



United States Department of Agriculture  
Risk Management Agency

May 2005

## 2005 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 conditions<sup>1</sup>  
Failure of irrigation water supply<sup>2</sup>  
Fire  
Harvest price less than projected price  
Insects<sup>3</sup>  
Plant disease<sup>3</sup>  
Wildlife

<sup>1</sup>Natural perils including hail, frost, freeze, wind, drought, and excess moisture. <sup>2</sup>If due to an insurable cause of loss. <sup>3</sup>Does 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 loss, (4) abandonment of the crop, (5) December 10 following planting.

### 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, 2005  
Acreage Report Date..... July 15, 2005  
Final Planting Date ..... June 20 or July 5, 2005

Note: Consult a crop insurance agent for the specific final planting 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 of the crop year.

**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 of the crop year.

Year	Projected Price	Harvest Price
2005	5.53	*
2004	6.72	5.26
2003	5.26	7.32

\* Available in early November 2005

## IIP Yield Determination Example—Soybeans

County Average Yield	Individual Average Yield	Year
26	28	2000
20	16	2001
22	15	2002
24	27	2003
28	19	2004
118	105	Total
÷ 5	÷ 5	No. Years
24	21	Avg Yld

Yield Difference = 3

County average yield – Individual average yield = 24 – 21 = 3

IIP Approved Yield = 25

Expected county yield (most recent county yield) – yield difference = 28 – 3 = 25

Note: Observe that the IIP approved yield in this scenario exceeds the grower's original average yield; however, this 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 plans (IIP, CRC, APH, RA) to determine which plan is most suitable for you.

## 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

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 \$6.00	Projected price/bushel (2004 price)
\$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 cost to producer per acre
<b>\$36</b>	<b>Net indemnity per acre</b>

### Download Copies from the Web

Visit our online publications/fact sheets page at:  
<http://www.rma.usda.gov/pubs/#bfr>.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, and marital or familial status. (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 USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.