - (\$722/\$800)	4.75%
ECO Payment Factor (4.75% / 9%)	52.78%
ECO Indemnity (.5278 x \$75.60)	\$39.90/acre

Total Combined Indemnity	\$39.90/acre
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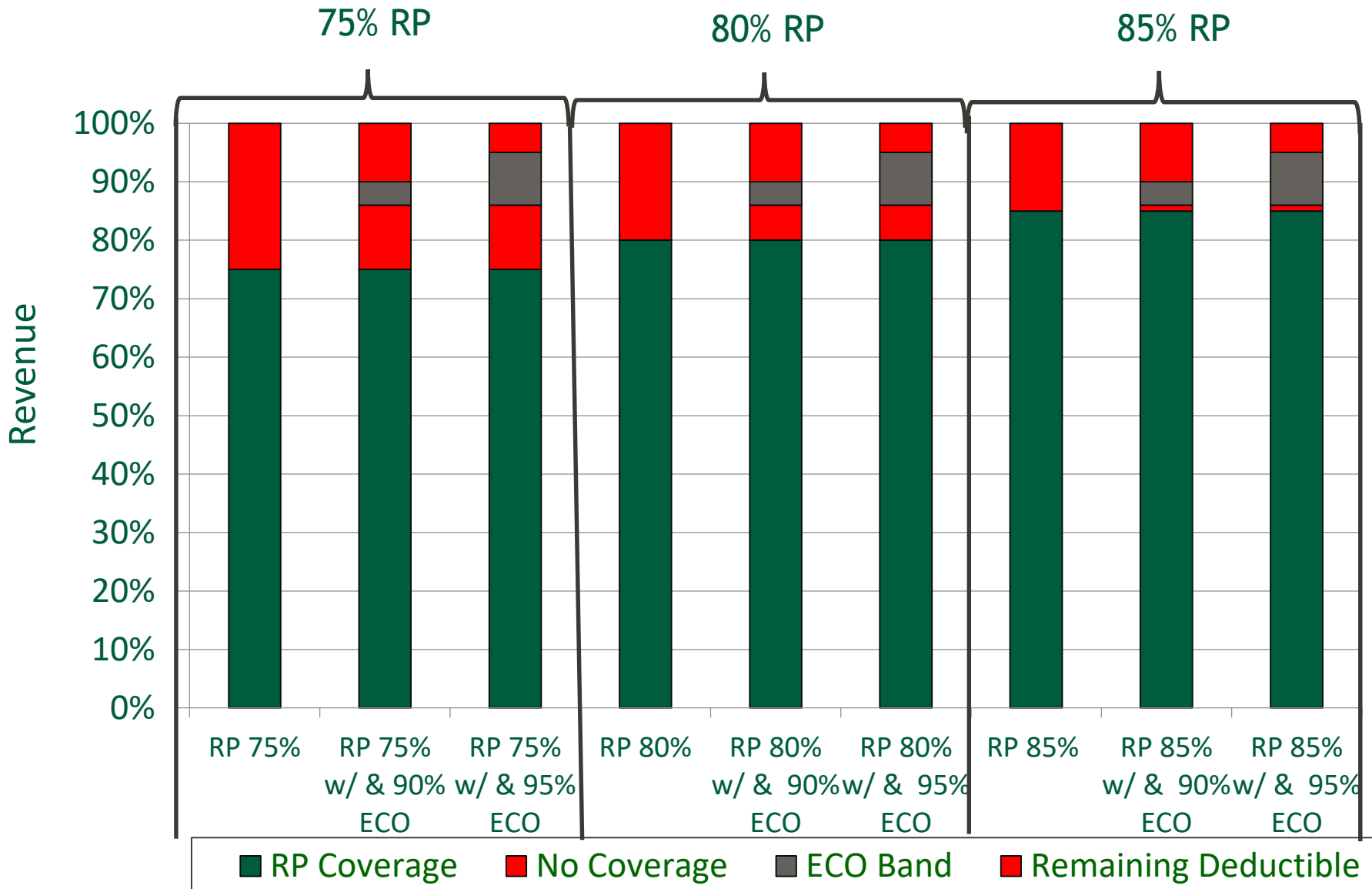
RP + ECO Claim Example #2

Final Yield Realized (bu./acre)	180 bpa
Harvest Price (Oct avg.)	\$3.80/bushel
Actual Harvest Revenue (180 x \$3.80)	\$684.00/acre
RP Indemnity (\$714 - \$684)	\$30.00/acre

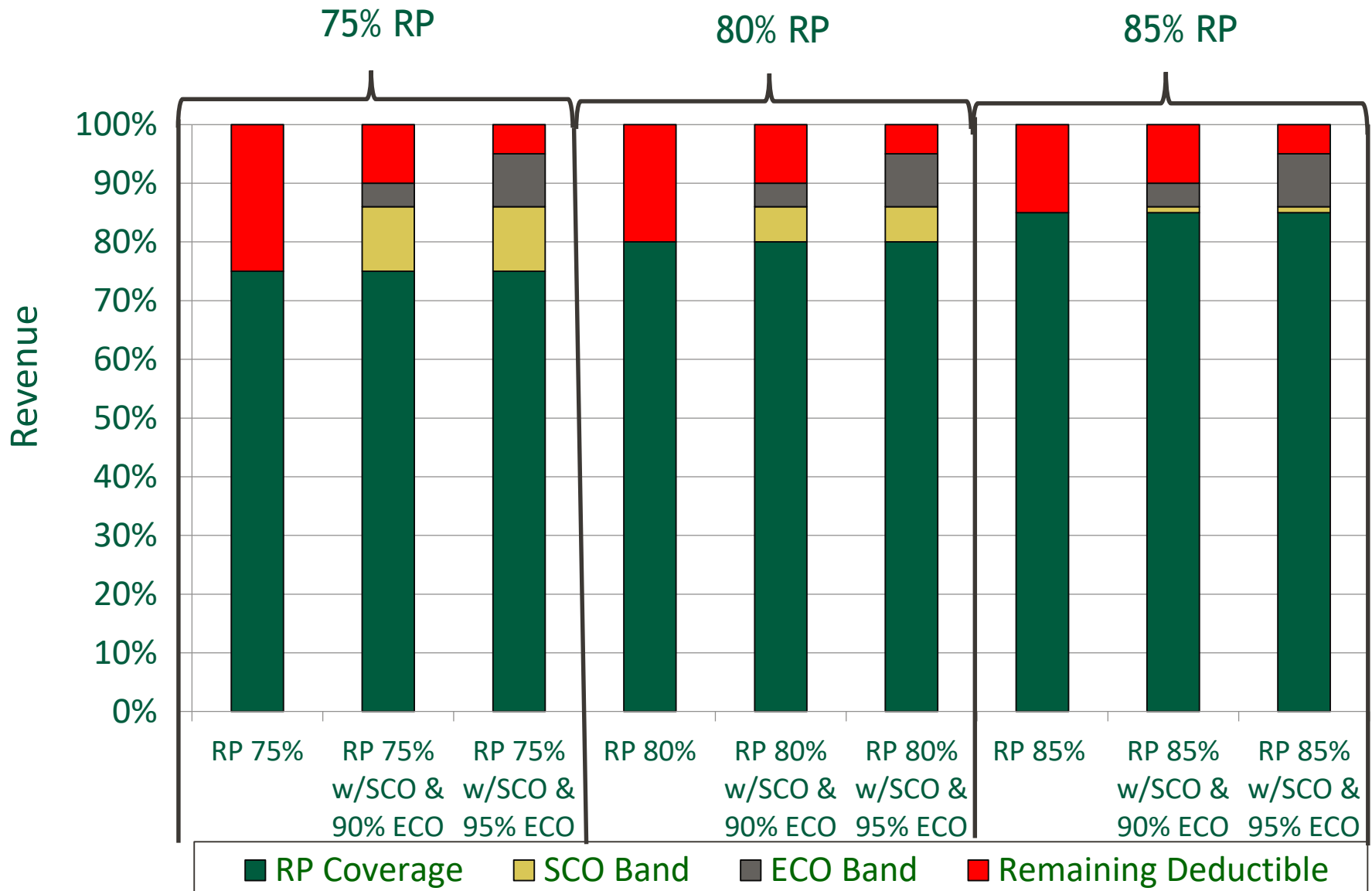
Final Area Yield	190 bpa
Final Area Revenue (190 x \$3.80)	\$722/acre
ECO Loss %: 95% - (\$722/\$800)	4.75%
ECO Payment Factor (4.75% / 9%)	52.78%
ECO Indemnity (.5278 x \$75.60)	\$39.90/acre

Total Combined Indemnity	\$69.90/acre
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RP & ECO at Various Coverage Levels



RP, SCO & ECO at Various Coverage Levels



Enterprise Unit (EU) Flexibility for FAC/NFAC Cropping Practices

New flexibility if policyholder elects EU for both FAC* and NFAC** cropping practices and discovers they do not qualify...

- If discovery is made ON or BEFORE the acreage reporting date; and,
- If both cropping practices do not separately meet EU qualifications, insured may elect alternate unit structure:
 - i. One EU for one cropping practice (all FAC or all NFAC) provided it meets the qualifications for EU and BUs or OUs for the other cropping practice
 - ii. One EU for both cropping practices on a crop/county basis, provided it meets the qualifications for a single EU
 - iii. BUs or OUs for both cropping practices, whichever they report on their acreage report and qualify for

*FAC: Following Another Crop (double crop soybeans)

**NFAC: Not Following Another Crop (first crop soybeans)

Industrial Hemp Date Changes

- Federal Crop Hemp Acreage Reporting Date: July 15
- Federal Crop Hemp Premium Billing Date: August 15
(COUNTRY sends bill September 1)
- These dates have changed to match with all other “spring” crops in Illinois

FAC (double crop) Soybeans Added Shelby County

- FAC* (double crop) Soybeans are now insurable in Shelby County; therefore, if you choose to insure soybeans in Shelby County you must report all your FAC and NFAC** soybeans
- APH yields must be submitted for FAC and NFAC separately

*FAC: Following Another Crop (double crop soybeans)

**NFAC: Not Following Another Crop (first crop soybeans)

Prevented Planting Revisions

- Intended Acreage Report – If you have NEVER previously planted ANY crop in the county, you will need to submit an intended acreage report by Sales Closing Deadline for Prevented Planting eligibility for that crop year
- If the intended acreage report was used for the first crop year because acres were Prevented, an intended acreage report can be filed for the second crop year
 - An intended acreage report cannot be filed more than 2 consecutive crop years
- To be eligible for a PP payment, the acreage (CLU) must have been planted to a crop, insured, and harvested (or adjusted for claim) in at least one of the previous four most recent crop years

High-Risk Map Changes

High Risk area lines adjusted in the following 7 Counties:

- Cass
- Franklin
- Jackson
- Johnson
- Perry
- White
- Whiteside

High Risk areas REMOVED:

- Montgomery
 - No longer has any high-risk ground

2020/21 IDOA Cover Crop Premium Discount Program

- The program is applicable for acreage in Illinois planted to cover crops in the fall of 2020 that will be planted to an insurable crop in 2021
- The discount is applied to the 2021 federal crop insurance premium
- For 2021:
 - Funding approved for 50,000 net acres.
 - Application process is first come, first serve basis
 - The electronic only application will be available on the IDOA website from December 15th until January 15th
 - \$5/acre premium discount, dependent on share percentage

2020/21 IDOA Cover Crop Premium Discount Program

NEW rules for 2021:

- Applicants will be required to certify their cover crop acres at their local FSA office before applying
- Applicants will also need their FSA-578 and federal crop policy number(s) for the 2021 application process

- Questions should be directed to IDOA at (217) 782-6297
- <https://www2.illinois.gov/sites/agr/Resources/LandWater/Pages/Cover-Crops-Premium-Discount-Program.aspx>

2020/21 IDOA Cover Crop Premium Discount Program

2020 in Review:

- Applications far surpassed 50,000 acre allotment
 - Allotment went very quickly-don't delay
- COUNTRY Financial had 44 Federal Crop clients that applied in time to be accepted
 - Those clients saved a total of \$28,162 dollars in total premium

COUNTRY Financial Crop Hail Changes for 2021

Replant Endorsement Improvements:

- In 2020 we launched new \$65/acre replant coverage offering statewide
- **New for 2021** we slashing the rate for this \$65/acre replant coverage to \$2/acre in every county in Illinois!
- Reminder: In 2020 COUNTRY abolished the 20/20 rule for crop hail replant coverage – we now pay on the first acre of loss
 - Federal crop policies still maintain the minimum of 20 acres or 20% of the unit qualify for replant before you're eligible for replant payment

What COUNTRY Crop has available for you in 2021 growing season!

- **Soil Type Plus** - allows you to insure up to 95% of your federal crop APH. Rated on your fields soil type and productivity index
- **Added Value Enhancement** - provides a **Supplemental Coverage Band** and **Supplemental Price Election** selected by the farmer
- **\$65/acre Replant Coverage** – new in 2020, \$2/acre premium new in 2021!
- **Early Plant Soybean Replant Coverage** - Soybeans planted up to two weeks prior to your RMA early plant date are covered in your replant endorsement at no additional cost
- **Corn Bundle Discount** - When you purchase both wind and replant coverage receive a 10% discount on the premium of these endorsements

What COUNTRY Crop has available for you in 2021 growing season!

- **Early Pay Discounts** - 8% discount when you purchase by March 28th and pay by April 30th. 4% discount when you purchase by June 28th and pay by July 31st
- **Premium Volume Discount** - Up to 25% premium discount depending on total individual policy premium
- **Group Discount** - our Volume Discount available to group member policies by adding all members premiums collectively
 - Immediate family or landlord tenant groupings available
- **Stored Grain Coverage** - stored grain coverage equal to your standing crop liability with a GrainGuard policy, at no additional charge
- **Farm & Agri -Plus Discount** - with the purchase of a Hail policy, clients may receive a 6% discount on their Farm or Agri-Plus policy

What COUNTRY Crop has available for you in 2021 growing season!

- **Fast Fair Claims Service** - over 100 exclusive claims adjusters – draft checks are issued at the time of inspection for most Crop Hail claims – drones to improve speed & efficiency
 - 99.91% Customer Satisfaction Rating in 2020 for crop claims!
- **Non-Loss APH Certification:**
 - Free service to our customers;
 - Provides peace of mind in case of an audit; and,
 - Can lead to improved APH over time

Questions?

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