



United States Department of Agriculture
Risk Management Agency

February 2013

2013 COMMODITY INSURANCE FACT SHEET

Corn

Alabama, Florida, Georgia, South Carolina

Crop Insured

All of your corn in a county, where a premium rate is provided by actuarial documents, is insurable by yield or revenue protection plans if:

- You have a share in the crop;
- The corn is insured as grain and is harvested as grain or silage (Note: Your insurance company must be notified before harvest for silage begins);
- The variety/hybrid is adapted to the area, based on days to maturity, and is compatible with agronomic and weather conditions in the area;
- The corn is not interplanted with another crop unless allowed by written agreement; or
- It is not planted into an established grass or legume unless the grass or legume is terminated prior to emergence of the insured crop.

Insurable corn includes:

- 1) yellow dent, white, or mixed yellow and white;
- 2) waxy or high-lysine;
- 3) high-oil corn blends containing mixtures of at least 90 percent high yielding yellow dent female plants with high-oil male pollinator plants; or
- 4) commercial varieties of high-protein hybrids.

See your crop insurance agent for details.

Counties Available

See your insurance agent for a listing of eligible counties.

Causes of Loss

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

¹But not damage due to insufficient or improper application of pest control measures. ²If caused by an insured peril during the insurance period. ³But not damage due to insufficient or improper application of disease control measures. ⁴For Revenue Protection, a change in the harvest price from the projected price.

Yield and Revenue Protection Insurance

One policy provides the choice of three plans:

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

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

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 insured crop;
- 3) Final adjustment of a loss;
- 4) Abandonment of the crop; or
- 5) December 10.

Important Dates

Sales Closing.....	February 28
Final Planting.....(Dates differ by state and county)	
Acreage Reporting.....	July 15
Premium Billing.....	August 15
Cancellation/Termination.....	February 28

Reporting Requirements

Acreage Report—You must report all acres of the crop, in which you have a share in the county, 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;

- 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.

Prices

Commodity Exchange Price Provisions (CEPP)

Contains information necessary to derive the projected price and harvest price for the insured crop.

Projected Price – Determined from the Chicago Board of Trade (CBOT) average daily settlement price of the September futures contract for the period of January 15 – February 14 in accordance with the Commodity Exchange Price Provisions (CEPP). Projected price is used to calculate your premium and any prevented planting payment.

Harvest Price – Determined from the CBOT average daily settlement price of the September futures contract for the period of August 1 – August 31 in accordance with 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 is calculated and approved by your insurance company.

Harvest Price Exclusion – Revenue protection with use of 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 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.

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 85 percent of your approved yield. For example, an approved yield of 60 bushels per acre would result in a guarantee of 39 bushels per acre at the 65-percent coverage level. Crop insurance premiums are subsidized as shown in the following table. Your share of the premium is 100 percent minus the subsidy amount. For example,

if you select the 65-percent coverage level, the premium subsidy is 59 percent for basic or optional units. Your premium share is 41 percent of the base premium for basic or optional units ($100-59 = 41$ percent), and 20 percent for an enterprise or whole farm unit ($100-80=20$ percent).

Coverage Level %	50	55	60	65	70	75	80	85
Unit Type:	Percent Premium Subsidy							
Basic//Optional	67	64	64	59	59	55	48	38
Enterprise	80	80	80	80	80	77	68	53
Whole Farm *	80	80	80	80	80	80	71	56

* Only available with Revenue Protection policies.

Catastrophic (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.

Insurance Units

Basic Units—A basic insurance unit includes all your insurable corn acreage in the county in which you have 100-percent share and includes any cash-rented land. If you also grew corn on shares with another entity, that acreage would be a separate basic unit. A variable 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 FSA 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 corn 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 which 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 for two or more crops. A variable premium discount and increased premium subsidy apply. Talk to your agent for more details.

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.

Replant Provision

The replanting payment is allowed if the corn is damaged by an insurable cause of loss to the extent that the remaining stand will not produce at least 90 percent of the production guarantee and it is practical to replant. The amount of the replanting payment, per acre, is the lesser of 20 percent* of the production guarantee or eight bushels, multiplied by:

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

* Applied separately to each crop replanted if a whole farm unit is applicable.

Loss Example

Yield protection loss occurs when corn 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 non-irrigated corn with an approved yield of 80 bushels per acre, 65-percent coverage level, 100-percent share, and a one acre basic unit. The projected price is \$6.32 and the harvest price is \$7.13. Due to insurable cause of loss, the production-to-count is 35 bushels.

Yield Protection		Revenue Protection
80	Bushels/Acre APH yield	80
x .65	Coverage Level	x .65
52	Bushels/Acre Guarantee	52
x \$ 6.32	Projected Price	x \$ 6.32
\$ 328.64	Insurance Guarantee	\$ 328.64
35	Bushels Produced	35
x \$ 6.32	Projected or Harvest Price	x \$ 7.13
\$ 221.20	Production to Count Value**	249.55
\$ 328.64	Insurance Guarantee*	\$ 370.76
- \$ 221.20	Production to Count Value**	- \$ 249.55
\$ 107.44	Indemnity/Acre	\$ 121.21

* 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 Revenue Protection example, the insurance guarantee increased to \$370.76 (52 bushels per acre guarantee x \$7.13 harvest 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

USDA/Risk Management Agency
 Valdosta Regional Office
 106 S. Patterson St., Suite 250
 Valdosta, GA 31601-5673
 Telephone: (229) 219-2200
 Fax: (229) 242-3566
 E-mail: rsoga@rma.usda.gov

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