

INFORMATIONAL MEMORANDUM: PM–17-063

DATE November 20, 2017

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Richard H. Flournoy, Deputy Administrator /s/ Richard H. Flournoy
11/20/2017

SUBJECT: 2018 Crop Year Organic Rice Price Factor, Organic Cotton Price Premium, and
Popcorn Factors

Background

Organic Rice Factor

The Risk Management Agency (RMA) offers distinct rice organic practice prices for the following plans of insurance: Yield Protection; Area Yield Protection; Supplemental Coverage Option (SCO) Yield Protection; Revenue Protection; Area Revenue Protection; SCO Revenue Protection; Revenue Protection with Harvest Price Exclusion (HPE); Area Revenue Protection with HPE; and SCO Revenue Protection with HPE. The definitions and specifications for the rice organic practice prices are provided in the 'Commodity Exchange Price Provisions (CEPP) Section II: Rice' document at www.rma.usda.gov/Policy-and-Procedure/Insurance-Plans/Commodity-Exchange-Price-Provisions-CEPP.

The methodology used to calculate the organic practice rice prices is posted on the RMA website under the publications tab at rma.usda.gov/pubs/. The following 2018 CY organic practice price factor will be applied to conventional practice rice prices, as determined in accordance with the CEPP, to derive the organic practice rice prices:

- Organic Practice Rice Price Factor 1.34

Organic Cotton Price Premium

The 'Commodity Exchange Price Provisions (CEPP) Section II: Cotton' document, located at www.rma.usda.gov/Policy-and-Procedure/Insurance-Plans/Commodity-Exchange-Price-Provisions-CEPP, authorizes RMA to derive organic practice cotton prices for the following plans of insurance: Yield Protection; Area Yield Protection; SCO Yield Protection; Revenue Protection; Area Revenue Protection; SCO Revenue Protection; Revenue Protection with HPE; Area Revenue Protection with HPE; SCO Revenue Protection with HPE; Stacked Income Protection Plan – Revenue Protection; and Stacked Income Protection Plan – Revenue Protection with HPE.

The methodology used to calculate the organic practice cotton prices is posted on the RMA website under the publications tab at rma.usda.gov/pubs/. The following 2018 CY organic practice price premium will be added to the conventional practice cotton prices, as determined in accordance with the CEPP, to derive the organic practice cotton prices:

- Organic Practice Cotton Price Premium \$ 0.40 per pound

Popcorn Factors

The Popcorn Revenue Coverage (Pilot) Crop Provisions specify that projected and harvest prices shall be the "price for grain type corn determined in accordance with the [CEPP] multiplied by a factor..." The factor converts the conventional per bushel corn price into a per pound popcorn price for the following plans of insurance: Area Yield Protection; SCO Yield Protection; Revenue Protection; Area Revenue Protection; SCO Revenue Protection; Revenue Protection with HPE; Area Revenue Protection with HPE; and SCO Revenue Protection with HPE. The Special Provisions of Insurance contain similar language for the projected price for Yield Protection. The following conversion factor is applicable for the 2018 CY:

- Popcorn Conversion Price Factor 0.0430

RMA offers distinct organic practice prices for popcorn. An organic popcorn factor converts conventional per bushel corn prices into per pound organic popcorn prices for the same plans of insurance specified above. The following conversion factor is applicable for the 2018 CY:

- Organic Practice Popcorn Conversion Price Factor 0.0619

DISPOSAL DATE:

December 31, 2018