



United States Department of Agriculture  
Risk Management Agency

February 2009

## 2009 COMMODITY INSURANCE FACT SHEET

# Soybeans—Crop Revenue Coverage DE, MD, NJ, NY, PA, VA, WV

### Crop Insured

Soybeans may be insured under the **Crop Revenue Coverage (CRC)** plan of insurance if planted on insurable acreage. **CRC** provides protection against a decline in market prices as well as a shortfall in production. The guarantee is in dollars and a loss situation occurs when the dollar value of your production falls below your dollar guarantee. **CRC** offers protection whether prices rise or fall:

- In most years when the price usually declines as harvest approaches, you are guaranteed a pre-determined amount of income per acre
- In a year of rising prices, a production shortfall would be compensated at the higher market-based harvest price. This is critical if any lost production must be replaced at higher market prices to fulfill delivery on a forward contract.

### Counties Available

Soybean **CRC** is available in all counties that offer the **APH** program.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
 Failure of irrigation water supply<sup>2</sup>  
 Fire  
 Harvest price is less than base price  
 Insects<sup>3</sup>  
 Plant disease<sup>3</sup>  
 Wildlife

<sup>1</sup>Natural perils such as hail, drought, and excess precipitation. <sup>2</sup>If caused by an insured peril during the insurance period. <sup>3</sup>But not damage due to insufficient or improper applications of control measures.

### Insurance Period

Coverage begins when the crop is planted and ends at the earliest of: (1) total destruction of the crop, (2) harvest of the crop, (3) abandonment of the crop, (4) final adjustment of a claim, (5) December 10, 2009.

### Reporting Requirements

You must notify your agent or insurance company representative within 72 hours of discovery of any damage to your crop.

- If crop damage is initially discovered during harvest, you must notify your agent immediately and leave representative samples of the unharvested crop at least 10 feet wide and the entire length of the field.
- If you expect a revenue loss on the unit, you must give notice no later than 45 days after the harvest price is released.

### Important Dates

Sales Closing ..... March 15, 2009

Note: Final planting and acreage reporting dates vary by state and county. Consult a crop insurance professional for specific dates in your county.

### Definitions

**Average APH Yield**—Your average yield per acre based on your actual production history (APH), county yields, or other adjusted yields if appropriate.

**Base Price**—The price that determines the Minimum Guarantee and premium is based on the November Chicago Board of Trade (CBOT) futures contracts average daily price during the month of February 2009.

**Coverage Level**—You select a level of protection from 50 to 75 percent (up to 85 percent in some states and counties) of your average APH yield.

**Minimum Guarantee** — Average APH yield X base price X coverage level:

Example: 30 bushels per acre X \$8.00 X 70 percent  
= \$168 per acre minimum guarantee

**Harvest Price** — The price used to determine calculated revenue and harvest guarantee is based on the November CBOT futures contracts average daily price during the month of October 2009.

**Harvest Guarantee** — Average APH yield X harvest price X coverage level:

Example: 30 bushels per acre X \$6.00 X 70 percent = \$126 per acre harvest guarantee

**Calculated Revenue** — Value of your production determined by bushels produced X harvest price:

Example: 10 bushels per acre produced X \$6.00 = \$60 per acre calculated revenue

Note: The actual price you receive for selling your crop is **not** a factor in CRC calculations.

**Final Guarantee** — Higher of the minimum or harvest guarantee.

Note: Your premium will **not** increase if final guarantee is higher than the minimum guarantee.

**Indemnity** — Final guarantee – calculated revenue:

Example: \$168 – \$60 = \$108 per acre indemnity

## Price Elections

YEAR	BASE PRICE*	HARVEST PRICE**
2009	NA	NA
2008	13.36	10.36
2007	8.09	9.75
2006	6.18	5.93

\* Published on or after March 1 of the crop year.

\*\* Published on or after November 1 of the crop year.

NA-Not available at this time.

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

## Insurance Units

Insurable acreage is grouped into one or more units based on your selection of one of the following:

**Basic Unit:** A basic insurance unit includes all your soybean acreage in the county by share arrangement. Premiums are reduced 10 percent for basic units.

**Optional Units:** If qualified, you may further divide a basic unit into optional units by farm serial number or irrigated/non-irrigated land. The 10-percent basic unit premium discount will not apply.

**Enterprise Unit:** An enterprise unit combines all your soybeans in the county into one county-wide unit, regardless of ownership, share, or rental arrangement. A premium discount will apply, based upon the number of insured acres. You must qualify for two or more basic/optional units to be eligible.

## Loss Example

This example assumes an average yield of 30 bushels per acre, base price of \$13.36, harvest price of \$10.36, a production-to-count of 10 bushels per acre, one basic unit, 70-percent coverage level.

30	Bushels per acre average APH yield
x .70	Coverage level
21	Bushels per acre guarantee basis
x 13.36	Base price per bushel
\$281	Minimum guarantee per acre

When the harvest price is announced in November, a harvest guarantee is calculated. The final guarantee is the higher of the minimum or harvest guarantee.

Harvest guarantee per acre = \$218  
(21 bushels per acre X \$10.36 harvest price)

\$281	Final guarantee per acre (higher of minimum or harvest guarantee)
– 104	Calculated revenue (10 bushels per acre produced X \$10.36 harvest price)
177	Indemnity per acre
– 18	Estimated premium per acre
\$159	Net indemnity per acre

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