United States Department of Agriculture

Risk Management Agency

Quality Loss Option

Fact Sheet
September 2020

The Quality Loss Option (QL) is a new crop insurance option that you can elect starting with the 2021 crop year. The Risk Management Agency implemented the QL in response to the 2018 Farm Bill to carry out research and development that establishes an alternative method for adjusting quality losses that will not impact your Actual Production History (APH). The QL allows exclusion of quality loss from an APH database in circumstances where a quality loss occurs. The QL will be offered at an actuarially sound premium rate.

Like yield exclusion, the QL must be elected by the sales closing date. When elected, the QL will replace post-quality adjusted (QA) production with the pre-QA production for any year the insured filed a Notice of Loss (NOL). Quality adjustment to production will be based on the applicable quality statements contained in the Special Provisions, or on applicable quality requirements allowed by Crop Provisions or endorsements, for the crop.

The QL may apply if you filed a NOL, regardless of whether you received an indemnity for that crop year. You are eligible to replace the post-QA production in your APH database with pre-QA production

The QL is an available option under Yield Protection, Revenue Protection, Revenue Protection with Harvest Price Exclusion, and APH plans of insurance. The QL is available for the following crops:

Barley	Oats
Buckwheat	Rice
Canola	Rye
Corn	Safflower
Cotton	Soybean
Flax	Sunflower
Grain Sorghum	Wheat
Malting Barley	

How this Option Works

Example:

Crop Year	Pre – QA PTC	Post – QA PTC
2015	80 bu/ac	80 bu/ac
2016	120 bu/ac	120 bu/ac
2017	**100 bu/ac**	**30 bu/ac**
2018	110 bu/ac	110 bu/ac
2019	**90 bu/ac**	**60 bu/ac**
Average	100 bu/ac	80 bu/ac

When the QL is elected, you can choose to substitute your pre-QA production amount for both 2017 and 2019 crop years. This example increases your APH to 100 bu/ac.

Where to Buy Crop Insurance

All multi-peril crop insurance, including CAT policies, are available from private crop insurance agents. A list of crop insurance agents is available on the RMA website at **www.rma.usda.gov/Information-Tools/Agent-Locator-Page**.

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