

Crop Insurance Explained



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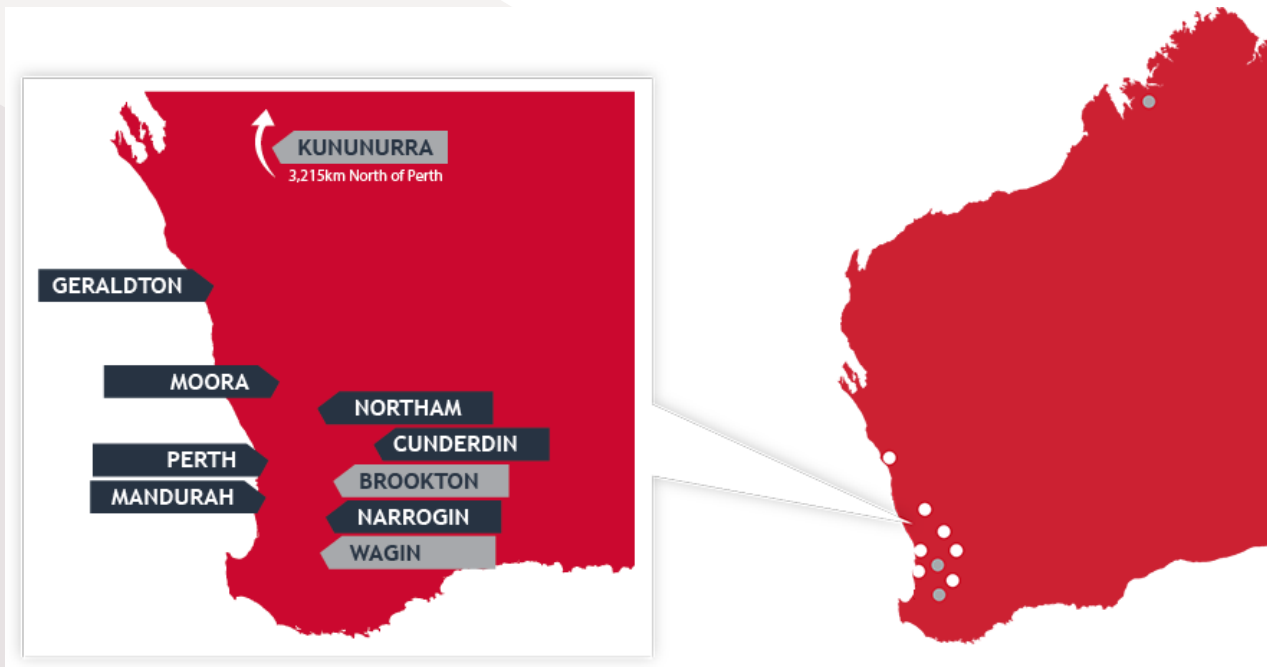
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Who are Country Wide Insurance Brokers?



CWIB have been living and working in local and rural communities for over 35 years.

We have 7 branches located around WA, servicing all areas:



Who are the crop insurers CWIB utilise?



✓ Rural Affinity



✓ CGU



✓ Primacy



✓ Insurance Facilitators



✓ Crop Risk Underwriting



Why are crop rates/premiums increasing?

This is a snapshot of the Primacy Total Loss Ratio in WA for 2022.

Other states had higher loss ratios than WA.



WA Update

State & Shire	% Above TLR
Boddington	443%
York WA	285%
Toodyay	186%
Ravensthorpe	164%
Albany	154%
Geraldton-Greenough	132%
Merredin	112%
Wagin	109%
Kondinin	104%
Williams	104%
Bruce Rock	95%
Pingelly	83%
Wongan-Ballidu	76%

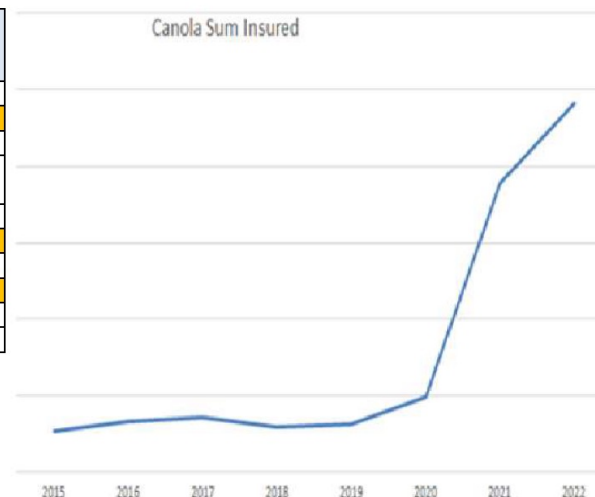
State & Shire	% Above TLR
Dandaragan	76%
Yilgarn	71%
Narrogin	68%
Kulin	65%
Dumbleyung	59%
Brookton	54%
Three Springs	50%
Victoria Plains	43%
Beverley	41%
Perenjori	41%
Corrigin	41%
Plantagenet	39%
Quairading	39%
Kent	36%

WA Update Continued

Crop Type	% Above TLR	2023 Crop Factor Increase
Barley	0%	0%
Canola	94%	35%
Chick Peas	8%	0%
Faba Beans	0%	0%
Field Peas	0%	0%
Lentils	0%	5%
Lupins	15%	0%
Oats	45%	50%
Vetch	0%	0%
Wheat	0%	0%



Canola Sum Insured



Maps for crop insurers explained



For crop area of over 4000ha, or value of over \$4,000,000, insurers will request digital paddock maps.

CRU have gone one step further and request KML (map) files. The benefits of this are:

- **Efficiency:** export of existing data, less filling in forms for grower, auto creation of property data.
- **Accuracy:** reduced data entry errors, complete field lists, field name and area auto created.
- **Geo Location:** precise location data, centroid of field.
- **Claims:** improved claims transparency, rapid qualification of damage in green crops, photosynthetic homogeneity through growing phase.

Only KML (map) files linked to Google Earth (e.g. from Agworld) can be used by CRU, not map files linked to a third party company (e.g. John Deere).

CRU KML file: Field data

The requirements for this are:

Paddock Name

Area

Crop Type

Broadacre – Field level data



The screenshot shows a web application interface. At the top, there's a search bar with 'Wentworth' entered. Below it is a table with 17 columns: name, description, property_id, property_name, paddock_id, paddock_name, area, season_id, season_name, crop_id, crop_name, variety_id, variety_name, title, stroke, stroke-width, marker-size, fill, and fill-opacity. The table contains 10 rows of data for the 'Wentworth' property. Below the table is a map showing the location of the paddocks, with labels for 'Springville', 'Kamilaroi Hwy', and 'Bayer Crossscience Hwy'. The map is a Google My Maps interface.

	name	description	property_id	property_name	paddock_id	paddock_name	area	season_id	season_name	crop_id	crop_name	variety_id	variety_name	title	stroke	stroke-width	marker-size	fill	fill-opacity
1	10		107844	Wentworth	1136882	10	41.8662 ha	188576	Winter 2022	30044	Wheat	2865	Suntop	10	#7800ff	1	medium	#7800ff	0.8
2	1		107844	Wentworth	1086295	1	40.96 ha	188576	Winter 2022	30044	Wheat	2865	Suntop	1	#7800ff	1	medium	#7800ff	0.8
3	2		107844	Wentworth	1051552	2	76.5057 ha	188576	Winter 2022	30044	Wheat	2865	Suntop	2	#7800ff	1	medium	#7800ff	0.8
4	3		107844	Wentworth	1086294	3	33.9587 ha	188576	Winter 2022	30044	Wheat	2865	Suntop	3	#7800ff	1	medium	#7800ff	0.8
5	4		107844	Wentworth	1051553	4	80.3649 ha	188576	Winter 2022	30044	Wheat	2865	Suntop	4	#7800ff	1	medium	#7800ff	0.8
6	5		107844	Wentworth	1051551	5	129.483 ha	188576	Winter 2022	30044	Wheat	2865	Suntop	5	#7800ff	1	medium	#7800ff	0.8
7	6		107844	Wentworth	1086301	6	87.8155 ha	188576	Winter 2022	30044	Wheat	2865	Suntop	6	#7800ff	1	medium	#7800ff	0.8
8	7		107844	Wentworth	1086435	7	69.5779 ha	188576	Winter 2022	30044	Wheat	2865	Suntop	7	#7800ff	1	medium	#7800ff	0.8
9	8		107844	Wentworth	1051554	8	130.583 ha	188576	Winter 2022	30044	Wheat	2865	Suntop	8	#7800ff	1	medium	#7800ff	0.8
10	9		107844	Wentworth	1051556	9	82.4183 ha	188576	Winter 2022	30044	Wheat	2865	Suntop	9	#7800ff	1	medium	#7800ff	0.8

CRU quoting system

The requirements for this are:

Estimated Yield

Commodity Value



Broadacre – CiRUS creation

CRU
Crop Risk Underwriting

Property: A - Narrabri (A) NSW | 05 Oct 2023 | 11 Jan 2024 | \$0.00 | ha

PROPERTY NAME: A | PRE EXISTING DAMAGE: ☐ Tick if Yes | ADDRESS: Kamilaroi Highway Narrabri (A) 2390 | LAT/LONG: (-30.22, 149.65) | SHARE FARMER: None Advised | EXCESS TYPE: Reducing Excess

[Select Location](#) | [Add Share Farmer](#)

Warnings:

- Property premium is zero.
- Property is in a location that requires referral to the underwriter
- Property must be referred to the underwriter.

REFERRAL:
This property requires referral to an underwriter.

Fields

FIELD NAME	AREA (HA)	CROP TYPE	CROP PURPOSE	YIELD (T/HA)	VALUE (\$/T)	EXCESS (%)	TSH	CAPPED	VARIABLE
Wentworth - 10	41.88	Wheat	Grain	0	0	5	\$0	\$0.00 (2.600%)	\$0.00 (3.262%)
Wentworth - 4	90.30	Wheat	Grain	0	0	5	\$0	\$0.00 (2.600%)	\$0.00 (3.262%)
Wentworth - 8	130.58	Wheat	Grain	0	0	5	\$0	\$0.00 (2.600%)	\$0.00 (3.262%)
Wentworth - 9	82.41	Wheat	Grain	0	0	5	\$0	\$0.00 (2.600%)	\$0.00 (3.262%)

[Delete Property](#)

Property: B - Narrabri (A) NSW | 05 Oct 2023 | 11 Jan 2024 | \$0.00 | ha

PROPERTY NAME: B | PRE EXISTING DAMAGE: ☐ Tick if Yes | ADDRESS: Kamilaroi Highway Narrabri (A) 2390 | LAT/LONG: (-30.21, 149.66) | SHARE FARMER: None Advised | EXCESS TYPE: Reducing Excess

[Select Location](#) | [Add Share Farmer](#)

Warnings:

- Property premium is zero.
- Property is in a location that requires referral to the underwriter
- Property must be referred to the underwriter.

REFERRAL:
This property requires referral to an underwriter.

Fields

FIELD NAME	AREA (HA)	CROP TYPE	CROP PURPOSE	YIELD (T/HA)	VALUE (\$/T)	EXCESS (%)	TSH	CAPPED	VARIABLE
Wentworth - 1	40.96	Wheat	Grain	0	0	5	\$0	\$0.00 (2.600%)	\$0.00 (3.262%)
Wentworth - 2	76.5	Wheat	Grain	0	0	5	\$0	\$0.00 (2.600%)	\$0.00 (3.262%)
Wentworth - 3	33.95	Wheat	Grain	0	0	5	\$0	\$0.00 (2.600%)	\$0.00 (3.262%)
Wentworth - 5	120.43	Wheat	Grain	0	0	5	\$0	\$0.00 (2.600%)	\$0.00 (3.262%)
Wentworth - 6	87.81	Wheat	Grain	0	0	5	\$0	\$0.00 (2.600%)	\$0.00 (3.262%)
Wentworth - 7	98.57	Wheat	Grain	0	0	5	\$0	\$0.00 (2.600%)	\$0.00 (3.262%)

[Delete Property](#)

CRU: Maps & crop rate calculation

Mapping calculates rates in the system per paddock (long/lat) compared against other insurers based on Shire ratings only.



Broadacre

CRU

Crop Risk Underwriting

Rating and accumulation accuracy

Search: [Search](#)

You can search location by exact address, postcode only or point (latitude, longitude [decimal]) or right click on the map to pinpoint location.

Map

Satellite

Terrain

Address:

Nearest Cross Road:

Shire:

Postcode:

State:

Country:

Latitude:

Longitude:

MGRS:

AEZ:

Frost Grid:

Credits: Based on ABS data.

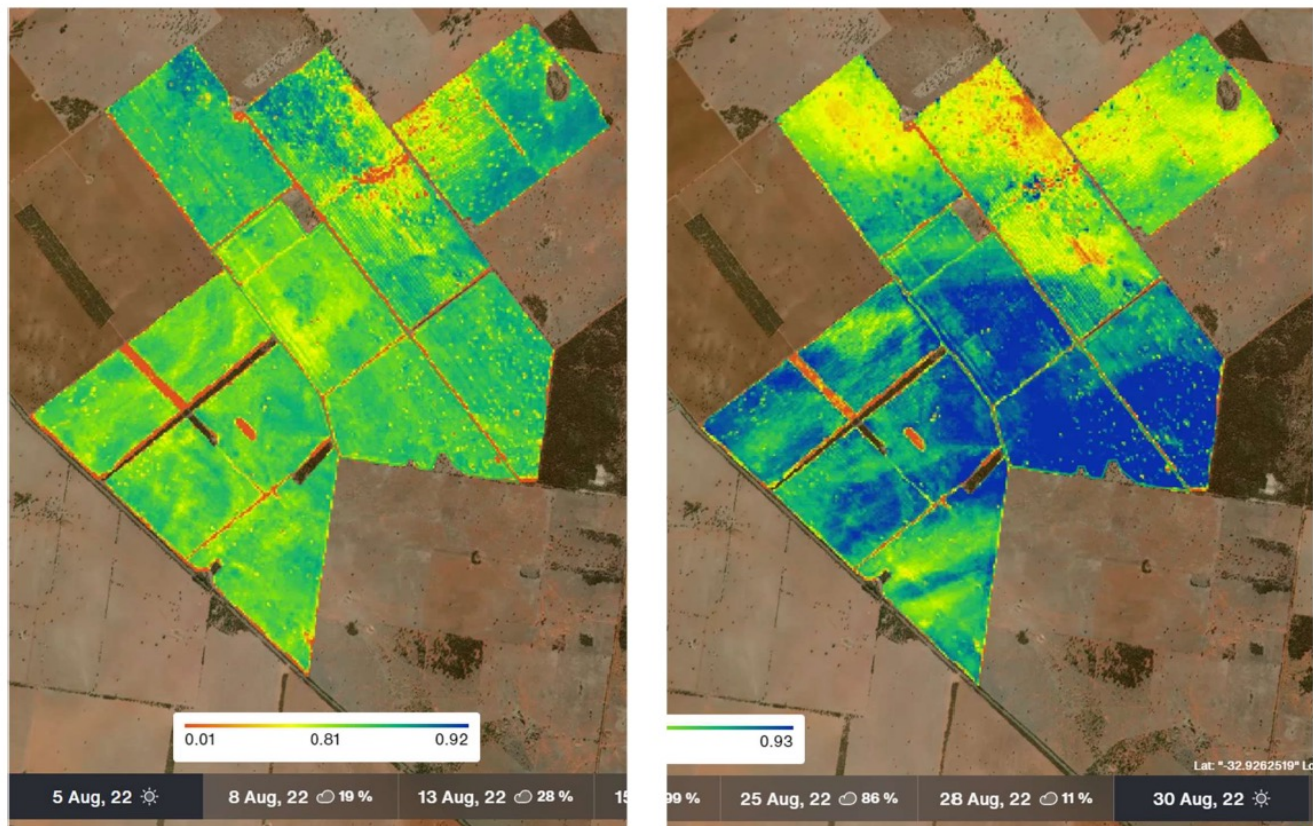
Select This Address

Cancel

Case Example 1 – Damage to crops



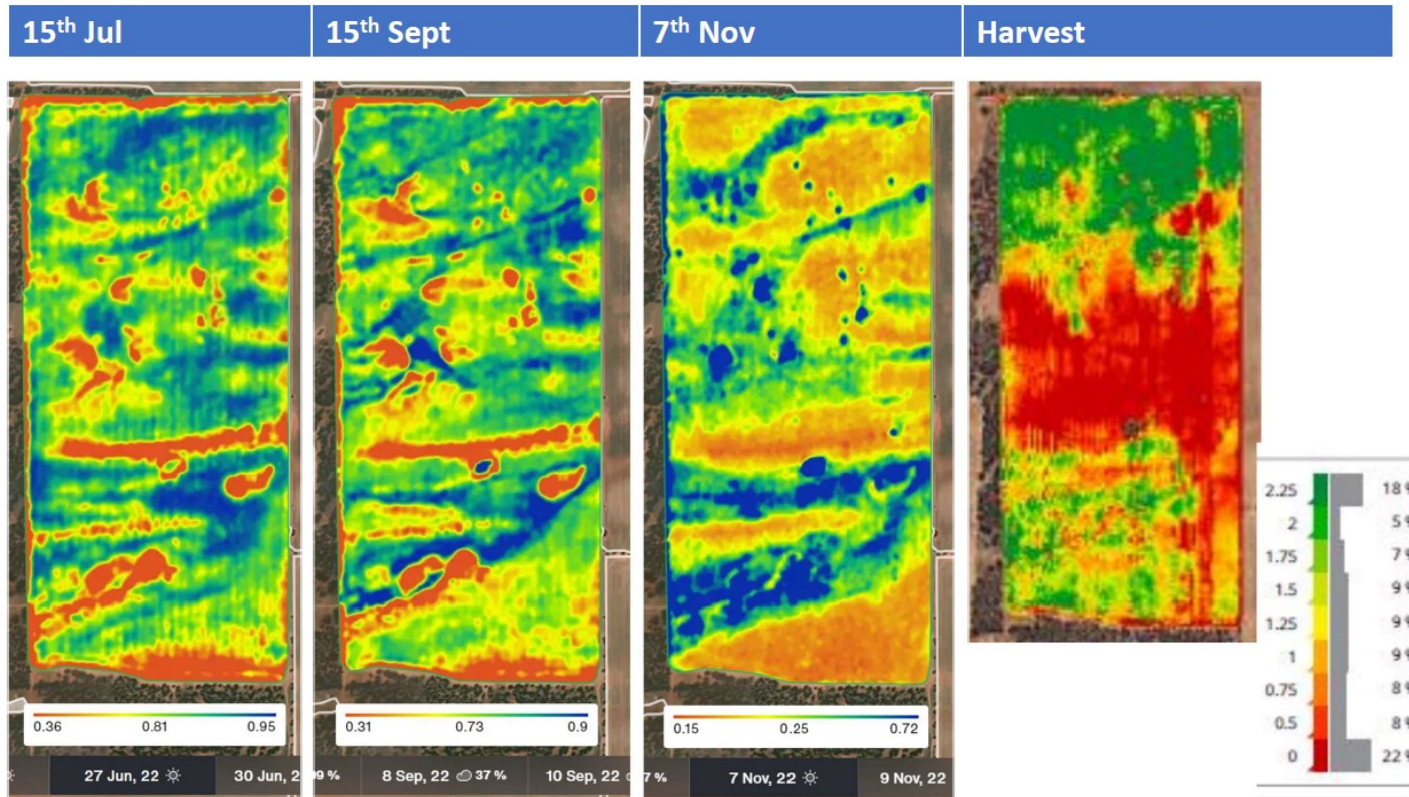
Damage to green crops – canola DOL 13th August



Case Example 2 – Damage to crops



Damage to mature crops – wheat (237 ha) DOL 10th Nov



Premium calculation example



Farm A

- Canola Rate 2.52%
- Wheat Rate 0.72%
- Lupin Rate 1.12%

FIELD	AREA	CROP	TONNE	PRICE	VALUE	RATE	PREMIUM
Paddock 1	120ha	Canola	1.2t	\$750	(\$108,000)	2.52%	\$2,721.60
Paddock 2	180ha	Wheat	3.8	\$360	(\$246,240)	0.72%	\$1,772.93
Paddock 3	170ha	Lupin	0.7	\$320	(\$38,080)	1.12%	\$426.50
\$392,320							\$4,921.03

Hectares x tonnes x price = Value

Value x Rate = Cost of insurance for paddock

Cost for Farmer = \$4,921.03

Potential Cost for Insurer = \$392,320

Shire rates examples

Rate examples from current policies, various insurers. Not to be quoted, just to show the variances experienced this season.

Policies with claims history may see higher increases.

Katanning	LY	TY
• Canola	0.990	1.730
• Barley / Wheat	0.600	0.500

Dumbleyung	LY	TY
• Canola	1.170	2.135
• Barley / Wheat	0.700	0.683

Kulin	LY	TY
• Canola	2.054	3.341
• Barley / Wheat	1.064	0.819

Woodanilling	LY	TY
• Canola	1.130	2.060
• Barley / Wheat	0.600	0.570

Lake Grace	LY	TY
• Canola	1.920	2.820
• Barley / Wheat	0.980	1.530

Gnowangerup	LY	TY
• Canola	1.470	1.684
• Barley / Wheat	0.537	0.546



Shire rates examples cont.



Northampton	LY	TY
• Canola	0.993	1.702
• Barley / Wheat	0.618	0.564

Quairading	LY	TY
• Canola	1.035	1.552
• Barley / Wheat	0.696	0.835

Beverley	LY	TY
• Canola	0.932	1.820
• Barley / Wheat	0.706	0.704

Morawa	LY	TY
• Canola	1.268	1.545
• Barley / Wheat	0.590	0.570

Three Springs	LY	TY
• Canola	1.069	1.631
• Barley / Wheat	0.755	0.910

Narembreen	LY	TY
• Canola	1.793	3.448
• Barley / Wheat	1.237	1.226



What can we do to help farmers?

- Digital Mapping
 - ✓ Helps both the client and the underwriters.
- Submit Crop Applications Early
 - ✓ Farm paddock plans are done prior to purchasing seed, why not submit crop application to broker earlier?
 - ✓ Submit in April / May – be mindful that crop insurers do not open their books until June.
- What values are required?
 - ✓ Discussion with farmers around what value they require for their crop, eg farm gate price versus CBH price.
 - ✓ What has the farmer budgeted on?
- How to reduce crop insurance costs
 - ✓ Excess options – can the farmer afford not to claim for small losses?
 - ✓ Fire and Hail versus Fire Only cover – what is the risk for each crop type.

Future of Crop Insurance

Potential impacts on Crop insurance in the future includes:

- Environmental Challenges:
 - ✓ Floods
 - ✓ Fire
 - ✓ Hail Events
 - ✓ Drought
- Economic Challenges:
 - ✓ Underwriters finding backing from insurers with increased exposure (compared to 5 years ago)
 - ✓ Capacity limits for Shires
 - ✓ Cost of insurance for farmer



THANK YOU!

Questions?

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