United States Department of Agriculture
Risk Management Agency

February 2013

2013 COMMODITY INSURANCE FACT SHEET

Popcorn APH and PRC (Pilot)

Alabama

Crop Insured

All of your popcorn in a county, where a premium rate is provided by actuarial documents, is insurable by yield or revenue protection if:

- You have a share in the popcorn;
- It is planted for harvest as popcorn;
- The popcorn is grown under, and in accordance with, a processor contract (see your insurance agent about specific requirements for contracts);
- It is not interplanted with another crop; and
- It is not planted into an established grass or legume unless the grass or legume is terminated prior to emergence of the popcorn.

Yield and Revenue Protection Insurance

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.

County Available

Madison

Causes of Loss

Adverse weather conditions	Plant disease[3]
Earthquake	Price change[4]
Fire	Volcanic eruption
Failure of irrigation water supply[1]	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 popcorn is planted and ends at the earliest of:

1) Total destruction of the popcorn;
2) Abandonment of the popcorn;
3) The date the popcorn should have been harvested but was not harvested;
4) Final adjustment of a loss;
5) Final harvest;
6) Acceptance of the contracted amount by the processor (when production amount is specified in the contract); or
7) December 10.

Important Dates

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

Reporting Requirements

Acreage Report —You must report all acres of the crop, in which you have a share in the county, to your 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;
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 is provided.

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 talk to your insurance 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 your insurance company calculates and approves.

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 guaranteed, determined by multiplying your approved yield per acre by the coverage level percentage you choose.

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 you choose the harvest price exclusion, the production guarantee is only multiplied by the projected price.

Insurance Units

Basic Units—A basic insurance unit includes all your insurable popcorn acreage in the county in which you have 100-percent share and includes any cash-rented land. If you also grew popcorn on shares with another entity, that acreage would be a separate basic unit. A 10-percent premium discount applies.
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.

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 insurance agent for details).
- Optional units are not applicable.

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 approved 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.

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.

Replant Provision

The replanting payment is allowed if the popcorn 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
- 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.

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.

Assume irrigated popcorn with an approved yield of 3,000 pounds per acre, 65-percent coverage level, 100 -percent share, and a one acre basic unit. The projected price is $0.18 and the harvest price is $0.20. Due to insurable cause of loss, the production-to-count is 1,000 pounds.

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.

Where to Buy Crop Insurance

All multi-peril crop insurance, including CAT policies, are available from private insurance agents. A list of crop insurance agents is available at all USDA Service Centers and on the RMA web site: http://www3.rma.usda.gov/tools/agents/

Regional Contact

USDA/Risk Management Agency
Valdosta Regional Office
106 S. Patterson St., Suite 250
Valdosta, GA 31601-5673
Telephone: (229) 219-2200
Fax: (229) 242-3566
E-mail: rsoga@rma.usda.gov

Download Copies from the Web

Visit our online fact sheets page at: http://www.rma.usda.gov/aboutrma/fields/ga_rso/