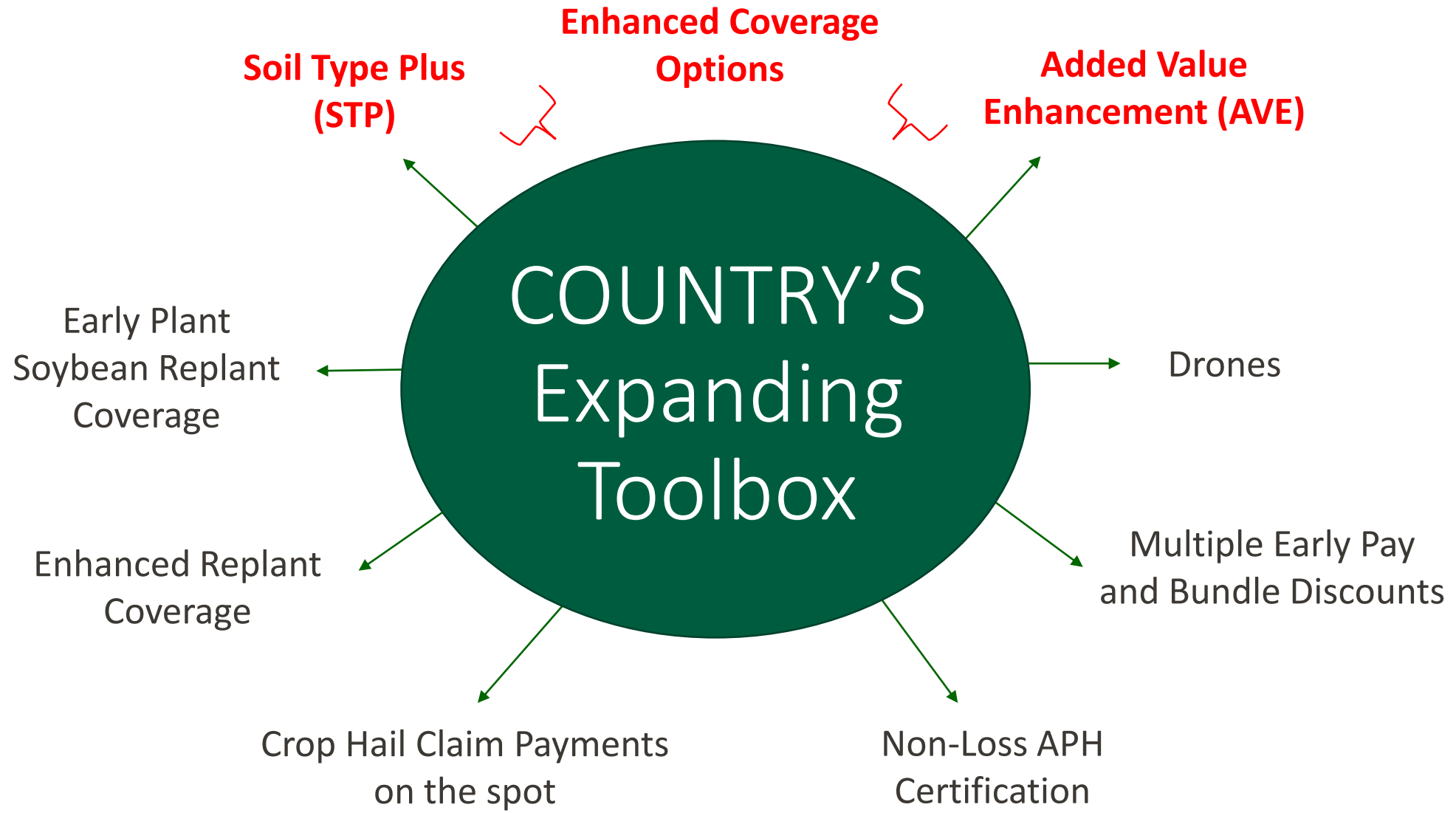




## **Added Value Enhancement 2021**

Doug Yoder

*Crop Agency Manager, COUNTRY Financial<sup>®</sup>*



# 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

# COUNTRY's Enhanced Coverage Options

## 1. Soil Type Plus (STP)

- STP provides an extra 5% or 10% band of coverage on top of your existing Federal Crop Insurance coverage
- Allows you to reduce/shrink your deductible

## 2. Added Value Enhancement (AVE)

- AVE allows you to increase the grain price used to calculate your guarantee on your riskiest bushels of production, within your Federal Crop Insurance coverage
  - Increased grain price
  - Increased coverage
  - Increased guarantee

# Added Value Enhancement (AVE)

- AVE is COUNTRY Financial's newest supplemental insurance policy designed to work in conjunction with Federal Crop Insurance coverage (RP, RP-HPE or YP)
- AVE is a flexible insurance management tool that provides increased coverage per bushel on your riskier levels of production by:
  - Allowing you to increase the grain price used to calculate your guarantee
  - While eliminating the speculative nature of other price additive private pricing products
- AVE provides a Supplemental Coverage Band and Supplemental Price Election selected by the farmer
- Available for Corn, Soybeans, and Winter Wheat (2022)

# AVE Details

- AVE works in conjunction with your Basic, Optional or Enterprise unit from your underlying Federal Crop Insurance policy
- Your underlying Federal Crop Insurance policy will be used to establish AVE's supplemental coverage, supplemental price/bushel and premium
  - AVE coverage band begins at your crop insurance guarantee/trigger level and works downward from there
- Coverage for AVE must be elected by the Sales Closing Date for your underlying Federal Crop Insurance policy
- Premium will be due at the same time as Federal Crop Insurance premium

# AVE Details

Two simple steps:

1. You decide how many bushels you wish to protect with this extra coverage (Supplemental Coverage Band)
2. You select how much additional price/bushel protection you want on your selected band of coverage (Supplemental Price Election)

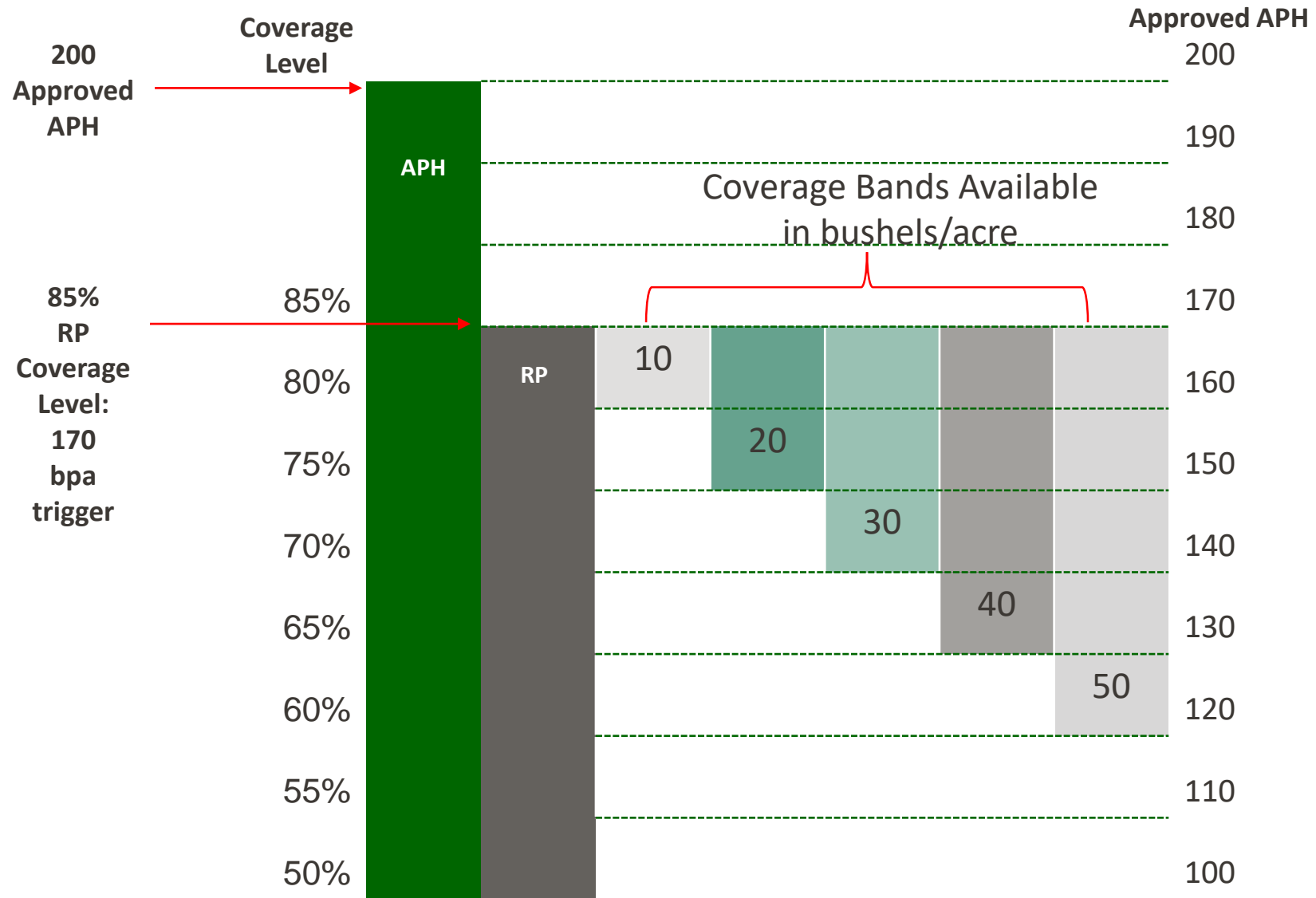
# Step 1: Supplemental Coverage Band

- You select the additional coverage you want
  - Maximum Supplemental Coverage available is dependent on the coverage level selected on your underlying Federal Crop Insurance policy
  - Is available in 5% increments

Underlying Coverage Level	Available Supplemental Coverage Band Range
85%	5-35%
80%	5-30%
75%	5-25%
70%	5-20%
65%	5-15%
60%	5-10%
55%	5%
50%	Not Available



# Supplemental Coverage Band Example



# Step 2: Supplemental Price Election

- You select the additional price/bushel protection you want
  - Supplemental Price is dependent on the base price established on your underlying federal crop insurance policy:
    - February average of December corn futures
    - February average of November soybean futures
  - Is available in 5% increments
  - Maximum of 25%

# Supplemental Price Election Example

**Corn:** February average (base price) = \$4.00/bushel

- Possible AVE Supplemental Price Elections:
  - 5% = \$.20/bushel
  - 10% = \$.40
  - 15% = \$.60
  - 20% = \$.80
  - 25% = \$1.00

**Soybeans:** February average (base price) = \$10.00/bushel

- Possible AVE Supplemental Price Elections:
  - 5% = \$.50/bushel
  - 10% = \$1.00
  - 15% = \$1.50
  - 20% = \$2.00
  - 25% = \$2.50

# RP + AVE Example; Coverage & Guarantees

	Approved APH (bu./acre)	200 bpa
	RP Coverage Level %	85%
	RP Projected Price (Feb avg.)	\$3.88/bushel
	RP Revenue Guarantee/acre (200 x .85 x \$3.88)	\$659.60/acre
Step 1	AVE Supplemental Coverage Band %	15%
	AVE Supplemental Coverage bpa ( 200 x .15)	30 bpa
	AVE Supplemental Coverage Band	170 - 140
Step 2	AVE Supplemental Price Election %	20%
	AVE Supplemental Price Election \$/bu (\$3.88 x .20)	\$.78/bushel
	<b>AVE Supplemental Coverage/acre (30 x \$.78)</b>	<b>\$23.40/acre</b>

# Premium Example

Champaign Cty, Corn, 200 bu APH, RP, Enterprise Units

Coverage Band Election	Supplemental Price Election				
	5%	10%	15%	20%	25%
5%	\$.45/a	\$.92/a	\$1.36/a	\$1.83/a	\$2.28/a
10%	\$.77/a	\$1.58/a	\$2.36/a	\$3.17/a	\$3.94/a
15%	\$.99/a	\$2.04/a	\$3.03/a	\$4.07/a	\$5.06/a
20%	\$1.13/a	\$2.31/a	\$3.43/a	\$4.62/a	\$5.74/a
25%	\$1.21/a	\$2.48/a	\$3.68/a	\$4.95/a	\$6.16/a
30%	\$1.29/a	\$2.64/a	\$3.93/a	\$5.29/a	\$6.58/a
35%	\$1.36/a	\$2.79/a	\$4.14/a	\$5.57/a	\$6.93/a

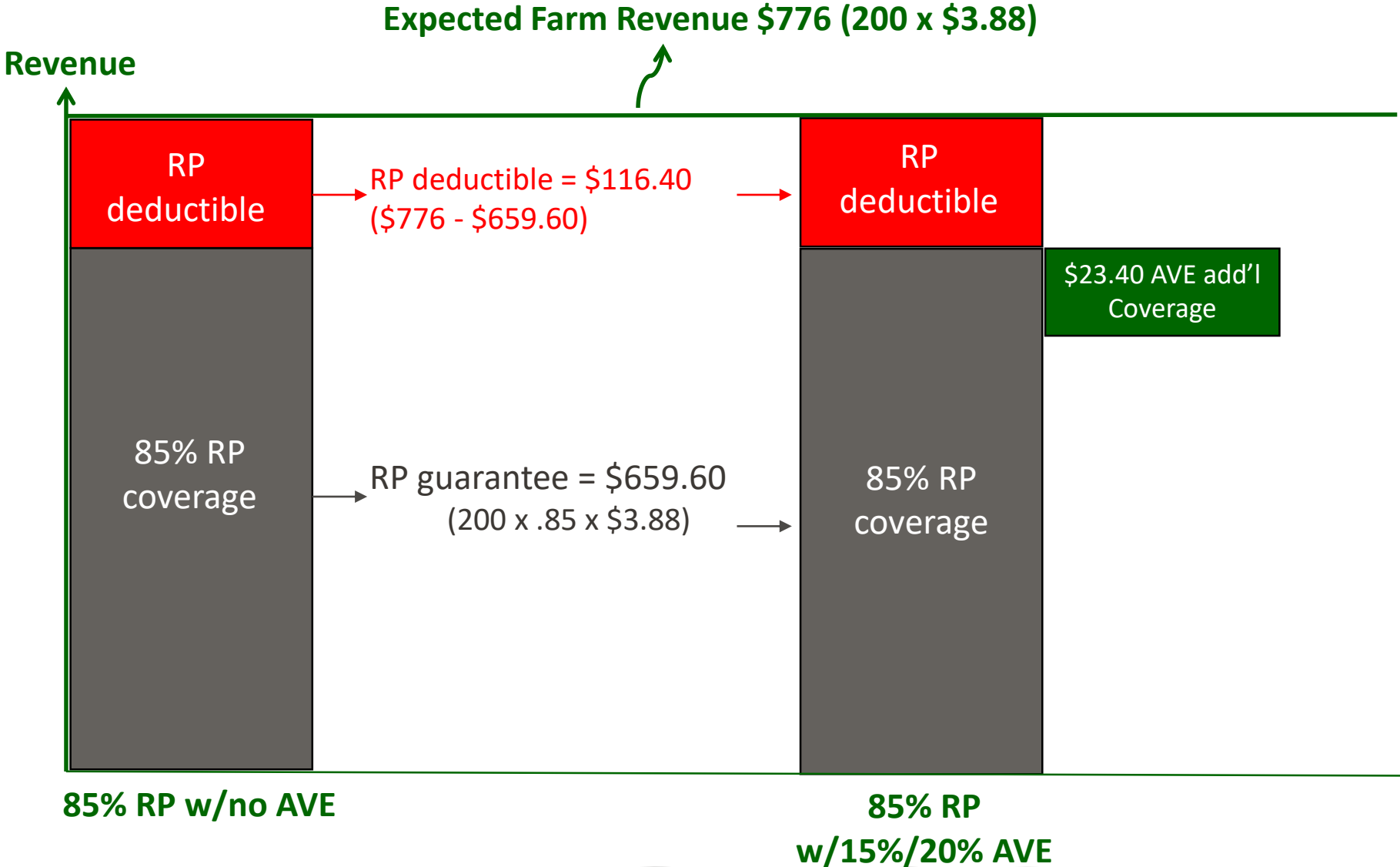
\*Using 2020 Base Price of \$3.88

*These are only examples of possible premium levels. Please visit your crop agent to discuss your actual premium using your personal selection of policy, coverage level, APH, unit structure, practice, etc.*

# Comparing Additional Liability Coverage to Additional Premium

Coverage Band Election	Supplemental Price Election					Additional:
	5%	10%	15%	20%	25%	
5%	\$.45/a	\$.92/a	\$1.36/a	\$1.83/a	\$2.28/a	Premium
	\$1.90/a	\$3.90/a	\$5.80/a	\$7.80/a	\$9.70/a	Liability
10%	\$.77/a	\$1.58/a	\$2.36/a	\$3.17/a	\$3.94/a	Premium
	\$3.80/a	\$7.80/a	\$11.60/a	\$15.60/a	\$19.40	Liability
15%	\$.99/a	\$2.04/a	\$3.03/a	\$4.07/a	\$5.06/a	Premium
	\$5.70/a	\$11.70/a	\$17.40/a	\$23.40/a	\$29.10/a	Liability
20%	\$1.13/a	\$2.31/a	\$3.43/a	\$4.62/a	\$5.74/a	Premium
	\$7.60/a	\$15.60/a	\$23.20/a	\$31.20/a	\$38.80/a	Liability
25%	\$1.21/a	\$2.48/a	\$3.68/a	\$4.95/a	\$6.16/a	Premium
	\$9.50/a	\$19.50/a	\$29.00/a	\$39.00/a	\$48.50/a	Liability
30%	\$1.29/a	\$2.64/a	\$3.93/a	\$5.29/a	\$6.58/a	Premium
	\$11.40/a	\$23.40/a	\$34.80/a	\$46.80/a	\$58.20/a	Liability
35%	\$1.36/a	\$2.79/a	\$4.14/a	\$5.57/a	\$6.93/a	Premium
	\$13.30/a	\$27.30/a	\$40.60/a	\$54.60/a	\$67.90/a	Liability

# Example: RP 85% plus AVE



# RP + AVE Claim Example #1: Flat Price

Final Yield Realized (bu./acre)	150 bpa
Harvest Price (Oct avg.)	\$3.88/bushel
Actual Harvest Revenue (150 x \$3.88)	\$582.00/acre
<b>RP Indemnity/acre (\$660 - \$582)</b>	<b>\$78.00/acre</b>

AVE Trigger Revenue (170 x \$.78)	\$132.60/acre
Harvest Revenue (150 x \$.78)	\$117.00/acre
<b>AVE Indemnity/acre (\$133 - \$117)</b>	<b>\$16.00/acre</b>

<b>Total Indemnity/acre</b>	<b>\$94.00/acre</b>
-----------------------------	---------------------



# RP + AVE Claim Example #2: Price Drop

Final Yield Realized (bu./acre)	150 bpa
Harvest Price (Oct avg.)	\$3.75/bushel
Actual Harvest Revenue (150 x \$3.75)	\$562.50/acre
<b>RP Indemnity/acre</b> (\$660 - \$562.50)	<b>\$97.50/acre</b>

AVE Trigger Revenue (170 x \$.78)	\$132.60/acre
AVE Supplemental Harvest Price (\$3.75 x .20)	\$.75/bu
Harvest Revenue (150 x \$.75)	\$112.50/acre
<b>AVE Indemnity/acre</b> (\$132.60 - \$112.50)	<b>\$20.10/acre</b>

<b>Total Indemnity/acre</b>	<b>\$117.60/acre</b>
-----------------------------	----------------------

# RP + AVE Claim Example #3: Price Increase

Final Yield Realized (bu./acre)	150 bpa
Harvest Price (Oct avg.)	\$3.99/bushel
<b>New</b> RP Revenue Guarantee (200 x .85 x \$3.99)	\$678.30/acre
Actual Harvest Revenue (150 x \$3.99)	\$598.50/acre
<b>RP Indemnity/acre</b> (\$678.30 - \$598.50)	<b>\$80.00/acre</b>

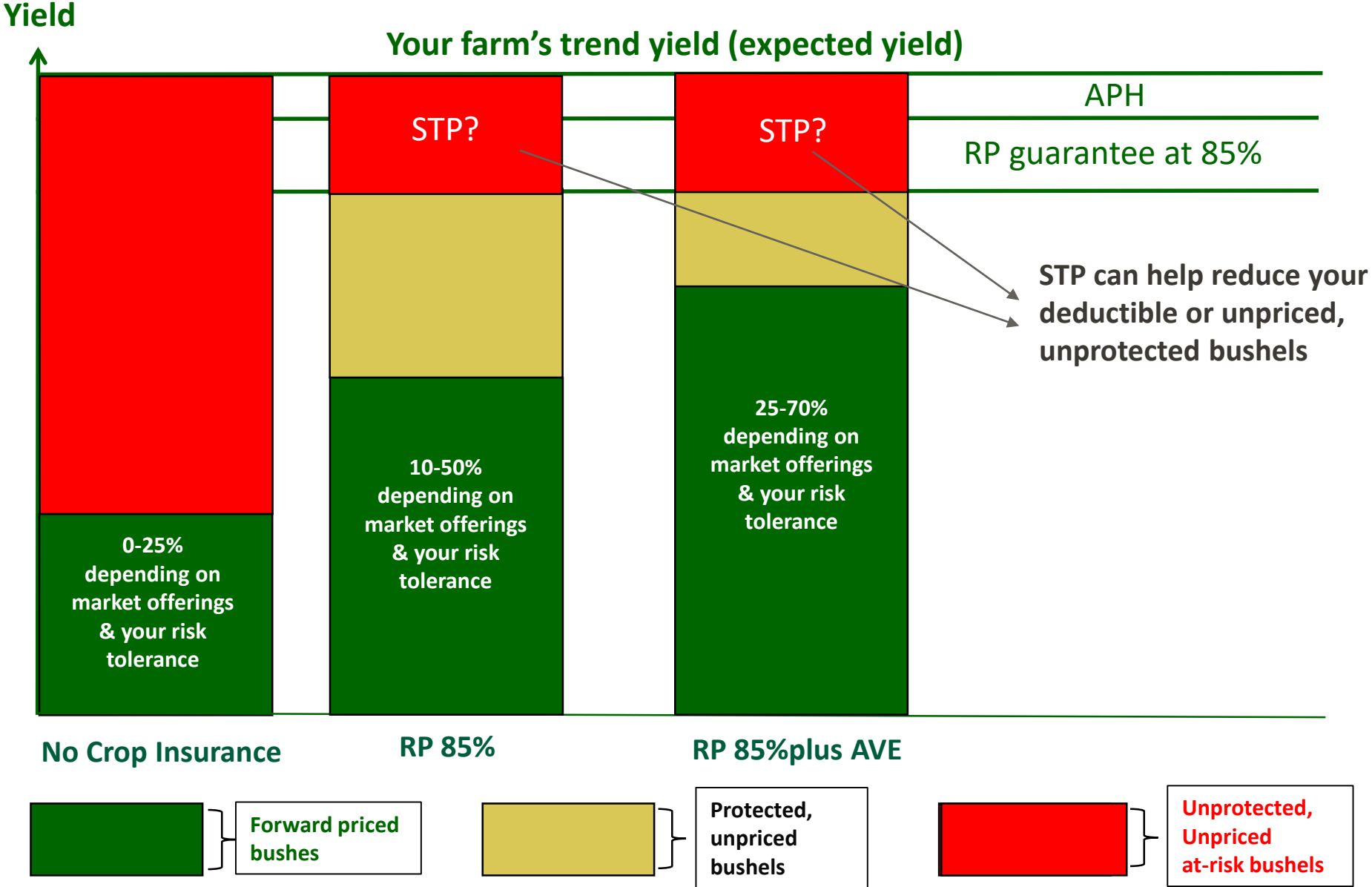
AVE Supplemental Harvest Price (\$3.99 x .20)	\$.80/bu
AVE Trigger Revenue (170 x \$.80)	\$136.00/acre
Harvest Revenue (150 x \$.80)	\$120.00/acre
<b>AVE Indemnity/acre</b> (\$136 - \$120)	<b>\$16.00/acre</b>

<b>Total Indemnity/acre</b>	<b>\$96.00/acre</b>
-----------------------------	---------------------

# AVE Advantages

- Provides additional coverage-YOU decide how much
- Provides additional grain price guarantee on band of bushels you select; grain marketing advantage
  - Not dependent on a market rally to obtain a better price
- Flexible
  - You decide how many bushels you wish to add the additional protection on
  - You decide how much additional grain price to add to your protected bushels
- Easy to understand
- Affordable
  - You can tailor your additional coverage to match your budget
- Works in conjunction with your federal crop insurance policy and coverage

# Grain Marketing Leverage



# AVE Exclusions

- AVE excludes:
  - High Risk land
  - Unclassified or uninsurable land
  - Acres insured by a Written Agreement
  - Organic Practice acreage
  - Crops, types or practices not offered by Federal Crop Insurance
- Prevented Planting and Replant payments are not covered by AVE

# 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



# Thank You for Attending!

**Doug Yoder**

Crop Agency Manager

COUNTRY Financial

217-377-1220 cell

[doug.yoder@countryfinancial.com](mailto:doug.yoder@countryfinancial.com)

Twitter: mdyoder4, #AgAtCOUNTRY

