



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

INFORMATIONAL MEMORANDUM: R&D-00-063

TO: All Reinsured Companies
All Risk Management Agency Field Offices

FROM: Tim B. Witt /s/ Kenneth D. Ackerman 12/29/00
Deputy Administrator

SUBJECT: MVP^{price}TM Endorsement for Crop Year 2001

BACKGROUND:

On November 17, 2000, the Federal Crop Insurance Corporation (FCIC) Board of Directors approved the MVP^{price}TM Endorsement for reinsurance and subsidy in all counties in which Multiple Peril Crop Insurance (MPCI) rice insurance is available in the State of Arkansas for the 2001 crop year. This endorsement is written as a supplement to the FCIC-reinsured MPCI rice policy. The producer selects an additional price of \$0.01, \$0.015, or \$0.02, over and above the MPCI policy price election to determine the maximum MVP^{price}TM liability.

The premium subsidy and expense subsidy rates for the MVP^{price}TM Endorsement are equal to those of the underlying MPCI rice policy. All acreage insurable with the underlying MPCI rice policy must also be insured on the MVP^{price}TM Endorsement, when elected, and the maximum price election available under the MPCI rice policy must be elected.

Indemnities are based on the change in the harvest price over the base price during the crop year. The base and harvest prices are determined by the Chicago Board of Trade (CBOT) futures contracts. The maximum indemnity per pound cannot exceed the lesser of the amount selected on the application, or \$0.02.

For processing and reinsurance purposes, MVP^{price}TM will be treated as a part of the underlying MPCI rice policy that it supplements. It will be reinsured under the Standard Reinsurance Agreement and all reinsured companies operating in Arkansas are eligible to sell it. The 2001 actuarial documents will not be re-filed but the actuarial data master will be updated for this coverage.



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The Risk Management Agency Administers and Oversees
All Programs Authorized Under the Federal Crop Insurance Corporation

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2

The common option codes for the *MVPrice*TM price change elections -- \$0.01, \$.015, and \$0.20 -- are MX, MY, and MZ, respectively, and the rate factors for each are shown on the *MVPrice*TM Premium Calculation Worksheet.

American Agrisurance, Inc. has provided the Risk Management Agency written authorization whereby it consents to the use of *MVPrice*TM by any party to the FCIC Standard Reinsurance Agreement in conjunction with the marketing or sale of this product.

ACTION:

The Risk Management Agency (RMA) has placed the following *MVPrice*TM documents on the RMA Website at www.rma.usda.gov/policies/2001policy.html.

1. *MVPrice*TM Endorsement (Ed. 12-12-00);
2. *MVPrice*TM Underwriting Rules (Ed. 12-12-00);
3. *MVPrice*TM Questions & Answers (Ed. 12-12-00);
4. *MVPrice*TM Insurance Application (Ed. 12-12-00); and
5. *MVPrice*TM Premium Calculation Worksheet and Rates (Ed. 12-12-00).

DISPOSAL DATE:

The disposal date for this Memorandum is December 31, 2001.