



United States Department of Agriculture  
Risk Management Agency

December 2012

## 2013 COMMODITY INSURANCE FACT SHEET

# Canola

## Alabama, Georgia

### Crops Insured

All canola and rapeseed are insurable by yield or revenue protection plans in the county, where a premium rate is provided by the actuarial table if:

- You have a share in the crop;
- Planted for harvest as seed.

The policy does **not** cover any acreage where canola or rapeseed are:

- Interplanted with another crop; or
- Planted into an established grass or legume; unless allowed by special provisions or by written agreement.

### Insurance Plans

One policy provides a choice among three plans:

**Yield Protection**—Insurance coverage providing protection only against a production loss.

**Revenue Protection**—Insurance coverage providing protection against revenue loss due to a production loss, price decline/increase, or a combination of both.

#### Revenue Protection with Harvest Price

**Exclusion**—Insurance coverage providing protection only against revenue loss due to a production loss, price decline, or a combination of both.

### Causes of Loss

Adverse weather conditions	Plant disease <sup>3</sup>
Earthquake	Price change <sup>4</sup>
Failure of irrigation water supply <sup>1</sup>	Volcanic eruption
Fire	Wildlife
Insects <sup>2</sup>	

<sup>1</sup>If caused by an insured peril during the insurance period.

<sup>2</sup>But not damage due to insufficient or improper application of pest control measures.

<sup>3</sup>But not damage due to insufficient or improper application of disease control measures.

<sup>4</sup>For Revenue Protection, a change in the harvest price from the projected price.

### Counties Available

See your crop insurance agent for a listing of eligible counties and plans.

### Insurance Period

Coverage begins when the crop is planted and ends at the earliest of:

- 1) Total destruction of the insured crop;
- 2) Harvest of the insured crop;
- 3) Final adjustment of a loss on a unit;
- 4) Abandonment of the insured crop; or
- 5) October 31.

### Reporting Requirements

**Acreage Report**—You must report all acres of the crop in which you have a share to your insurance agent by the acreage reporting date.

**Notice of Loss**—In the event of loss:

- 1) Protect the crop from further damage by providing sufficient care;
- 2) Notify your agent within 72 hours of your initial discovery of damage;
- 3) Leave representative samples intact for each field in the damaged unit until our inspection or 15 days after harvest of the balance of the unit is completed and written notice of loss is provided.

### Important Dates

Sales Closing.....	September 30
Final Planting.....(Dates differ by state and county)	
Acreage Reporting: Alabama.....	January 15
Georgia.....	December 15
Premium Billing.....	July 01

### Prices

**Projected Price**—Determined from the Intercontinental Exchange (ICE) average daily

settlement price of the July futures contracts for August 15 through September 14, according to the Commodity Exchange Price Provisions (CEPP). The projected price is used to calculate your premium and any prevented planting payment.

**Harvest Price**—Determined from the ICE average daily settlement price of the July futures contracts for June 1 through June 30, according to the CEPP.

For more information talk to your insurance agent or see: <http://webapp.rma.usda.gov/apps/ActuarialInformationBrowser/>

## Definitions

**Approved Yield**—The average of the actual production history (APH) yields, assigned or adjusted yields, or unadjusted transitional yields that your insurance company calculates and approves.

**Cancellation Date**—The calendar date on which coverage for the crop will automatically renew unless canceled in writing by either you or us, or terminated according to the policy terms.

**Harvest Price Exclusion**—Revenue protection with the use of a harvest price excluded when determining the revenue guarantee. (Note: Harvest price is not excluded for determining value of production in loss determination.)

**Production Guarantee**—Bushels guaranteed, per acre, determined by multiplying your approved yield (based on your records) by the coverage level percentage you choose.

**Revenue Protection Guarantee**—For revenue protection only, amount determined by multiplying the production guarantee by the greater of the projected price or the harvest price. If you choose the harvest price exclusion, the production guarantee is only multiplied by the projected price.

## Insurance Units

**Basic Units**—A basic insurance unit includes all your insurable canola acreage in the county in which you have 100-percent share and includes any cash-rented land. If you also grew canola on shares with another entity, that acreage would be a separate basic unit. A 10-percent premium discount applies. Talk to your agent for more details.

**Optional Units**—A basic unit may be divided into two or more optional units by Farm Service Agency farm serial number (FSN), irrigated and non-irrigated acreage, or organic practice. No premium discount applies. Talk to your agent for more details.

**Enterprise Unit**—All insurable canola in the county in which you have a share. To qualify for an

enterprise unit, you must:

- Insure under yield or revenue protection; and
- have at least two FSN that each have the lesser of 20 acres or 20 percent of the insured crop acreage in the enterprise unit; or
- Have one FSN with at least 660 planted acres.

A variable premium discount and increased premium subsidy apply. Talk to your agent for more details.

**Whole Farm Unit**—Available for Revenue Protection policies only. A variable premium discount applies. You will be required to pay separate administrative fees for each crop included in the whole-farm unit. Talk to your agent for more details.

## Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your approved yield. For example, an approved yield of 1700 pounds per acre would result in a guarantee of 1105 pounds per acre at the 65-percent coverage level. Crop insurance premiums are subsidized as shown in the following table. Your share of the premium will be 100 percent minus the subsidy amount. For example, if you select the 75-percent coverage level, the premium subsidy is 55 percent. Your premium share is 45 percent of the premium for optional or basic units ( $100-55=45$  percent), 23 percent for an enterprise unit ( $100-77=23$  percent), or 20 percent for a whole farm unit ( $100-80=20$  percent).

Coverage Level %	50	55	60	65	70	75
<b>Percent Premium Subsidy</b>						
<b>Basic/Optional Unit</b>	67	64	64	59	59	55
<b>Enterprise Unit</b>	80	80	80	80	80	77
<b>Whole Farm Unit</b>	80	80	80	80	80	80

Catastrophic Risk Protection (CAT) coverage is fixed at 50 percent of your approved yield and 55 percent of the projected price. CAT is 100-percent subsidized with no premium cost to you. There is however, an administrative fee of \$300 per crop per county, regardless of the acreage.

## Replant Provision

The amount of the replanting payment, per acre, is the lesser of 20 percent of the production guarantee or 175 pounds, multiplied by:

- The projected price for the canola crop, and
- The percent share.

## Prevented Planting

Prevented planting coverage is 60 percent of your production guarantee for timely planted acreage. If you pay an additional premium you may increase your prevented planting coverage to a level specified in the actuarial documents.

## Late Planting

The late planting period begins the day after the final planting date for the insured crop and ends 5 days after the final planting date. For insured crop acreage planted during the late planting period, the production guarantee for each acre will be reduced by 3 percent for each day planted after the final planting date.

## Loss Example

Yield protection loss occurs when canola production for the unit falls below the production guarantee as a result of damage from a covered cause of loss.

Revenue protection loss occurs when the value of production-to-count is less than the revenue protection guarantee due to a production loss and/or a loss of revenue.

Assume canola with an approved yield of 1,652 pounds per acre, 75-percent coverage level, 100-percent share and a one-acre basic unit. The projected price is \$0.272 and the harvest price is \$0.271. Due to insurable cause of loss, the production-to-count is 500 pounds.

<b>Yield Protection</b>		<b>Revenue Protection</b>
1,652	Pounds/acre APH yield	1,652
x .75	Coverage level	x .75
1,239	Pounds/acre guarantee	1,239
x \$ .272	Projected price	x \$ .272
\$ 337.01	Insurance guarantee	\$ 337.01
500	Pounds produced	500
x \$ .272	Projected/Harvest price	x \$ .271
\$ 136.00	Production to count value**	\$ 135.50
\$ 337.01	Insurance guarantee*	\$337.01
- \$ 136.00	Production to count value**	- \$ 135.50
<b>\$ 201.01</b>	<b>Indemnity/acre</b>	<b>\$ 201.51</b>

\* For Revenue Protection, the insurance guarantee is equal to the production guarantee multiplied by the greater of the projected price or the harvest price. In the example, Revenue Protection harvest guarantee equals \$337.01 (1,239 pounds per acre guarantee x \$0.272 projected price).

\*\* For Revenue Protection, the production-to-count value is equal to the production to count multiplied by the harvest price.

## Where to Buy Crop Insurance

All multi-peril crop insurance, including CAT policies, are available from private insurance agents. A list of crop insurance agents is available at all USDA Service Centers and on the RMA web site: <http://www3.rma.usda.gov/tools/agents/>

## Regional Contact

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 Valdosta Regional Office  
 106 S. Patterson St., Suite 250  
 Valdosta, GA 31601-5673  
 Telephone: (229) 219-2200  
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