United States Department of Agriculture
Risk Management Agency

December 2008

2009 COMMODITY INSURANCE FACT SHEET

Soybean - Crop Revenue Coverage

Alabama, Florida, Georgia, South Carolina

Crop Insured

Soybeans may be insured under the Crop Revenue Coverage (CRC) plan of insurance if planted for harvest as beans and planted on insurable acreage. CRC provides protection against a decline in market prices as well as a shortfall in production. The guarantee is in dollars. A loss situation occurs when the dollar value of your production falls below your dollar guarantee. CRC offers protection whether prices rise or fall:

- In most years when the price usually declines as harvest approaches, you are guaranteed a pre-determined amount of income per acre.
- In a year of rising prices, a production shortfall would be compensated at the higher market-based harvest price. This is critical if any lost production must be replaced at higher market prices for on-farm feeding or to fulfill delivery on a forward contract.

Counties Available

More than one insurance plan is offered for soybeans in some locations. Contact your crop insurance agent for more details on plans offered in your state and county.

Causes of Loss

Adverse weather conditions
Earthquake
Failure of irrigation water supply[1]
Fire
Harvest price less than base price
Insects[2]
Plant disease[3]
Volcanic eruption
Wildlife

[1]If caused by an insured peril during the insurance period.
[2]But not damage due to insufficient or improper application of pest control measures. [3]But not damage due to insufficient or improper application of disease control measures.

Insurance Period

Coverage begins when the crop is planted and ends at the earliest of:
1) Total destruction of the crop;
2) Harvest of the unit;
3) Final adjustment of a loss;
4) Abandonment of the crop; or
5) December 10.

Reporting Requirements

- **Acreage Report -**You must timely report all acres of the crop in which you have a share.
- **Notice of Loss—** (1) Protect the crop from further damage by providing sufficient care; (2) notify your agent within 72 hours of your initial discovery of damage; and (3) leave representative samples intact of unharvested crop at least 10 feet wide and extending the entire length of each field of the damaged unit.
- If you expect a revenue loss on the unit, you must give notice no later than 45 days after the harvest price is release.

Important Dates

Sales Closing	February 28
Final Planting	June 15
Acreage Reporting	July 15
Premium Billing	October 1
Cancellation/Termination	February 28

Definitions

Approved Yield—The average of the actual production history (APH) yields, assigned or adjusted yields, or unadjusted transitional yields that is calculated and approved by your verifier.

Base Price—The price that determines the minimum guarantee and premium is based on the Chicago Board of Trade (CBOT) September futures contracts average daily price during the period of December 15 of the year prior to harvest to January 14 of the year of harvest.

Harvest Price—The price used to calculate revenue and harvest guarantee is based on the CBOT September futures average daily price during August of the year of planting.

Minimum Guarantee—Approved APH yield x base price x coverage level.

Harvest Guarantee—Approved APH yield x harvest price x coverage level.

Final Guarantee—The higher of the minimum or the harvest guarantee. (Note: Your premium will not increase if final guarantee is higher than the minimum guarantee.)

Calculated Revenue—Value of your production calculated as bushels produced x harvest price.

Indemnity—final guarantee - calculated revenue.

Price Elections—Price election for base price and harvest price are posted on the RMA Web site at: http://www3.rma.usda.gov/apps/pricesinquiry/.

Insurance Units

Your insurable acreage is grouped into a unit based on one of the following unit arrangements:

Basic Units: A basic insurance unit includes all of your soybean acreage in the county in which you have 100-percent share and includes any cash-rented land. If you also grew soybean on shares with another entity, that acreage would be a separate basic unit. Premiums are reduced by 10 percent if you insure under basic units.

Optional Units: If a basic unit consists of two or more farm serial numbers (FSN) and certain record-keeping criteria are met, you may select optional units by FSN. The 10-percent basic unit premium discount will not apply.

Enterprise Unit: An enterprise unit combines all your soybean in the county into one county-wide unit, regardless of ownership, share, or rental arrangement. A premium discount will apply, based upon the number of insured acres. To qualify for an enterprise unit, the unit must contain 50 or more acres and be eligible for two or more basic or optional units. Beginning in the 2009 crop year, enterprise units will receive an increased premium subsidy.

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your approved APH yield. Crop insurance premiums are subsidized as shown in the following table. For example, if you select the 65-percent coverage level, your premium share would be 41 percent of the base premium (100 percent - 59 percent subsidy = 41 percent).

Coverage Level %	**50**	**55**	**60**	**65**	**70**	**75**
Premium Subsidy %	67	64	64	59	59	55
Enterprise Unit Subsidy %	80	80	80	80	80	77

Catastrophic (CAT) coverage is fixed at 50 percent of your average yield and 55 percent of the price election. CAT is 100 percent subsidized with no premium cost to you. There is, however, an administrative fee of $300 per crop per county, regardless of the acreage.

Loss Example

This example assumes an approved APH yield of 30 bushels per acre, a base price of $11.85, a harvest price of $12.79, 10 bushels per acre production-to-count, and 65-percent coverage level.

30	Bushels per acre approved APH yield
x .65	Coverage level
19.5	Bushels per acre guarantee basis
x 11.85	Base price per bushel
$ 231.08	Minimum guarantee per acre

If harvest price is less than base price, harvest guarantee does not enter indemnity calculation. If harvest price is greater than base price, it is used for final guarantee. Harvest guarantee = $249.41 (30 bushels per acre x .65 x $12.79).

$249.41	Final guarantee per acre
- $127.90	Calculated revenue (10 bushels per acre produced x $12.79 harvest price)
$ 121.51	**Indemnity per acre**

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