USDA United States Department of Agriculture

A Risk Management Agency Fact Sheet 2015 Crop Year

St. Paul Regional Office — St. Paul, MN

Revised November 2014

Forage Production ARPI

Minnesota and Wisconsin

Crop Insured

All forage types are insurable if:

- They are grown in the county on insurable acreage;
- In the actuarial documents for the county;
- You have a share;
- They are planted for harvest (including rotational grazing); and
- Acreage is seeded prior to July 1, 2014, acreage seeded after July 1, 2014 will not be insurable for the 2015 crop year.

This fact sheet applies only to the available Area Risk Protection Insurance policy plans of insurance. Contact a crop insurance agent for further explanation.

Counties Available

See actuarial documents at webapp.rma.usda.gov/apps/ActuarialInformationBrowser2015/CropCriteria.aspx for insurable counties. The crop may be insurable in other counties by written agreement if specific criteria are met. Contact an insurance agent for more details.

Causes of Loss

You are protected against the following:

Area Risk Protection Insurance (ARPI) provides protection against loss of revenue or against loss of yield in a county resulting from natural causes of loss that cause the final county yield or the final county revenue to be less than the trigger yield or the trigger revenue.

Insurance Period

Insurance coverage begins on the later of:

- Date we accept your application; or
- The date the forage production is planted.

Important Dates

Sales Closing .... November 30, 2014
Acreage Reporting .... July 15, 2015
Premium Billing .... August 15, 2015

General Explanation of ARPI

ARPI is designed as a risk management tool to insure against widespread loss of production of the insured crop in a county.

The ARPI policy 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.

Unlike GRP, ARPI allows you to choose a different level of insurance coverage for each forage type and practice. Under the ARPI Area Yield Protection plan, you can also choose the Catastrophic Risk Protection (CAT) level of insurance for one type and practice, and select 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 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.

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 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

ARPI plans 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. Under the Area Yield Protection plan, CAT coverage is available at 65 percent of the yield coverage and 45 percent of the price coverage. The total cost for CAT coverage will be an administrative fee of $300 per crop per county, regardless of the acreage. Administrative fees, in addition to premium costs, for coverage levels above CAT are $30 per crop per county.

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

Insurance Plans

Area Yield Protection - Protection against loss of yield due to a county level production loss. No individual loss protection is available.

Area Revenue Protection - Protection against loss of revenue due to a county level production loss, price decline, or combination of both, and includes upside harvest price protection. No individual loss protection is available.

Area Revenue Protection with Harvest Price Exclusion - Provides protection against loss of revenue due to a county level production loss, price decline, or a combination of both. No individual loss protection is available.

Loss Example

Area Yield Protection 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 ÷ (trigger yield – (expected county yield x loss limit factor)) = 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**

Figures shown on a per acre basis; guarantees and losses paid are on a county basis. See policy provisions.

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/.

Contact Us

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