United States Department of Agriculture
Risk Management Agency

July 2006

2007 COMMODITY INSURANCE FACT SHEET

Barley/Canola/Rapeseed Revenue Assurance

Idaho

Revenue Assurance (RA) Program

Revenue Assurance (RA) provides coverage to protect against loss of revenue caused by low price or low yields or a combination of both.

Pacific Northwest Availability

The RA program covers **feed and malt barley and spring canola/rapeseed** in all Idaho counties where MPCI barley and canola/rapeseed insurance is currently available.

Additional coverage for malting barley is now available through one of two options. Those who exclusively contract their malt may insure their malt based on the malting barley premium specified in their contract (option B). For those who market malt other than exclusively under contract, for example, elevator agreements or open market, the producer may insure their malt based on the price premium specified in the contract or elevator agreement or in the case of open market acreage the price contained in the actuarial documents (option A).

RA Barley and Canola/Rapeseed Sales Closing Date

The **sales closing date (March 15)** is the final date for which a producer may make application for a barley and canola/rapeseed RA policy.

Units

Policyholders must insure all acreage of the insurable crop types in the county. RA policy offers basic units, optional units, enterprise units or whole farm unit. Basic units may be subdivided into optional units based on sections and/or irrigated and non-irrigated practices, if the insured has records of planted acreage and harvested production for each proposed unit.

RA provides a premium discount for enterprise units (all insurable acres of a single RA crop in a county). An additional premium discount is available when an insured elects the whole farm unit (**all spring wheat, barley, and spring canola/rapeseed** acreage in the county.)

RA Coverage Levels and Guarantees

The producer selects a per-acre revenue guarantee that falls between 65 and 85 percent for basic and optional units (canola/ rapeseed limited to 75 percent). Coverage levels for whole farm and enterprise units range from 65 to 85 percent.

The RA revenue guarantee per acre is calculated by multiplying the approved yield for the unit times the projected harvest price times the coverage level selected by the producer. The revenue guarantee equals the per-acre revenue guarantee, times the number of insurable acres in the unit, times the producer's share**.**
Note: Procedures used to calculate available revenue premiums vary by the selected unit structure.

Projected Harvest Price (PHP)

PHP is is the price used to determine the expected per-acre revenue and the per-acre revenue guarantee. For **feed barley**, the PHP is the simple average of the final daily settlement prices in February for the Winnipeg Commodity Exchange (WCE) October feed barley futures contract multiplied by 0.02177. This factor converts the WCE price from Canadian dollars per metric ton to Canadian dollars per bushel. To convert into U.S. dollars, multiply the price in Canadian dollars per bushel by the simple average of the final daily settlement prices in February on the September Canadian dollar futures contract on the Chicago Mercantile Exchange (MERC), using the current U.S./Canadian exchange rate.

For **spring canola/rapeseed**, the PHP is the simple average of the final daily settlement prices in February for the WCE November canola futures contract divided by 2,205. This factor converts the WCE price from Canadian dollars per metric ton to Canadian dollars per pound. To convert into U.S. dollars, multiply the price in Canadian dollars per pound by the simple average of the final daily settlement prices in February on the September Canadian dollar futures contract on the Chicago Mercantile Exchange (MERC), using the current U.S./Canadian exchange rate.

RA Indemnities

RA indemnities will be paid if the production to count times the fall harvest price is less than the per-acre guarantee times the number of acres.

Fall Harvest Price (FHP)

Harvest revenue equals all of the production to count times the fall harvest price. For **feed barley**, the FHP is the simple average of the final daily settlement princes in August for the WCE October feed barley futures contract multiplied by 0.02177. This factor converts the WCE price from Canadian dollars per metric ton to Canadian dollars per bushel. To convert into U.S. dollars, multiply the price in Canadian dollars per bushel by the simple average of the final daily settlement prices in August on the September Canadian dollar futures contract on the Chicago Mercantile Exchange (MERC), using the current U.S./Canadian exchange rate.

For **spring canola / rapeseed** the FHP is the simple average of the final daily settlement prices in September for the WCE November canola futures contract divided by 2,205. This factor converts the WCE price from Canadian dollars per metric ton to Canadian dollars per pound. To convert into U.S. dollars, multiply the price in Canadian dollars per pound by the simple average of the final daily settlement prices in September on the September Canadian dollar futures contract on the Chicago Mercantile Exchange (MERC), using the current U.S./Canadian exchange rate.

Fall Harvest Price Option

The FHP Option is designed to provide additional protection to those producers who market their crop before harvest. If an insured selects the RA FHP Option (by the sales closing date) their revenue guarantee will be based on the greater of the fall harvest price or the projected harvest price. The option is continuous, unless canceled by the crop sales closing date.

Where to Purchase

All MPCI, including revenue assurance policies, are available from private insurance agents. A list of crop insurance agents is available on the RMA Web site: http://www3.rma.usda.gov/tools/agents/

Regional Contact for RMA

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