Forage Production ARPI

Minnesota and Wisconsin

Crop Insured

You can insure forage if:

- Premium rates are provided;
- You have a share;
- It is planted for harvest (Note: harvest does not include grazing); and
- Acreage is seeded prior to July 1, 2017. Acreage seeded after July 1, 2017 will not be insurable for the 2018 crop year.

This fact sheet applies only to the Area Yield Protection plan of insurance under the Area Risk Protection Insurance (ARPI) policy. See the Forage Production APH fact sheet for details on the Actual Production History (APH) plan of insurance available in Iowa, Minnesota, and Wisconsin.

Counties Available

See counties available in the actuarial documents at webapp.rma.usda.gov/apps/actuarialinformationbrowser2018/CropCriteria.aspx.

Causes of Loss

You are protected against the following:

- Loss of revenue or yield due to natural causes of loss that cause the final county yield or the final county revenue to be less than your trigger yield or trigger revenue.

Insurance Period

Insurance coverage begins on the later of:

- The date we accept your application; or
- The date the crop is planted.

Important Dates

Sales Closing/Cancellation.........September 30, 2017
Acreage Reporting......................November 15, 2017
Premium Billing .... August 15, 2018

Reporting Requirements

Acreage Report - You must report all of your forage acreage in the county by the acreage reporting date.

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 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. 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.

ARPI Limitations

Because ARPI is an area plan of coverage, it is possible for you to have a low yield on the acreage insured and still not receive a payment under this plan.

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

Crop insurance premiums are subsidized as shown in the following table. 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.

Coverage Level (percent)	70	75	80	85	90
Subsidy	59	59	55	55	51
Your Premium Share	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.
Catastrophic Coverage (CAT) - Under the Area Yield Protection plan, CAT coverage is available at 65 percent of your yield coverage and 45 percent of the projected price.

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 $631 protection per acre (varies by county and insured's selections).

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)
$631	Protection per acre
x 0.115	Payment factor
$72.57	**Indemnity**

Figures shown on a per acre basis. Guarantees and losses paid are on a county basis. Your premium will be deducted from any indemnity payment. 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 www.rma.usda.gov/tools/agent.html.

Contact Us

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