St. Paul Regional Office — St. Paul, MN

Revised September 2013

Forage Production ARPI

Minnesota and Wisconsin

Crop Insured

The forage types shown in the actuarial documents in the county in which you have a share that were planted for harvest (including rotational grazing). Acreage seeded to forage after July 1, 2013 will not be insurable for the 2014 crop year.

Counties Available

Forage production ARPI insurance is available in 37 counties in Minnesota and 59 counties in Wisconsin.

General Explanation of ARPI

Area Risk Protection Insurance (ARPI) is designed as a risk management tool to insure against widespread loss of production of the insured crop in a county. ARPI Forage Production replaces the Group Risk Plan (GRP) Forage Production that was available in the past. ARPI is similar to GRP in that it has less paperwork and generally lower premium cost than multiple peril crop insurance (MPCI). The policy was developed on the basis that when an entire county's crop yield is low, most farmers in that county would also have low yields. Forage production is insurable with the Area Yield Protection (AYP) insurance plan under ARPI. Unlike GRP, ARPI allows you to choose a different level of insurance coverage for each forage type and practice. For AYP, you can also choose the Catastrophic Risk Protection (CAT) coverage level for one type and practice, and choose an additional (buy-up) coverage level for a different type and practice. A separate administrative fee is charged for CAT and buy-up coverage.

ARPI AYP Benefits

- AYP offers catastrophic protection and may cost less than MPCI.
- AYP provides a simplified plan to manage risk because the only information a producer needs to provide is the number of acres intended for harvest by the acreage reporting date.
- Producers do not have to provide production history or evidence of loss because payments are made on losses based on the expected county yield.

ARPI Limitations

- It is possible for a producer to have a low yield on the acreage insured and still not receive a payment under this plan.
- Lenders may not accept ARPI coverage as collateral.

Important Dates

Sales Closing Date	November 30, 2013
Acreage Reporting Date	July 15, 2014
Premium Billing Date	August 15, 2014

Definitions

Dollar Amount of Protection Per Acre - The guarantee calculated by multiplying the expected county yield by the projected price and by the protection factor.
Expected County Yield - The yield contained in the actuarial documents on which your coverage for the crop year is based. This yield is determined using historical National Agricultural Statistics Service (NASS) county average yields, as adjusted by the Federal Crop Insurance Corporation (FCIC).
Final County Yield - The yield determined by FCIC based on NASS yields for the insurable crop and used to determine whether an indemnity is due.
Loss Limit Factor - Unless otherwise specified in the Special Provisions, a factor of 0.18 is used to calculate the payment factor. This factor represents the percentage of the expected county yield or expected county revenue at which no additional indemnity amount is payable.
Protection Factor – The percentage you choose that is used to calculate the dollar amount of insurance and policy protection. The protection factor ranges from 80 percent to 120 percent.
Trigger Yield - The result of multiplying the expected county yield by the coverage level

percentage chosen. When the final county yield falls below the trigger yield, an indemnity is due.

Coverage Levels and Premium Subsidies

AYP forage production may be insured at the coverage levels shown in the table. Crop insurance premiums are subsidized as shown. For example, if you select the 85-percent coverage level, your trigger yield will be 85 percent of the expected county yield, the premium subsidy is 55 percent, and your premium share is 45 percent of the base premium.

Item	Percent					
Coverage Level	CAT	70	75	80	85	90
Premium Subsidy	100	59	59	55	55	51
Your Premium Share	0	41	41	45	45	49

Catastrophic Risk Protection (CAT) coverage is available at 65 percent of the yield coverage and 45 percent of the price coverage. The total cost for CAT coverage is an administrative fee of $300 per crop per county, regardless of the acreage. Administrative fees and premium costs for coverage levels above CAT are $30 per crop per county.

Loss Example

A loss occurs when the final county yield for the county falls below your trigger yield. Assume a 3.7 tons per acre expected county yield, 90-percent coverage level, and $713 protection per acre (varies by county).

3.7	Tons per acre county expected yield
x 0.90	Coverage level selected
3.3	Tons per acre trigger yield
- 3.0	Tons per acre final county yield for the year
0.3	Tons per acre deficiency
0.3	Divided by 2.6 tons = 0.115 payment factor
$82.00	Gross indemnity (0.115 x $713 protection)
- $15.00	Premium per acre (varies by county)
$67.00	**Net indemnity per acre**

2.6 tons = 3.3 (trigger yield) - [3.7 (expected county yield) x 0.18 (loss limit factor)]

Figures shown per acre. Guarantees and losses paid by county. See policy provisions or talk to your insurance agent for more information.

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 at:
www3.rma.usda.gov/apps/agents/

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