



United States Department of Agriculture  
Risk Management Agency

August 2011

## 2011 COMMODITY INSURANCE FACT SHEET

# Rice

## Florida

### Crop Insured

The crop insured will be all the rice, that is planted for harvest as grain, in which you have a share, in the county for which a premium rate is provided in the actuarial documents; that is not wild rice. The crop must be irrigated.

Acreage that has been planted to rice the previous year is uninsurable unless allowed by the special provisions.

### Yield and Revenue Protection Insurance

One policy provides the choice of three plans:

**Yield Protection:** Insurance coverage providing protection only against a production loss.

**Revenue Protection:** Insurance coverage providing protection against loss of revenue due to a production loss, price decline/increase, or a combination of both.

**Revenue Protection with Harvest Price Exclusion:** Insurance coverage providing protection only against loss of revenue due to a production loss, price decline, or a combination of both.

### Counties Available

Glades  
Hendry  
Palm Beach

### Causes of Loss

Adverse weather conditions	Plant disease <sup>3</sup>
Earthquake	Price change <sup>4</sup>
Failure of irrigation water supply <sup>1</sup>	Volcanic eruption
Fire	Wildlife
Insects <sup>2</sup>	

<sup>1</sup>If caused by an insured peril during the insurance period.

<sup>2</sup>But not damage due to insufficient or improper application of pest control measures. <sup>3</sup>But not damage due to insufficient or improper application of disease control measures. <sup>4</sup>For Revenue Protection, a change in the harvest price from the projected price.

### 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 rice;
- 3) Final adjustment of a loss;
- 4) Abandonment of the crop; or
- 5) October 31.

### Prices

**Commodity Exchange Price Provisions (CEPP)** contains information necessary to derive the projected price and the harvest price for the insured crop.

**Projected Price** – Determined from the Chicago Board of Trade (CBOT) average daily settlement price of the November futures contract for the period of January 1 – January 31 in accordance with the CEPP. Projected price is used to calculate your premium and any prevented planting payment.

**Harvest Price** – Determined from the CBOT average daily settlement price of the November futures contract for the period of September 1 – September 30 in accordance with CEPP.

For more information consult your agent or see :

<http://webapp.rma.usda.gov/apps/ActuarialInformationBrowser/>

### Important Dates

Sales Closing.....	February 15
Final Planting.....	May 31
Acreage Reporting.....	June 30
Premium Billing.....	October 1
Cancellation/Termination.....	February 15

## Reporting Requirements

**Acreage Report**—You must timely report all acres of the crop in which you have a share.

**Notice of Loss**— In the event 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) representative samples for each field in the damaged unit must not be destroyed or harvested until our inspection or 15 days after harvest of the balance of the unit is completed and written notice of loss provided.

## 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 your insurable rice acreage in the county in which you have 100-percent share and includes any cash-rented land. If you also grew rice on shares with another entity, that acreage would be a separate basic unit. A 10-percent premium discount applies. Consult your agent for more details.

**Optional Units:** A basic unit may be divided into two or more optional units by section, section equivalent, FSA farm serial number (FSN), or organic practice. No premium discount applies. Consult your agent for more details.

**Enterprise Unit:** All insurable rice in the county in which you have a share. To qualify for an enterprise unit, you must:

- insure under yield or revenue protection; and
- have at least two section, section equivalent, or FSN which each have the lesser of 20 acres or 20-percent of the insured crop acreage in the enterprise unit; or
- have one section, section equivalent, or FSN with at least 660 planted acres.

A variable premium discount and increased premium subsidy apply. Consult your agent for more details.

**Whole Farm Unit:** Available for Revenue Protection policies only for two or more crops. A variable premium discount and increased premium subsidy apply. Consult your agent for more details.

## 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.

**Harvest Price Exclusion** – Revenue protection with use of harvest price excluded when determining the revenue guarantee. (Note: Harvest price is not excluded for determining value of production in loss determination.)

**Production Guarantee**— Number of pounds per acre determined by multiplying your approved yield per acre (based on your production records) times the coverage level-percentages you elect.

**Revenue Protection Guarantee** – For revenue protection only, amount determined by multiplying the production guarantee by the greater of the projected price or the harvest price. If the harvest price exclusion is elected, the production guarantee is only multiplied by the projected price.

## Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 85 percent of your approved yield. For example, an approved yield of 3,700 pounds per acre would result in a guarantee of 2,405 pounds per acre at the 65-percent coverage level. Crop insurance premiums are subsidized as shown in the following table. Your share of the premium will be 100 percent minus the subsidy amount. For example, if you select the 75-percent coverage level, the premium subsidy is 55 percent for basic or optional units. Your premium share is 45 percent of the base premium for basic or optional units (100-55 = 45 percent), 23 percent for an enterprise unit (100-77=23 percent), or 20 percent for a whole farm unit (100-80=20 percent).

Coverage Level %	50	55	60	65	70	75	80	85
	Percent Premium Subsidy							
<b>Basic//Optional Unit</b>	67	64	64	59	59	55	48	38
<b>Enterprise Unit</b>	80	80	80	80	80	77	68	53
<b>Whole Farm Unit</b>	80	80	80	80	80	80	71	56

Catastrophic (CAT) coverage is fixed at 50 percent of your production guarantee and 55 percent of the projected price. 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.

## Prevented Planting

Prevented planting coverage is 45 percent of your production guarantee for timely planted acreage. If you pay an additional premium, you may increase your prevented planting coverage to a level specified in the actuarial documents.

## Replant Provisions

A replanting payment is allowed if the rice is damaged by an insurable cause of loss to the extent that the remaining stand will not produce at least 90 percent of the production guarantee for the acreage. Replanted rice must be seeded at the rate that is normal for initially planted rice. The maximum amount of the replanting payment per acre will be the lesser of 20 percent of the production guarantee or 400 pounds, multiplied by your projected price, multiplied by your insured share.

## Loss Example

Yield protection loss occurs when rice production for the unit falls below the production guarantee as a result of damage from a covered cause of loss. Revenue protection loss occurs when the value of production to count is less than the revenue protection guarantee due to a production loss and/or a loss of revenue. These examples are based on 75-percent coverage level, assume an average yield of 3,752 pounds per acre, projected price of \$0.152 per pound, a harvest price of \$0.162 per pound for a one-acre basic unit, 1,500 pounds per acre of production to count, and 100-percent share. Yield protection and revenue protection examples are compared.

<b>Yield Protection</b>		<b>Revenue Protection</b>	
3,752	Pounds/acre APH yield	3,752	
x .75	Coverage level	x .75	
<u>2,814</u>	Pounds/Acre Guarantee	<u>2,814</u>	
x \$ .152	Projected price	x \$ .152	
<u>\$428</u>	Insurance guarantee	<u>\$428</u>	
1,500	Pounds produced	1,500	
x \$ .152	Harvest price	x \$ .162	
\$ 228	Production to count value**	\$ 243	
\$ 428	Insurance guarantee*	\$ 456	
- \$ 228	Production to count value**	- \$ 252	
<u>\$ 200</u>	Indemnity/acre	<u>\$ 204</u>	

\* For Revenue Protection, the insurance guarantee is equal to the production guarantee multiplied by the greater of the projected price or the harvest price. In example, Revenue Protection harvest guarantee increased to \$456 (2,814 pounds per acre guarantee x \$0.162 harvest price, rounded).

\*\* For Revenue Protection, the production to count value is equal to the production to count multiplied by the harvest price.

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