

St. Paul Regional Office — St. Paul, MN

Revised December 2017

Popcorn ARPI

Iowa, Minnesota, and Wisconsin

Crop Insured

You can insure popcorn if:

- It is grown on insurable acreage;
- You have a share;
- It is planted with the intent to be harvested; and
- It is grown under, and in accordance with, a processor contract.

Counties Available

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

Causes of Loss

ARPI provides protection against 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:

- Date we accept your application; or
- Date the popcorn is planted.

Important Dates

| | |
|----------------------------|-------------------|
| Sales Closing | March 15, 2018 |
| Final Planting | June 14, 2018 |
| Acreage Reporting | July 15, 2018 |
| Premium Billing | August 15, 2018 |
| Production Reporting | February 15, 2019 |

Reporting Requirements

Acreage Report - You must report all of your popcorn acreage in the county and provide a copy of all processor contracts by the acreage reporting date.

General Explanation of ARPI

ARPI is designed as a risk management tool to insure against widespread loss of production or widespread

loss of revenue 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 select a different coverage level of insurance for each insurable crop type and practice. Under the ARPI Area Yield Protection (AYP) plan, you can also select the Catastrophic Risk Protection (CAT) level of insurance for one type and practice, and select an additional (buy-up) level of coverage 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 or low revenue on the acreage insured and still not receive a payment under this plan.

Definitions

Expected County Yield - The yield contained in the actuarial documents on which your coverage for the crop year is based.

Expected County Revenue - The expected county yield multiplied by the projected price.

Final County Yield - The yield used to determine whether an indemnity is due under the Area Yield Protection plan.

Final County Revenue - The final county yield multiplied by the harvest price. This is used to determine any indemnity due for the area revenue plans.

Loss Limit Factor - 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.

Payment Factor - A factor no greater than 1.0 used to determine the amount of indemnity to be paid.

Protection Factor - The percentage you choose that is used to calculate the dollar amount of insurance per acre and policy protection.

Trigger Yield - The expected county yield multiplied by your coverage level. This is used to determine if an indemnity is due.

Trigger Revenue - The expected county yield multiplied by the projected price or harvest price (depending on which area revenue plan you have selected) by your coverage level. This is used to determine if 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 or expected county revenue, the premium subsidy is 49 percent, and your premium share is 51 percent of the base premium.

| Coverage Level (percent) | 70 | 75 | 80 | 85 | 90 |
|--------------------------|----|----|----|----|----|
| Subsidy | 59 | 55 | 55 | 49 | 44 |
| Your Premium Share | 41 | 45 | 45 | 51 | 56 |

Projected and Harvest Price

The prices are the prices for grain type corn based on the Commodity Exchange Price Provisions (CEPP) multiplied by a factor published in the actuarial documents. See the CEPP on the RMA website at www.rma.usda.gov/policies/cepp.html.

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.

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

Area Yield Protection Example

A loss occurs when the final county yield for the county falls below your trigger yield. This example assumes a 5,346 pounds per acre expected county yield, 85 percent coverage level, and \$1,058.51 protection per acre (using 110% protection factor).

| | |
|---------|---|
| 5,346 | Expected county yield (pounds per acre) |
| x 0.85 | Coverage level selected |
| 4,544 | Trigger yield (pounds per acre) |
| - 3,000 | Final county yield (pounds per acre) |
| 1,544 | Deficiency (pounds per acre) |

Deficiency ÷ (trigger yield - (expected county yield x loss limit factor)) =

0.427 Payment factor

| | |
|----------|---|
| 5,346 | Expected county yield (pounds per acre) |
| 1.10 | Protection factor |
| x \$0.17 | Projected price per pound (est. announced in March) |

\$999.70 Protection per acre

| | |
|------------|---------------------|
| 0.427 | Payment factor |
| x \$999.70 | Protection per acre |

\$426.87 Indemnity per acre

Area Revenue Protection Example

A loss occurs when the final county revenue falls below your trigger revenue. See yield example for other variables used for the county.

| | |
|----------|--|
| 5,346 | Expected county yield (pounds per acre) |
| x \$0.17 | Projected price per pound (est. announced in March) |
| \$908.82 | Expected county revenue per acre |
| 3,000 | Final county yield (pounds per acre) |
| x \$0.15 | Harvest price per pound (est. announced in November) |
| \$450.00 | Final county revenue per acre |

| | |
|----------|---|
| 4,544 | Trigger yield (pound per acre) |
| x \$0.17 | Projected price per pound (est. announced in March) |

| | |
|------------|-------------------------------|
| \$772.48 | Trigger revenue per acre |
| - \$450.00 | Final county revenue per acre |
| \$322.48 | Deficiency per acre |

Deficiency ÷ (trigger revenue - (expected county revenue x loss limit factor)) =

0.530 Payment factor

| | | |
|---|-----------------|---|
| | 5,346 | Expected county yield (pounds per acre) |
| x | 1.10 | Protection factor |
| x | <u>\$0.17</u> | Projected price per pound (est. announced in March) |
| | \$999.70 | Protection per acre |
| | 0.530 | Payment factor |
| x | <u>\$999.70</u> | Protection per acre |
| | \$529.84 | Indemnity per acre |

Figures shown on a per acre basis. Guarantees and losses paid are on a unit 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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