



United States Department of Agriculture
Risk Management Agency

November 2006

2006 COMMODITY INSURANCE FACT SHEET

Soybeans—Indexed Income Protection Maryland

Crop Insured

Indexed Income Protection (IIP) coverage for soybeans is available in Maryland and provides coverage against production losses and price declines.

Counties Available

This plan of coverage is available in all Maryland counties where the actual production history (APH) plan of insurance for soybeans is offered.

Causes of Loss

- Adverse weather conditions¹
- Failure of irrigation water supply²
- Fire
- Harvest price less than projected price
- Insects³
- Plant disease³
- Wildlife

¹Natural perils including hail, frost, freeze, wind, drought, and excess moisture. ²If due to an insurable cause of loss. ³Does not include damage due to insufficient or improper usage of recommended control measures.

Insurance Period

Coverage usually begins when the crop is planted and ends at the earliest of: (1) total destruction of the crop, (2) harvest of the crop, (3) final adjustment of a claim, (4) abandonment of the crop, (5) December 10, 2006.

Indexing

The IIP plan compares and indexes an individual's yields to the county yields for a base period of up to ten years. Indexing may result in the insurance yield being greater or less than the producer's actual average yield.

Important Dates

Sales Closing	March 15, 2006
Acreage Report Date.....	July 15, 2006
Final Planting Date ¹	June 20 or July 5, 2006

¹ Consult a crop insurance agent for the specific date in your county.

Definitions

Enterprise Unit— All acreage of your crop within the county, regardless of share (no basic or optional units)

Projected Price—The price that determines the dollar guarantee is the average of the daily settlement prices for Chicago Board of Trade (CBOT) November soybean futures contracts during the month of February 2006.

Harvest Price— The price that determines revenue-to-count and indemnity is the average of the daily settlement prices for CBOT November corn futures contracts during the month of October 2006.

Year	Projected* Price	Harvest** Price
2006	6.18	5.93
2005	5.53	5.75
2004	6.72	5.26
2003	5.26	7.32

* Available after February 28, 2006.

** Available after October 31, 2006.

Price elections are posted on the RMA Web site at:
<http://www3.rma.usda.gov/apps/pricesinquiry/>

IIP Yield Determination Example—Soybeans

County Average Yield	Individual Average Yield	Year
26	28	2001
20	16	2002
22	15	2003
24	27	2004
28	19	2005
118	105	Total
÷ 5	÷ 5	No. Years
24	21	Avg Yld

This example assumes an IIP approved yield of 25 bushels per acre, a projected price of \$6.00, and a harvest price of \$5.00.

25	Bushels per acre IIP approved yield
x .60	Coverage level
15	Bushels per acre guarantee basis
x \$6	Projected price/bushel
\$90	Dollar guarantee per acre
– \$50	Revenue-to-count (10 bushels per acre produced x \$5.00 harvest price)
\$40	Indemnity per acre
– \$4	Estimated producer premium per acre
\$36	Net indemnity per acre

Yield Difference:

County Average Yield – Individual Average Yield

$$\text{Yield Difference} = 24 - 21 = 3$$

IIP Approved Yield:

Expected County Yield* – Yield Difference

$$\text{IIP Approved Yield} = 28 - 3 = 25$$

* The most recent year's county average yield from the actuarial table will always serve as the expected county yield. For example, in the sample table above, the county average yield of 28 for 2005 is used as the expected county yield.

Note: Observe that the IIP approved yield of 25 in this scenario exceeds the grower's original average yield of 21. This, however, may not always be the case. Depending upon the situation, the IIP yield could possibly be less than the producer's average yield. Obtain guarantee and premium quotes for all insurance plans (IIP, CRC, APH, RA) to determine which plan is most suitable for you.

Download Copies from the Web

Visit our online publications/fact sheets page at:
http://www.rma.usda.gov/aboutrma/fields/nc_rso/

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination write to: USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

Insurance Unit

Under the IIP plan, acreage may only be insured as an **enterprise unit**. An enterprise unit combines all your soybeans in the county into one county-wide unit, regardless of ownership, share, or rental arrangement.

Loss Example