United States Department of Agriculture
Risk Management Agency

December 2011

2012 COMMODITY INSURANCE FACT SHEET

Popcorn APH and PRC (Pilot)

Alabama

Crop Insured
The crop insured will be all the popcorn in the county, for which a premium rate is provided by the actuarial table:

- In which you have a share;
- That is planted for harvest as popcorn;
- That is gown under, and in accordance with, a processor contract (see your crop insurance agent about specific requirements for contracts);
- That is not interplanted with another crop (unless allowed by written agreement); and
- That is not planted into an established grass or legume unless the grass or legume is terminated prior to emergence of the insured crop.

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. This coverage is offered under the Popcorn Revenue Coverage (PRC) pilot policy.

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. This coverage is offered under the PRC pilot policy.

Counties Available
Madison

Causes of Loss

Adverse weather conditions	Plant disease[3]
Earthquake	Price change[4]
Failure of irrigation water supply[1]	Volcanic eruption
Fire	Wildlife
Insects[2]	

[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. [4]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) abandonment of the crop;
3) harvest of the insured crop;
4) final adjustment of a loss;
5) acceptance of the contracted amount by the processor (when production amount is specified in the contract); or
6) December 10.

Reporting Requirements
Acreage Report—An acreage report, to include all acreage in the county in which you have a share, and a copy of all processor contracts are due to your crop insurance agent by the acreage reporting date.

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 (but not later than 15 days after the end of the insurance period); (3) if required, leave representative unharvested samples intact for each field in the damaged unit. See your insurance agent for detailed requirements.

Important Dates

Sales Closing	March 15
Final Planting	May 15
Acreage Reporting	July 15
Premium Billing	August 15
Cancellation/Termination	March 15

Prices

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

Projected Price – The projected price for grain type corn determined in accordance with the CEPP multiplied by a factor published in the actuarial documents. The projected price is used to calculate your premium and any prevented planting payment.

Harvest Price – The harvest price for grain type corn determined in accordance with the CEPP multiplied by a factor published in the actuarial documents and used to value production to count for revenue protection policies.
For more information consult your agent or see:
http://webapp.rma.usda.gov/apps/ActuarialInformationBrowser/

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.

Basic Provisions—The Common Crop Insurance Policy Basic Provisions or successor document.

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 determined by multiplying your approved yield per acre (based on your records) by the coverage level percentage you elect.

Revenue Protection Guarantee – For revenue protection only, the 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.

Insurance Units

For processor contracts that stipulate the amount of production to be delivered:

- A basic unit is all the acreage planted to the insured crop in the county that will be used to fulfill contracts with each processor. (See your crop insurance agent for details).
- Optional units are not applicable.

For any processor contract that stipulates only the number of acres to be planted, a basic unit may be divided into two or more optional units by section, section equivalent, or FSA farm serial number (FSN), by irrigated and non-irrigated acreage, or by organic practice.

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 85 percent of your approved yield. For example, an approved yield of 3000 pounds per acre would result in a guarantee of 1950 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 65-percent coverage level, the premium subsidy is 59 percent for basic or optional units. Your premium share is 41 percent of the base premium for basic or optional units (100-59 = 41 percent).

Coverage Level %	**50**	**55**	**60**	**65**	**70**	**75**	**80**	**85**
Premium Subsidy %	67	64	64	59	59	55	48	38
Your Premium Share %	33	36	36	41	41	45	52	62

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.

Prevented Planting

Prevented planting coverage is 60 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 (see your crop insurance agent for details).

Replant Provision

The replanting payment is allowed if the crop 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 and it is practical to replant.

- The amount of the replanting payment per acre will be the lesser of 20 percent of the production guarantee or 150 pounds, multiplied by the projected price for the crop, and multiplied by your share percentage.
- If the crop is replanted using a practice that is uninsurable as an original planting, your insurance guarantee for the damaged unit will be

reduced by the amount of the replanting payment but the premium amount will not be reduced.

Late Planting

Late planting provisions in the Basic Provisions are applicable if you provide written approval from the processor, by the acreage reporting date, that it will accept the production from the late planted acres when it is expected to be ready for harvest.

Loss Example

Yield protection loss occurs when popcorn 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. The example assumes the insured has a 100-percent share, 65-percent coverage level, an $0.18 projected price, and a one acre basic unit. The popcorn is irrigated with an approved APH yield of 3000 pounds per acre. The production to count is 1,000 pounds per acre due to an insurable cause of loss and the harvest price is $0.20 per pound.

Yield Protection		Revenue Protection
3,000	Pounds/Acre APH yield	3,000
x .65	Coverage Level	x .65
1,950	Pounds/Acre Guarantee	1,950
x $ .18	Projected Price	x $ .18
$ 351	Insurance Guarantee	$ 351
1,000	Pounds Produced	1,000
x $ .18	Projected or Harvest Price	x $ .20
$ 180	Production to Count Value**	$ 200
$ 351	Insurance Guarantee*	$ 390
- $ 180	Production to Count Value**	- $ 200
$ 171	**Indemnity/Acre**	**$ 190**

* For Revenue Protection, the insurance guarantee is equal to the production guarantee multiplied by the greater of the projected price or the harvest price. Revenue Protection harvest guarantee increased to $390 (1,950 pounds per acre guarantee x $0.20 harvest price).

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

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