



Dick Sims Crop Insurance

February 12, 2021

Volume 21, Issue 1

What is ECO and how does it work?

The new “shiny object” in the Crop Insurance space for 2021 is ECO or Enhanced Coverage Option. This offering is similar to many other recent products developed these last few years in that it allows producers to insure up to 95% of expected yield or revenue. Please take a look at some of the features that might make this an attractive offering to help you protect your farm in 2021:

The good...

- ECO Revenue guarantees will likely be based on high expected County yields and the highest prices since 2014.
- We offer modeling tools which give you a look at how this product would have performed on each crop in your County in past years— **spoiler alert!** - in many counties it looks like a very high likelihood to produce a positive return over premium over a long period of time.
- Unlike similar-shallow loss-programs it is subsidized by the Federal Government at least 44% for the RP version.
- If you like the concept but the premium still seems steep, it can be dialed back as much as 50% in coverage and premium— if that provides adequate coverage.

- No separate acre report or billing since it is an approved government option.
- Since it can only be purchased in conjunction with an underlying RP or YP product, you will **still have important replant or prevented plant coverage** as you would if you only carried a group plan of insurance.
- If the commodity price goes up and you have an RP policy— the ECO liability will go up as well —up to double —this could be big. In effect similar to an easy inexpensive Call.
- If the commodity price goes down the bushel trigger to get paid increases on the RP version of ECO-making losses more likely.
- Unlike SCO, ECO can be purchased regardless of the FSA decision to sign up for ARC or PLC.

To be Aware of...

- **ECO is based on County yields not your own.** Works well for many, not all farmers.
- **PREMIUMS ARE DUE IN THE FALL** Typically pay by 10/01/21 to avoid interest).
- Any Indemnity due will not be paid in the Fall—but in the following Early Summer AFTER the RMA has had a chance to get County Yield data compiled.

Recent
Spring Base Prices...
Corn — \$4.52/ bu.
SBeans – \$11.66/ bu.
Prices Set 2/26/21

Important Dates

Sales Closing Date for Corn & Soybeans:	3/15/2021
RP YP ARPI Base Price Discovery for Corn:	Feb 1 - 28 December
RP YP ARPI Base Price Discovery for Soybeans:	Feb 1 - 28 November
Planting Date Range for Corn:	April 5/10 to June 5
Planting Date Range for Soybeans:	April 20/24 to June 20

What does the math look like for crop insurance at these prices?

As you may have figured— crop insurance may actually be able to insure a profit for your operation perhaps for the first time in years! If the current prices hold we are looking at the best Spring Crop Insurance prices since 2014. Let's look at the math and compare the difference from the 2020 offering to the 2021 offering: (These scenarios are for Cass County using 85% RP Insurance at EU 300 acres each crop for an APH of 192 Bu/Ac Corn and 62 Bu/Ac Soybeans— at the Estimated Spring Prices as shown at the current Vol. figure- Actual Prices and Vol. will be set 3/1/2021-see your Agent for an actual quote).

Corn	Year	Price	Guar./Acre	Net Cost/Acre
	2020	\$ 3.88	\$633	\$14.67
	2021	\$ 4.52 (Est.)	\$737	\$23.36

Summary: you'll be getting \$104 more coverage/acre for \$8.69 per acre

Soybeans	Year	Price	Guar./Acre	Net Cost/Acre
	2020	\$ 9.17	\$483	\$10.14
	2021	\$11.66 (Est.)	\$614	\$16.47

Summary: you'll be getting \$131 more coverage/acre for \$6.33 per acre

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FARM Bill Talking Points

March 15 2021 is the deadline for two decisions this year— one of them is important; the other one is your selection of ARC/PLC... I only say that partially tongue in cheek! In the early days of the Farm Bill decisions it was an absolute “no-brainer” that you signed up to ARC County. Since the decision could not be changed for the entire 5 years— it was just on auto pilot from there. Now we must decide every year. So what should you know?

Price Loss Coverage or PLC only pays if the Marketing year Average price or MYA falls below the Reference Price—see chart. That has happened several times in the last few years for

Corn and some for Wheat— but never for Soybeans. At current prices it is unlikely to happen this year, but we are a few months away from the starting of the averages—June for 2021 Wheat MYA and September for the 2021 Corn and Soybeans MYA.

ARC County is a **County Revenue** plan offering an 86% Revenue Guarantee based on Olympic averages of the prior 5 Years of the MYA and the County Yield. ARC County has triggered losses for all crops past years—especially in years with poor yields.

SCO Supplemental Coverage Option is not an FSA Program but a Crop Insurance offering available from your agent. **SCO is only available if Crop**

PLC Reference Prices		
Commodity	Reference Price	Recent MYA
Corn	\$3.70	\$3.78
Grain Sorghum	\$3.95	\$3.21
Soybeans	\$8.40	\$8.76
Wheat	\$5.50	\$4.58

is signed up for PLC! SCO offers an 86% County Revenue Guarantee— Similar to ARC— but uses RMA Prices for the price component (which should be way better) and Expected RMA County Yields (often better than the ARC yield as well). The SCO advantage over ARC might make enough sense for your situation to tip the ARC/ PLC decision to PLC so you are eligible for SCO. DSA Agents have models available to help you decide.



Dick Sims Crop Insurance
PO Box 8
Logansport, IN 46947

2021 Ag Outlook Seminar - Monday Feb. 22nd

Sponsored by: Dick Sims Crop Insurance / First Farmers Bank & Trust / Purdue Extension

In-Depth Grain Market Analysis

Rich Morrison
Grain Marketing Specialist,
NAU Country

2021 Risk Management Points to ponder

Scott Rush
Agent, Dick Sims Agency, Inc.

PURDUE AG Update

Jim Mintert
Director, Center for Commercial Ag
Purdue University, Ag Economics

Register for **Live** (limited to first 50) or **Virtual** at www.dicksimsinc.com (click on link to register via eventbrite)
Event will be broadcast on Walton Webcasting and Facebook Live.

Cass County 4-H Fairgrounds Community Center
Program Scheduled for 9:00 AM - 11:00 AM EST Feb. 22nd