Specialty Corn Insurance

What is it?
Specialty Corn insurance allows producers to insure their specialty type corn at a more favorable contract price that is reflective of their processor contract.

This program is available for both Yield Protection and Revenue Protection plans of insurance in specific states and counties if rates are available in the actuarial documents. It is important to review the actuarial documents for your county to see what types are available for insurance.

Are there eligibility requirements?
To qualify for contract pricing for blue, high amylase, high amylose, waxy, and white corn, the crop must meet the definition(s) in the Special Provisions (SP) found in the actuarial documents. If the contract does not clearly specify the type, it may be necessary for the policyholder to obtain more information from the seed supplier or seed company to prove it is an insurable type.

The contract (acreage based, acreage and production based, or production based) must be executed by the producer and the business enterprise and be in effect for the applicable crop year. The price is elected, and the contract must be available to the Approved Insurance Provider by the Acreage Reporting Date.

What are insurance options if the crop does not meet the definitions for the Specialty Types?
Corn that does not meet the specialty type requirements stated in the SP and that is insurable under the Coarse Grains Crop Provisions (Crop Provisions) will be considered grain or silage type depending on what type is insurable in a county, or otherwise specified through Written Agreement (WA).

Is a WA needed to insure blue and high amylose types?
A SP statement in certain states and counties allow insurance for blue and high amylose corn types without a WA. Section 5(b)(2)(j) of the Crop Provisions states a WA is required to insure blue and high amylose corn types. The SP allowing insurance for those two types without a WA does require these types to be grown under a contract for insurance to attach. A WA can be made for blue and high amylose corn in counties where blue and high amylose type is not available on the SPs, but the contract price is not available through a WA.

How Does Contract Pricing Work for White and Waxy Types Under a Conventional Practice?
If the producer chooses to insure as white or waxy type, using the specialty contract price, the policyholder must follow standard Actual Production History (APH) procedures located in the FCIC-18010 Crop Insurance Handbook (CIH), Para. 1523 to establish separate APH databases for each separate type; or

If the producer chooses to insure as grain type, without using the specialty contract price, the policyholder will not be required to establish separate APH database.

How Does Contract Pricing Work for White and Waxy Types Under Organic Certified and Organic Transitional Practices?
The producer may continue to insure under corn type grain (016) using the specialty contract price, available under the Contract Price Addendum (CPA), as allowed by Section I(2)(j) of the Commodity Exchange Price Provisions (CEPP), in which case the policyholder will not be required to establish separate APH databases for the specialty type; or

The producer may elect to insure as white or waxy type, without using the specialty contract price, and establish separate APH databases for the specialty type following standard APH procedures located in CIH Para. 1523 and receive the CEPP published price for conventional practices.

How Does Pricing Work for High Amylose Type?
For high amylose type, a contract is required for insurance eligibility, but the contract price is not used. For this type, the price used for the projected price and harvest price will be the result of the respective CEPP projected price and harvest price multiplied by a factor of 1.4. For example:

- $4.15 CEPP projected price  
  x 1.40 High amylose factor
  $5.81 Projected price used

- $3.83 CEPP harvest price  
  x 1.40 High amylose factor
  $5.36 Harvest price used
How Does Contract Pricing Work for Yield Protection?

Insurance is based on the contract price or at the CEPP projected price. The projected price for a fixed price contract will be the contract price. If the contract provides a premium over a price, the projected price will be that premium amount added to the CEPP projected price. If there is more than one contract price for the same type, a weighted average price for the type will be used.

The individual contract price cannot exceed the amount determined by multiplying the CEPP projected price by the maximum contract price shown in the actuarial documents.

How Does Contract Pricing Work for Revenue Protection?

Insurance is based on the contract price (with the benefit of price movement) or at the CEPP price like corn for grain. The projected price for a fixed price contract will be the contract price. The harvest price will be the CEPP projected price subtracted from the contract price and the difference added to the CEPP harvest price. The contract price cannot exceed the amount determined by multiplying the projected price by the contract price limit factor shown in the SP. For example:

- $4.25 Contract price
- $3.75 CEPP projected price
- Max contract price=$4.75
- $4.25 price used to determine guarantee

- $0.50 Difference between contract & projected price
- $4.00 CEPP harvest price
- +$0.50 Difference
- $4.50 Harvest price used to determine indemnity

If the contract provides a premium over market price, the specialty corn projected price will be the premium amount added to the CEPP projected price. The harvest price, used to determine indemnity, will be the CEPP projected price subtracted from the specialty corn projected price and the difference shall be added to the CEPP harvest price. The contract price cannot exceed the amount determined by multiplying the projected price by the contract price limit factor shown in the SP. For example:

- $3.75 CEPP projected price
- $5.00 Contract price
- $4.50 Projected price used to determine guarantee
- Max contract price=$4.50
- $4.50 used to determine guarantee

- $0.75 Difference between contract & projected price
- 4.00 CEPP harvest price
- +0.75 Difference
- $4.75 Harvest price used to determine indemnity

Do databases need separation?

Refer to FCIC-18010 Crop Insurance Handbook (CIH), Paragraph 1523, for instructions on establishing or dividing Actual Production History (APH) databases when actuarial documents release new practices/types (P/T), divide an existing P/T into new P/T(s), or modify an existing P/T specifications that may impact what P/T the crop production history is considered.

Separate APH databases are required for each P/T listed on the actuarial documents that have been produced in previous crop years or the policyholder plans to plant for the current crop year. This applies even when transitional yields (T-Yields) are the same for different types and regardless of whether the policyholder chooses to insure based on a contract price.

If the production history contained within the APH database does not change because of the new P/T code change, or the policyholder already has APH databases established according to the new P/T(s), no action is necessary except to apply the proper P/T code to the database (yield cup option may still apply).

Policyholders may certify production and acreage when establishing or dividing APH databases but must maintain and provide supporting acceptable records in accordance with applicable procedures. If T-Yields among types are the same the order of precedence to determine the higher yielding type is: grain, white, waxy, high amylase, high amylose, and blue.

Previous uninsurable acreage, crops, practices, or types made insurable by RMA can be reported and used to establish an APH database (see Para. 1305B of the 2019 Crop Insurance Handbook). High amylase (as provided in MGR-13-002.1), and White and Waxy types (as provided in PM-18-056) may be insured as provided by the options: 1) insure that specialty type using the contract price, set up on a separate APH database; or 2) insure it as regular corn for grain, not using the contract price and not having to have a separate APH database. High amylose type may be insured as provided by PM-16-006.

White and Waxy Organic Certified and Transitional practices may continue to be insured under corn type Grain (016) through the CPA, in which case the insured will not be required to establish separate APH databases for the specialty type.

How is loss adjustment handled?

Specialty corn (except blue corn, which does not receive quality adjustment) will be quality adjusted on the same basis as corn for grain. The quality adjustment discount factor (DF) charts in the SP, or the reduction in value (RIV) for corn as grain and local market price (LMP) for U.S. No. 2 yellow corn, as applicable, will be used for quality adjustment purposes, without regard to any contract price for the specialty type corn insured.

Example: A policyholder has a contract for 100 acres of high amylase corn. The contract price for high amylase corn is $5.20 per bushel. The acreage produces 40 bu. per acre (4,000 bu.). All contracted production is delivered to the processor. Due to insurable causes, the production has a test weight of 40 lbs. per bushel. As a result, the processor discounts the high amylase corn $2.00 a bushel. The policyholder receives $3.20 per bushel for the production.

On the day the corn was sold to the processor, the LMP for U.S. No. 2 yellow corn is $4.00 per bushel. The RIV for corn as grain with the same 40 lb. test weight is $2.00. Regardless of the discount applied by the processor for the high amylase corn, quality adjustment will be based on the RIV for corn as grain and the LMP for U.S. No. 2 yellow corn at the time of sale. In accordance with the SP, the Quality Adjustment Factor (QAF) and production to count will be determined as follows:

- $2.00 corn as grain RIV / $4.00 U.S. No. 2 yellow corn LMP = .500 DF
- 1.000-.500 DF = .500 QAF
- 100 acres X 40 bu. = 4,000 bu. of high amylase corn X .500 QAF= 2,000 bu. production to count.
## Contract Pricing Eligibility and Features by Type

<table>
<thead>
<tr>
<th>Corn Type</th>
<th>Contract Price</th>
<th>Factor</th>
<th>Yield Protection</th>
<th>Revenue Protection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>High Amylase</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>High Amylose</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Waxy</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>White</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Grain</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

## Additional Information


Interested farmers should contact their crop insurance agent to discuss options. A list of crop insurance agents is available at all USDA Service Centers and online at the [RMA Agent Locator](#).

This fact sheet gives only a general overview of the crop insurance program and is not a complete policy. For further information and an evaluation of your risk management needs, contact a crop insurance agent.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual’s income is derived from any public assistance program. (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, complete, sign and mail a program discrimination complaint form, (available at any USDA office location or online at www.ascr.usda.gov), to: United States Department of Agriculture; Office of the Assistant Secretary for Civil Rights; 1400 Independence Ave., SW; Washington, DC 20250-9410. Or call toll free at (866) 632-9992 (voice) to obtain additional information, the appropriate office or to request documents. Individuals who are deaf, hard of hearing, or have speech disabilities may contact USDA through the Federal Relay service at (800) 877-8339 or (800) 845-6136.