



United States Department of Agriculture  
Risk Management Agency

December 2011

## 2012 COMMODITY INSURANCE FACT SHEET

# Corn

## Alabama, Florida, Georgia, South Carolina

### Crop Insured

The crop insured will be all the corn in the county for which a premium rate is provided by actuarial documents:

- In which you have a share;
- That is insured as grain and is harvested as grain or silage (Note: The insurance provider must be notified before harvest for silage begins.);
- That is adapted to the area based on days to maturity and is compatible with agronomic and weather conditions in the area;
- That is not interplanted with another crop unless allowed by written agreement; or
- That is not planted into an established grass or legume unless the grass or legume is terminated prior to emergence of the insured crop.

Insurable corn includes 1) yellow dent, white, or mixed yellow and white corn; 2) waxy or high-lysine corn; 3) high-oil corn blends containing mixtures of at least 90 percent high yielding yellow dent female plants with high-oil male pollinator plants; or 4) commercial varieties of high-protein hybrids. See your crop insurance agent for details and exclusions.

### Counties Available

Please contact your insurance agent for a listing of eligible counties.

### 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 insured crop;
- 3) final adjustment of a loss;
- 4) abandonment of the crop; or
- 5) December 10.

### 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.

### Important Dates

Sales Closing.....	February 28
Final Planting.....(Dates differ by state and county)	
Acreage Reporting.....	July 15
Premium Billing.....	August 15
Cancellation/Termination.....	February 28

### 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) if required, leave

representative unharvested samples intact for each field in the damaged unit until the earlier of our inspection or 15 days after harvest of the balance of the unit and written notice of loss given to us.

## 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 September futures contract for the period of January 15 – February 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 September futures contract for the period of August 1 – August 31 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.

**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 bushels determined by multiplying your approved yield per acre by 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.

## Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 85 percent of your approved yield. For example, an approved yield of 60 bushels per acre would result in a guarantee of 39 bushels 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), 20 percent for an enterprise or whole farm unit (100-80=20 percent).

Coverage Level %	50	55	60	65	70	75	80	85
<b>Percent Premium Subsidy</b>								
<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.

\* Only available with Revenue Protection policies.

## Insurance Units

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

## Prevented Planting

Prevented planting coverage will be 60 percent of your production guarantee for timely planted acreage. Consult your crop insurance agent for details on increasing this coverage.

## Replant Provision

The replanting payment is allowed if the corn 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 eight bushels, multiplied by the projected price for the crop, multiplied by the percent share.

\* Applied separately to each crop replanted if a whole farm unit is applicable.

## Loss Example

Yield protection loss occurs when corn 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, a \$6.32 projected price, and a one acre basic unit. The corn is non-irrigated with an approved APH yield of 80

<b>Yield Protection</b>		<b>Revenue Protection</b>	
80	Bushels/Acre APH yield	80	
x .65	Coverage Level	x .65	
<u>52</u>	Bushels/Acre Guarantee	<u>52</u>	
x \$ 6.32	Projected Price	x \$ 6.32	
\$ 328.64	Insurance Guarantee	\$ 328.64	
35	Bushels Produced	35	
x \$ 6.32	Projected or Harvest Price	x \$ 7.13	
<u>\$ 221.20</u>	Production to Count Value**	<u>249.55</u>	
\$ 328.64	Insurance Guarantee*	\$ 370.76	
- \$ 221.20	Production to Count Value**	- \$ 249.55	
<u>\$ 107.44</u>	<b>Indemnity/Acre</b>	<u>\$ 121.21</u>	

bushels per acre. The production to count is 35 bushels per acre due to an insurable cause of loss and the harvest price is \$7.13 per bushel.

\* 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 Revenue Protection example, the

insurance guarantee increased to \$370.76 (52 bushels per acre guarantee x \$7.13 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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