Revenue Assurance for North Dakota

Underwriting Rules – Corn, Soybeans and Wheat

1. The Revenue Assurance (RA) premium is based upon the premium calculator, county actuarial documents, crop projected harvest price, crop price volatility, as well as the application, actual production history (APH), and acreage report data submitted by the insured to the insurance company. The RA premium to be charged annually for the insurance shall be calculated at the applicable crop projected harvest price and crop price volatility established by March 5 of the current crop year. Administrative fees will be charged on a crop and county basis. A twenty dollar ($20.00) fee will apply per crop per county. The company will invoice the insured for the total producer premium and administrative fee(s) which shall be due and payable on a date specified in the Special Provisions of the County Actuarial Documents for the current crop year.

2. An application and a disclosure statement must be submitted to the company no later than the sales closing date as specified in the Special Provisions of the County Actuarial Documents, for the current crop year. All timely dated applications must be received not later than twenty (20) days after the sales closing date. Applications received more than twenty (20) days after the sales closing date will not be accepted and will be returned. Insureds requesting to change from Multiple Peril Crop Insurance (MPCI), Crop Revenue Coverage (CRC), Group Risk Plan (GRP), Income Protection (IP), Group Risk Income Protection (GRIP) or any other FCIC reinsured product to RA coverage within the company must complete an application for RA and attach a signed request to cancel the existing coverage.

3. Agents will need to use the current Chicago Board of Trade (CBOT) futures contract (November for soybeans and December for corn) for new corn and soybean crops for an early sales quote. Agents will need the current Minneapolis Grain Exchange (MGE) September spring wheat futures contract if wheat is to be included in the early sales quote.

4. The RA policy is a continuous policy and provides coverage for the succeeding crop years unless canceled by the insured or company at the time specified in the policy.

5. RA offers coverage levels of 65% through 75% for basic and optional units. The crop per-acre revenue guarantee may vary; however, the coverage level percent will be the same for each crop unit. For an enterprise unit, the crop per-acre revenue guarantee will be the same for all acres as identified in the enterprise unit and the coverage level will be 65% through 75%. For the whole-farm unit, the per-acre revenue guarantee will be the same for all insured acres and the level of coverage will be from 65% through 80%. You must select the per-acre guarantee or coverage level percent applicable for your unit structure by the sales closing date.
6. RA serves as an alternative policy to MPCI, CRC, GRP, IP, and GRIP. All corn, soybean, or wheat acreage in the county must be insured if basic, optional, or enterprise units are chosen. All corn, soybean, and wheat acreage in the county must be insured if the whole-farm unit is chosen.

7. High risk land can be insured under the RA policy. It is insurable using the high risk map area factors shown in the county actuarial documents. If you choose a high risk land exclusion option endorsement, you may insure the high risk land under an MPCI policy with the Catastrophic Risk Protection Endorsement. The application for this endorsement must be completed by the sales closing date and submitted to the company not later than twenty (20) days after the sales closing date.

8. Land not rated for MPCI coverage is not available for RA coverage. Written agreements are not allowed.

9. Any applicable MPCI good experience discount will be suspended if the insured switches from MPCI to RA. However, the insurance company will maintain good experience records and offer the discount again if the qualifying insured switches back to MPCI in the future.

10. Hail and fire exclusions are not an option with the RA policy.

11. There will be a premium discount for an enterprise unit. The discount you will receive depends on the number of different sections in which your corn, soybean or your wheat acres are insured and the discount increases up to a maximum of 10 sections.

12. There will be a premium discount for a whole-farm unit. The adjustment you receive is in addition to the enterprise unit discount. The additional discount for the whole-farm unit depends upon 1) the ratio of insured acres of the crops listed on the acreage report for the unit, 2) coverage level, 3) APH yields, and 4) projected harvest prices.

13. RA premiums are eligible for a government subsidy. The premium subsidy will not exceed that which is available under a comparable MPCI policy. [See Basic Provisions Annual Premium Section 8(D).]

14. RA uses the same reporting requirements as MPCI. The insured must report APH information by the earlier of acreage reporting date or forty-five (45) days after the cancellation date (March 15) in order to establish yield information and unit structure. The acreage reporting date is established in the County Actuarial Documents for each county for the current crop year.

15. Coverage is provided to protect against low revenue caused by low prices or low yields or some combination of both. Key variables are yield history (APH), coverage level percent, projected harvest price, and fall harvest price or the fall harvest price option, if applicable.
Regardless of the unit structure you select, (basic, optional, enterprise, or whole-farm), a claim or indemnity may not result due to a combination of low yield and high price or low price and high yield. Production fluctuations and price volatility in the market place can cause these movements. Example: Whole-farm units may not receive a payment if your corn revenue is low and your soybean or wheat revenue is high or vice-versa.

Yield history (APH) is determined using the same methods as those outlined under the existing MPCI guidelines.

Projected harvest price – This price is used to determine expected revenue. It is the simple average of the final closing daily settlement prices in February on the Chicago Board of Trade (CBOT) December corn futures contract; the simple average of the final closing daily settlement prices in February for the November soybean futures contract; and the simple average of the final closing daily settlement prices in February for the Minneapolis Grain Exchange (MGE) for the September hard red spring futures contract for the current crop year. One hundred percent of the CBOT or MGE price will be used to determine the unit revenue guarantee. Note that durum wheat can be insured as hard red spring wheat.

Fall harvest price – This price is used to value the production to count. For corn, the fall harvest price is the simple average of the final daily settlement prices in November for the December CBOT futures contract. For soybeans, the fall harvest price is the simple average of the final daily settlement prices in October for the November CBOT futures contract. For wheat (including durum) the fall harvest price is the simple average of the final daily settlement prices in August for the September MGE hard red spring wheat futures contract. Fall harvest prices will be released by FCIC by November 5 for soybeans, December 5 for corn, and September 5 for wheat.

Fall Harvest Price Option – A coverage option that allows you to use the greater of the fall harvest price or the projected harvest price to determine your revenue guarantee. For basic, optional and enterprise units, this option applies to all insurable acres of a crop in the county. For the whole-farm unit, this option will apply to all insurable acres of the applicable crops in the county.

16. The Unit Revenue Guarantee is determined by multiplying the crop per-acre revenue guarantee times the insured crop acreage, times your respective share.

17. The coverage level percent will be the same for all corn, soybean or wheat acres in the county. It is possible to have one coverage level percent on corn and a different coverage level percent on soybeans and wheat for Basic, Optional, and Enterprise units. However, only one per-acre revenue guarantee and coverage level percent is applicable for a whole-farm unit. (Reference item 5).

18. Corn planted for the development or production of hybrid seed or for experimental purposes is not an insurable crop.
19. Corn for silage is not an insurable crop. RA policy provisions provide coverage for grain varieties of insured corn acres. Any acreage that is planted to a silage variety is not insurable under the RA policy. If you later decide to harvest a grain variety as silage you must notify your crop insurance provider of your decision before harvest begins.

20. Applications need to have line items by legal locations, FSA number, and percent of interest/share.

21. If you select a whole-farm unit, you cannot select any other unit structure. You may select an enterprise unit for each crop or an enterprise unit for one crop and basic and/or optional units for the other crop. If you select an enterprise or whole-farm unit, you must report that selection by the sales closing date. Basic or optional units will be determined when the acreage is reported but may be adjusted or combined to reflect the actual unit structure when adjusting a loss.

22. Notice of an expected loss of crop revenue must be submitted not later than forty-five (45) days after the date the fall harvest price is released for each crop if unit production to count times the crop fall harvest price is less than the unit revenue guarantee.

23. Indemnity payments will be made when the fall harvest price and production to count for the crop unit are determined. This determination will be made after harvest is completed and the crop fall harvest price is announced. Indemnity payments for producers choosing the whole-farm unit will be made if the revenue at harvest time from the corn, soybean and wheat crops is less than the whole-farm unit revenue guarantee.

24. Replant payments will be based on the crop projected harvest price. The applicable RA price used to compute the per-acre revenue guarantee is used to compute the prevented or late planting payment.