



THE GRAIN DEPOSITORS AND SELLERS INDEMNITY FUND - IOWA'S GRAIN INSURANCE PROGRAM

The Grain Indemnity Fund was created by the Iowa Legislature in 1986 as a result of the Farm Crisis and exists to protect farmers from financial losses that are the result of an Iowa licensed grain warehouse or grain dealer failure. The Fund is financed by a per bushel assessment on purchased grain and fees paid by licensed grain dealers and grain warehouses. In accordance with Iowa law, the assessment and fees have not been collected since 1989.

The Fund serves as a low-cost insurance policy for Iowa farmers. On an initial investment of \$9.6 million from farmers between 1986 and 1989, in addition to interest income and the recovery of losses from defunct dealers and warehouses, more than \$19.1 million in claims have been approved for payout to Iowa farmers over the past three decades.

Recently, the balance of the Fund has fallen below \$3 million which automatically reinstates the assessment and fees in accordance with Iowa law. **The per bushel assessment will begin on September 1, 2023.**

How much does the assessment cost?

A ¼ cent per bushel assessment (much like an insurance premium) is applied to all cash grain transactions beginning September 1, 2023. Credit sale contracts are not assessed or covered by the Fund.

The per bushel assessment is paid by the grain dealer or warehouse. However, dealers or warehouses may pass on the cost of the assessment to the seller of grain and are required to itemize the deduction on the seller's settlement sheet.

Based on today's average yields, a farmer can expect to pay approximately 50 cents per acre of corn and 15 cents per acre of soybeans.*

How much coverage do I get?

In the event of a grain dealer or grain warehouse failure, impacted producers are eligible to receive 90% of losses up to a maximum of \$300,000 per claimant.

Only cash transactions are eligible for coverage. Credit sale contracts are not covered by the Fund. Examples of credit sale contracts that do not have coverage include but are not limited to:

- Deferred Payment
- Price Later
- No Price Established
- Basis Credit Sale
- Extended Price
- Minimum Price

For more information, visit **www.iowaAgriculture.gov/Assessment**

* Based on 200 bushels per acre yield for corn and 60 bushels per acre yield for soybeans



FAQ

When will the per bushel assessment start?

- The assessment will begin on September 1, 2023.

What is the rate of the per bushel assessment?

- ¼ cent per bushel on CASH or SPOT grain purchases (credit sale contracts are not assessed or covered by the Fund).

How long will the per bushel assessment run?

- Per Iowa Code 203D, the assessment is required to run for at least one full year, from September 1, 2023, to August 31, 2024.
- Depending on how much is collected, the assessment may run for multiple full (not partial) years.
- Under current law, if the balance of the Fund exceeds \$8 million, the assessment shall cease upon the completion of the full year.

What is my coverage under the Fund?

- In the event of a grain dealer or grain warehouse failure, impacted producers are eligible to receive 90% of losses up to a maximum of \$300,000 per claimant.
- Grain must be produced in Iowa and delivered to an Iowa licensed warehouse or grain dealer, or, if produced outside of Iowa, delivered into the state.
- Only cash transactions are eligible. Credit sale contracts are not covered by the Fund. Examples of credit sale contracts that do not have coverage include but are not limited to:
 - Deferred Payment
 - Price Later
 - No Price Established
 - Basis Credit Sale
 - Extended Price
 - Minimum Price
- For a claim to be approved on an eligible cash transaction, the transfer of title must have occurred within six months of the license revocation, license cancellation, or bankruptcy filing date of the failed grain dealer or warehouse.

Can I opt-out of participating in the Fund?

- No, all cash sales of grain are assessed, and the per bushel assessment is non-refundable.
- All Iowa licensed warehouses and Iowa licensed grain dealers are required to participate.
- Credit sale contract transactions are not assessed. However, these transactions are also not eligible for coverage under the Fund.