United States Department of Agriculture
Risk Management Agency

August 2011

2012 COMMODITY INSURANCE FACT SHEET

Small Grains- Barley and Wheat

Alabama, Florida, Georgia, South Carolina

Crops Insured

The crops insured will be barley and wheat under yield or revenue protection plans.

Barley– Barley or predominately barley grain mixture when allowed by the actuarial documents, for harvest as grain (GA and SC only).

Wheat– Wheat planted for harvest as grain.

Insurance Plans

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 revenue due to a production loss, price decline, or a combination of both.

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.

Counties Available

See your crop insurance agent for a listing of eligible counties and plans offered.

Insurance Period

Coverage begins when the crop is planted and ends at the earliest of:
1) total destruction of the crop;
2) removal from the field;
3) final adjustment of a loss;
4) abandonment of the crop; or
5) July 31.

Reporting Requirements

Acreage Report- You must report to your insurance agent by the acreage reporting date 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.

Important Dates

Sales Closing	September 30
Final Planting	(Dates differ by state and county)
Acreage Reporting	December 15
Premium Billing	July 01
Cancellation/Termination	September 30

Prices

Projected Price – Determined from the Chicago Board of Trade (CBOT) average daily settlement price of the July futures contracts for corn when assessing barley pricing and wheat for wheat pricing for the period of August 15 – September 14 in accordance with the Commodity Exchange Price

Provisions (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 July futures contracts for corn when assessing barley pricing and wheat for wheat pricing for the period of June 1 – June 30 in accordance with CEPP.

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.

Cancellation Date—The calendar date on which coverage for the crop will automatically renew unless canceled in writing by either you or us, or terminated in accordance with the policy terms.

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—Bushels guaranteed per acre determined by multiplying your approved yield (based on your records) times the coverage level percentage 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.

Insurance Units

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

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

Enterprise Unit: All insurable barley or wheat 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 FSN which each have the lesser of 20 acres or 20 percent of the insured crop acreage in the enterprise unit; or
- have one 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. A variable premium discount applies. You will be required to pay separate administrative fees for each crop included in the whole-farm unit. Consult your agent for more details.

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your approved yield. For example, an approved yield of 50 bushels/acre would result in a guarantee of 32.5 bushels/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), and 20 percent for an enterprise or whole farm unit (100-80=20 percent).

Coverage Level %	50	55	60	65	70	75
Percent Premium Subsidy						
Basic/Optional Unit	67	64	64	59	59	55
Enterprise Unit	80	80	80	80	80	77
Whole Farm Unit	80	80	80	80	80	80

Catastrophic (CAT) coverage is fixed at 50 percent of your average yield 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 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.

Replant Provision

The amount of the replanting payment per acre will be the lesser of 20 percent of the production guarantee, or

four bushels for wheat; or

five bushels for barley

multiplied by the projected price for the small grain crop, multiplied by the percent share.

Loss Example

Yield protection loss occurs when wheat or barley 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.

This example is based on wheat with an approved yield of 48 bushels per acre, 75-percent coverage level, 100-percent share, and a one-acre basic unit. The projected price is $7.14 and the harvest price is $6.75. Due to insurable cause of loss, the production to count is 20 bushels.

* For Revenue Protection, the insurance guarantee is equal to the production guarantee multiplied by the greater of the projected price or the harvest price.

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

Yield Protection		Revenue Protection
48	Bushels/acre APH yield	48
x .75	Coverage level	x .75
36	Bushels/acre guarantee	36
x $ 7.14	Projected price	x $ 7.14
$257.04	Insurance guarantee	$257.04
20	Bushels Produced	20
x $ 7.14	Harvest price	x $ 6.75
$142.80	Production to count value**	$135.00
$257.04	Insurance guarantee*	$257.04
- $142.80	Production to count value**	- $135.00
$ 114.24	**Indemnity/acre**	**$ 122.04**

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