

## Valdosta Regional Office — Valdosta, GA

March 2015

# Popcorn APH and PRC (Pilot) Alabama

### Crop Insured

All of your popcorn is insurable by yield or revenue protection plans in the county if:

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

### County Available

Popcorn insurance is available in Madison County.

### Causes of Loss

You are protected against the following:

- Adverse weather conditions;
- Earthquake;
- Failure of irrigation water supply, if caused by an insured peril during the insurance year;
- Fire;
- Insects or plant disease, but not damage due to insufficient or improper application of control measures;
- Price change (for revenue protection);
- Volcanic eruption; or
- Wildlife.

### Insurance Period

Coverage begins when the popcorn is planted and ends with the earliest occurrence of one of the following:

- Total destruction of the crop;
- Abandonment of the crop;
- The date the popcorn should have been harvested but was not harvested;
- Final adjustment of a loss;
- Final harvest;

- Acceptance of the contracted amount by the processor (when production amount is specified in the contract); or
- December 10.

### Important Dates

Sales Closing/Cancellation .....	March 15, 2015
Final Planting .....	May 15, 2015
Acreage Reporting .....	July 15, 2015
Premium Billing .....	August 15, 2015
Termination .....	March 15, 2016

### Reporting Requirements

**Acreage Report** - You must report all acres of your popcorn, in which you have a share in the county, to your agent by the acreage reporting date.

### Duties in the Event of Damage or Loss

You must perform the following duties in the event of damage or loss:

- Notify your agent within 72 hours of your initial discovery of damage or loss of production, but not later than 15 days after the end of the insurance period; and
- Representative samples of the unharvested crop must not be destroyed or harvested until the earlier of inspection by the insurance company or 15 days after harvest of the balance of the unit is completed, whichever is earlier.

### 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. 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 Popcorn Revenue Coverage pilot policy. The harvest price

is not excluded for determining value of production in loss determination.

## 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.

**Commodity Exchange Price Provisions** - Contains information necessary to set the projected and harvest prices for the insured crop.

**Harvest Price** - Determined from the Commodity Exchange Price Provisions multiplied by a factor published in the actuarial documents and used to value production-to-count for revenue protection policies.

**Projected Price** - Determined from the Commodity Exchange Price Provisions multiplied by a factor published in the actuarial documents. The projected price is used to calculate your premium and any prevented planting payment. For more information talk to your insurance agent or go to [webapp.rma.usda.gov/apps/ActuarialInformationBrowser/](http://webapp.rma.usda.gov/apps/ActuarialInformationBrowser/).

**Production Guarantee** - Pounds guaranteed, determined by multiplying your approved yield per acre by the coverage level percentage you choose.

**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 you choose the harvest price exclusion, 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. You may choose one coverage level for all your irrigated acreage in the county and a different coverage level for all your non-irrigated acreage. 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 choose 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 (100 - 59 = 41 percent).

Item	Percent							
	50	55	60	65	70	75	80	85
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 Risk Protection (CAT) coverage is fixed at 50 percent of your approved yield and 55 percent of the

projected price. CAT is 100-percent subsidized with no premium cost to you. There is an administrative fee of \$300 per crop per county, regardless of the acreage.

## Insurance Units

**Basic Units** - Basic insurance units for popcorn are available based on the type of processor contract you hold. A premium discount applies.

For any processor contract that stipulates only the number of acres to be planted:

- A basic unit includes all your insurable popcorn acreage in the county in which you have 100-percent share and includes any cash rented land.
- A basic unit may be divided into two or more optional units by section or section equivalent, by irrigated and non-irrigated acreage, or by organic practice.
- If you also grew popcorn on shares with another entity, that acreage would be a separate basic unit.

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.
- There will be no more than one basic unit for all production contracted with each processor contract.
- Optional units are not applicable.

Talk to your crop insurance agent for details.

**Enterprise Unit** - All insurable popcorn in the county in which you have a share. Enterprise units are allowed by irrigated or non-irrigated practice. To qualify for an enterprise unit, you must have:

- Yield or revenue protection insurance; and
- Have at least two Farm Service Agency farm serial numbers, each having the lesser of 20 acres or 20 percent of the insured crop acreage in the enterprise unit; or
- Have one Farm Service Agency farm serial number with at least 660 planted acres.

A variable premium discount and increased premium subsidy apply.

## 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. Talk to your crop insurance agent for more details.

## 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

You may receive a replanting payment if your popcorn is damaged by an insurable cause of loss so 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 is the lesser of 20 percent of the production guarantee or 150 pounds, multiplied by:

- The projected price for your popcorn; and
- Your percent share.

If the crop is replanted using a practice that is uninsurable as an original planting, your insurance guarantee for the damaged unit is reduced by the amount of the replanting payment but the premium amount is not reduced.

## Loss Example

A yield protection loss occurs when popcorn production for the unit falls below the production guarantee because of damage from a covered cause of loss. A 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 revenue loss. 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 an insurable cause of loss, the production-to-count is 1,000 pounds.

Notes for Loss Example:

- The Revenue Protection insurance guarantee (initially based on the projected price until the harvest price is established) is equal to the production guarantee multiplied by the greater of the projected price or the harvest price (1,950 pounds per acre guarantee x \$0.20 harvest price = \$390).
- The Revenue Protection production-to-count value is equal to the production-to-count multiplied by the harvest price (1,000 pounds production x \$0.20 per pound harvest price = \$200).

Yield Protection		Revenue Protection	
3,000	Pounds/Acre APH yield	3,000	
x 0.65	Coverage Level	x 0.65	
1,950	Pounds/Acre Guarantee	1,950	
x \$0.18	Projected Price	x \$0.18	
\$ 351	Insurance Guarantee	\$ 351	
1,000	Pounds Produced	1,000	
x \$0.18	Projected or Harvest Price	x \$0.20	
\$ 180	Production-to-Count Value	\$ 200	
\$351	Insurance Guarantee	\$390	
- \$180	Production-to-Count Value	- \$200	
<b>\$171</b>	<b>Indemnity/Acre</b>	<b>\$190</b>	

## 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 website at: [www3.rma.usda.gov/apps/agents/](http://www3.rma.usda.gov/apps/agents/).

## Contact Us

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