



# WILLIAMSON CROP INSURANCE

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# Preparing for Fall 2020

Fall Newsletter – September 1, 2020



Hi Everyone,

This has been a strange year. Spending more time in the office and away from clients has shown me something – I really enjoy each of you! Not seeing folks at farm shows, field days, farm visits and just out and about has made me appreciate how blessed I am to work with and know so many of you! I look forward to “normal” and being back in public for 2021. However, before we turn the page to 2021 now is the time to reach out with some important information for this fall and help prepare for harvest and wheat planting. Above all – be safe! Take care of yourself and your family and know we are ready to answer calls and help your operation succeed.



As always – Go Bucks! (although thanks to the B1G 10, I am not sure where we are going....)

Jason

## MPCI Premium Interest Deferral

2020 wheat premiums are due with no interest by September 30th, 2020 for this year only. This is also the termination date.

Also for 2020 only, fall crop premiums (corn, soybeans and popcorn) are due by November 30th, with no interest. Interest will attach to outstanding premium balances on December 1st.

Harvest losses will have unpaid premiums deducted from the indemnity at the time the claim is settled.

## 2021 Wheat Coverage

The final day to add, change or cancel wheat coverage is September 30th, 2020. The wheat ‘base price’ is tracking at \$5.53/bu half way through the tracking period. If you are interested in considering a new policy or you are applying for the WHIP+ disaster program through FSA and need wheat coverage to meet program qualifications, please contact your Williamson Insurance Agent to set up an appointment.

## Reviewing 2021 Crop Insurance Policies

While reviewing insurance coverage in the winter, agents are on the road covering several counties each week. We encounter many people each day as it is the practice of our agency. We want to be sure that you are always comfortable with where we meet in the COVID environment. We can review your policies in multiple ways: (1) review over the phone, (2) set up an online meeting, (3) sit at the opposite ends of the workbench, (4) you are always welcome to visit our office where we have access to larger screens and can easily social distance, (5) we are glad to visit on your farm. At this point, we are trying to keep things “business as usual” as much as possible. However, we realize conducting business could look quite different this fall and winter. We appreciate you, your family, and your health as much as your business. We strive to do the best job we can delivering your personalized coverage while keeping everyone safe.

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## 2020 Potential Harvest Loss Scenario

Our February 'Base Prices' for RP & ARPI policies were \$3.88/bu for corn and \$9.17/bu for soybeans. Indiana and Ohio 'Harvest Prices' will be set using the average October daily close of CBOT December contract for corn and the November contract for soybeans. (MI Corn is tracked in November)

At the time of this newsletter, December corn is trading at \$3.58. This is an 8% drop from our 'Base Price'. Below is an example of how a harvest loss would be figured due to a lower harvest price and a below average yield.

### RP Example

<b>Approved Yield</b>	<b>185 b/a</b>	<b>Harvest Yield</b>	<b>160 b/a</b>
<b>X Coverage Level</b>	<b>x 85%</b>	<b>x Harvest Price</b>	<b>x \$3.58</b>
<b>Bushel Guarantee</b>	<b>157 b/a</b>	<b>Harvest Revenue</b>	<b>\$573/ac</b>
<b>Bushel Guarantee</b>	<b>157 b/a</b>	<b>Revenue Guarantee</b>	<b>\$610</b>
<b>X Base Price</b>	<b>x \$3.88</b>	<b>- Harvest Revenue</b>	<b>-\$573</b>
<b>Revenue Guarantee</b>	<b>\$610/ac</b>	<b>Claim Amount</b>	<b>*\$37/ac</b>

**\*The revenue loss is due to lower yield and declining price.**

If you anticipate harvest losses due to the dry weather and/or lower prices, please contact our office (or your agent) to submit a notice of loss so we can get you in touch with an adjuster. It is important that you speak with an adjuster about the harvest procedures you use to keep track of bushels from different units or counties in your on-farm storage.

**REMINDER:** If you plan to put 2020 grain on top of old crop grain in a bin, it is imperative that you have an adjuster measure the old crop PRIOR to adding 2020 bushels on top.

### NEW Quality Loss Option - RP & YP Policies

The new Quality Loss Option (QL) allows you to use your actual harvest yield in your database instead of the adjusted yield due to grain quality issues. This will be the most common in our area for producers who have been paid on losses for vomitoxin in wheat and corn on RP and YP policies.

#### 2019 Wheat Example for Mercer County, Ohio

2019 Actual Harvest Yield was 63 b/a. Due to high vomitoxin levels, the elevator applied a 49% dock to the cash price. The Crop Insurance claim process verified vomitoxin levels and reduced the harvest yield by 49% to 32 b/a reflecting the damage from the vomitoxin to pay the claim.

**WITHOUT** the new QL option, the 32 b/a yield is recorded in the 10 year history for 2019.

**WITH** the QL option, the 32 bushel yield can be updated to the actual harvest yield of 63 b/a for 2019.

In this example, by electing the QL option, the 10 year average is raised by 4 bushels to the acre going from 74 b/a to 76 b/a. The premium (optional unit at 75% level) went from \$16.90/ac to \$19.40/ac reflecting the cost of the QL option. The bushel guarantee increased from 55.5 b/a to 57 b/a.

## Margin Protection

Margin Protection (MP) is an 'Area Plan of Insurance' that has unique characteristics as compared to traditional ARPI (old GRP or GRIP) plans. It offers up to 95% coverage levels and gives you the option to simultaneously carry an RP or YP policy on a crop (giving you individual Prevent Plant and Replant Coverage).

If you like the concept of an Area Plan, but also like the safety of an individual policy protecting your operation for prevent plant, replant or grain quality issues, Margin Protection could be worth considering. You secure Margin Protection before September 30th, 2020 for the 2021 corn or soybean crop year. The 2021 'Base Price' for Margin Protection is currently tracking at \$3.78/bu for corn and \$9.22/bu for soybeans (as of 8/31/20). This Winter, you can consider adding RP or YP coverage to your operation and receive a premium credit on your MP policy. This premium credit is figured on each of your yield databases separately. Generally, yield histories that are better than the county yields receive a larger premium credit. The February 'Base Price' figures into the premium credit formula as well. There were scenarios in 2020 where the MP premium credit offset much of the cost of RP insurance.

At claim time, you will receive the greater amount of the two indemnities.

**Example:** You receive a \$45/ac harvest loss on your RP policy in the fall, and next Summer Margin Protection shows a \$100/ac loss on the county. You would have already received \$45 from your RP Insurance and would receive an additional \$55/ac from the MP coverage.

If Margin Protection interests you, and you would like to learn more, contact your Williamson Insurance Agent for details.

## Harvest Loss Adjustment Procedures

As of August 31st, RMA has not amended any final loss procedures for 2020. In speaking with the claim supervisors, the adjusters will do their best to practice social distancing during bin measurements, silage appraisals, and loss adjustment meetings. Companies (adjusters) plan to leverage scanning, emailing and e-signatures where possible in gathering grain tickets, settlement sheets, and signing of loss documents. Where face-to-face meetings are preferred or are necessary, please let the adjuster know ahead of time what safety measures you prefer prior to arrival at your farm. We ask that you do not take offense if an adjuster wears a mask or sits at the other end of the table at your meeting.

### NEW Malting Barley Endorsement

The Malting Barley Endorsement (MBE) is approved for 2021 for many counties in Ohio. MBE will allow for higher levels of protection for quality shortfalls that do not meet the malt house standards. Added this year, the maximum contract price limit is up from "1.85 x the barley base price" to "2.5 x the barley base price" when you elect the MBE. If you are considering planting malting barley this fall and would like to discuss coverage options, please call your Williamson Insurance at 888-399-5276. The sales closing deadline for malting barley is September 30th, 2020.