USDA RMA

United States Department of Agriculture
Risk Management Agency

August 2011

2012 COMMODITY INSURANCE FACT SHEET

Canola

Alabama, Georgia

Crops Insured

The crop insured will be all canola and rapeseed under yield or revenue protection plans 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 seed; and
- that is not, unless allowed by special provisions or by written agreement, (1) interplanted with another crop; or (2) planted into an established grass or legume.

Insurance Plans

One policy provides a choice among 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) combining or thrashing for seed;
3) final adjustment of a loss;
4) October 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; (3) leave representative samples intact for each field in the damaged unit 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	September 30

Prices

Projected Price – Determined from the Intercontinental Exchange (ICE) average daily settlement price of the July futures contracts 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 ICE average daily settlement price of the July futures contracts 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 canola acreage in the county in which you have 100-percent share and includes any cash-rented land. If you also grew canola 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 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 canola 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 1700 pounds per acre would result in a guarantee of 1105 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. Your premium share is 45 percent of the base premium for optional or basic 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**
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.

Replant Provision

The amount of the replanting payment per acre will be the lesser of 20 percent of the production guarantee or 175 pounds, multiplied the projected price for the canola crop, multiplied by the percent share.

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.

Late Planting

The late planting period begins the day after the final planting date for the insured crop and ends 5 days after the final planting date. For insured crop acreage planted during the late planting period, the production guarantee for each acre will be reduced for each day planted after the final planting date by: 3 percent for the first through the fifth day.

Loss Example

Yield protection loss occurs when canola 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 canola with an approved yield of 1,652 pounds per acre, 75-percent coverage level, 100-percent share and a one-acre basic unit. The projected price is $0.201 and the harvest price is $0.220. Due to insurable cause of loss, the production to count is 500 pounds.

Yield Protection		Revenue Protection
1,652	Pounds/acre APH yield	1,652
x .75	Coverage level	x .75
1,238	Pounds/acre guarantee	1,238
x $ .201	Projected price	x $ .201
$ 248.84	Insurance guarantee	$ 248.84
500	Pounds produced	500
x $ .201	Harvest price	x $ .220
$ 100.50	Production to count value**	$ 110.00
$ 248.84	Insurance guarantee*	$272.36
- $ 100.50	Production to count value**	- $ 110.00
$ 148.34	**Indemnity/acre**	**$ 162.36**

* 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 $272.25 (1,238 pounds per acre guarantee x $0.220 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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