

**SUMMARY OF CHANGES FOR THE PRODUCTION AND REVENUE HISTORY  
PILOT PLAN OF INSURANCE GENERAL PROVISIONS  
(Released April 2026)**

The following is a brief description of changes to the Production and Revenue History Pilot Plan of Insurance General Provisions that will be effective for the 2027 and succeeding crop years. Please refer to the Crop Provisions for more complete information.

- Section 1 –
  - In the definition of “continuous production and revenue reports,” clarified the base period is the APH base period;
  - Removed the definition of “direct marketing” because it is defined in the Basic Provisions;
- Section 3 –
  - In paragraph (a), clarified production reporting requirements are “in lieu of” the requirements in the Basic Provisions;
  - In paragraph (c), changed the deadline for submitting production and revenue reports to the production reporting date, on an annual basis;
  - In paragraph (d), removed unnecessary reference to the Basic Provisions;
  - In paragraph (e),
    - In paragraph (3), circumstances that will result in reductions to approved yields were moved to the PRH General Provisions from the Basic Provisions;
    - Renumbered paragraphs;
- Section 5 – In paragraph (c)(5)(i), clarified how to apply the cost tolerance value when gross and actual revenues do not exist in the database;
- Section 10 – In paragraph (b), clarified the availability of optional units is specified in the Crop Provisions or Special Provisions;
- Section 13 – Added to provide requirements for preharvest appraisals for direct marketing and the maintenance of production records;
- Throughout –
  - Removed periods behind section titles;
  - Removed obsolete references to 7 CFR part 400 subpart G – Actual Production History;
  - Clarified for plain language (for example, replaced spelled out numbers with the numeric symbol, and replaced “e.g.,” with for “example”); and
  - Added the word “section” to clarify paragraph references.



**UNITED STATES DEPARTMENT OF AGRICULTURE  
FEDERAL CROP INSURANCE CORPORATION  
PRODUCTION and REVENUE HISTORY (PRH) PILOT PLAN OF INSURANCE  
GENERAL PROVISIONS**

The Production and Revenue History (PRH) plan of insurance provides insurance based on individual historical production and revenue of the insured crop. PRH is offered under the Common Crop Insurance Policy, Basic Provisions (Basic Provisions). PRH is available as yield protection and 2 forms of revenue protection: revenue protection and revenue protection plus. You must select only 1 form of protection. Each form of protection uses your personal crop production and revenue history to establish the guarantee. All 3 forms of protection have the same liability per acre insured, but losses are determined differently. Individual Crop Provisions under PRH may limit the form(s) of protection available.

In addition to the AGREEMENT TO INSURE in the Basic Provisions, if a conflict exists among the policies, the order of precedence is (1) the Catastrophic Risk Protection Endorsement, as applicable; (2) the Special Provisions; (3) the actuarial documents; (4) the Crop Provisions; (5) these PRH Pilot General Provisions; and (6) the Basic Provisions.

**1. Definitions**

**Actual price** – A price per unit of production (bushel, pound, etc.) determined by dividing the actual total revenue for each buyer type by the quantity of production sold to obtain that same revenue.

**Actual revenue** – A per acre value determined by dividing the sum of actual total revenues (from all buyer types) for each crop, crop type, planting period, and organic practice combination by the corresponding number of planted acres for such combination for the crop year. Crop, crop type, planting periods, and practices will be specified in the actuarial documents.

**Actual total revenue** – Revenue for a crop year based on records submitted by you including records on any claims for indemnities (crop insurance indemnities do not contribute to actual total revenue). Actual total revenue is differentiated by crop, crop type, planting period, organic practice, and buyer type combinations, as specified in the actuarial documents. Actual total revenue is determined in accordance with section 4 and is used to compute your actual price and actual revenue.

**Actual yield** – In addition to the definition of actual yield in the Basic Provisions, only marketable production is used to compute the actual yield for PRH.

**Adjusted transitional revenue** – A percentage of the transitional revenue used when less than 3 acceptable annual revenue reports are certified. If no acceptable revenue reports are certified, the adjusted transitional revenue is 65 percent of the transitional revenue. If 1 acceptable revenue report is certified, the adjusted transitional revenue is 80 percent of the transitional revenue. If 2 acceptable revenue reports are certified, the adjusted transitional revenue is 90 percent of the transitional revenue.

**Approved projected price** – A price used to calculate the guarantee, premium, any replant payment, and any prevented planting payment, as applicable. Unless otherwise specified in the Crop Provisions or Special Provisions, it is the lesser of the personal projected price or the projected price published in the actuarial documents.

**Assigned revenue** – An actual revenue assigned to you if reporting requirements of this policy are not met. Assigned revenues are considered the same as actual

revenues when calculating the average revenue.

**Average revenue** – Calculated in accordance with section 4(a), a per acre value determined from yearly actual revenues, assigned revenues, transitional revenues, and adjusted transitional revenues in your database, as applicable.

**Buyer type** – As specified in the Crop Provisions or Special Provisions.

**Commodity Exchange Price Provisions (CEPP)** – In lieu of the definition in the Basic Provisions, the Commodity Exchange Price Provisions (CEPP) are not applicable.

**Continuous production and revenue reports** – Production and revenue reports submitted by an insured for each consecutive crop year (within the APH base period), including the most recent crop year in the APH base period. Rules for reporting continuity of records apply to either an applicant or an insured when certifying percentages of grade or grade factors, when applicable.

**Crop year** – In lieu of the definition of crop year in the Basic Provisions, the period within which the insured crop is normally grown, and designated by the calendar year in which the crop is normally harvested. For crops with multiple planting periods or growing seasons, the crop year is designated by the calendar year in which the final planting of the crop is normally harvested. However, for PRH purposes the term does not include any year when the crop was not planted or when the crop was prevented from being planted by an insured cause of loss.

**Database** – Unless otherwise specified in the Crop Provisions, a set of data containing a minimum of 4 crop years up to a maximum of 10 crop years of revenues or yields used to compute your protection guarantee. Both yield and revenue databases must contain the same crop years; assigned yields and revenues, adjusted yields, transitional yields, transitional revenues, and adjusted transitional revenues, may be used to accomplish this.

**Expected revenue factor** – A value determined by RMA that is used to adjust your yield or revenue protection guarantee when it is determined the yield or revenue protection guarantee per acre does not reflect the likely revenue per acre for the upcoming crop year. The factor will be contained in the actuarial documents. In addition to section 3(e)(1) of the Basic Provisions, the expected

revenue factor will be published in the actuarial documents not later than 15 days prior to the sales closing date.

**Free On Board (FOB) Origin sale price** – A sale price that reflects the crop's value standardized to the location from which your sales for the crop typically originate. It does not include the value of costs associated with delivering the crop from such location to the buyer.

**Gross price** – A price per unit of production (bushel, pound, etc.) determined by dividing the gross total revenue for each buyer type by the quantity of production sold to obtain that same revenue.

**Gross total revenue** – Revenue for a crop year based on records submitted by you including records on any claims for indemnities (crop insurance indemnities do not contribute to gross total revenue). Gross total revenue is differentiated by crop, crop type, planting period, organic practice, and buyer type combinations, as specified in the actuarial documents. Gross total revenue is based on free-on-board origin sale prices as determined in accordance with section 4 and is used to calculate your gross price.

**Guarantee limitation factor** – This factor will be 1.00 unless you plant acreage in excess of the amount permitted as specified in the Crop Provisions or actuarial documents. To calculate the guarantee limitation factor when planted acres exceed the limitation, multiply the greatest number of acres for which the crop was grown within the 3 preceding crop years by the percentage limitation, and divide by the total planted acres for the current crop year. For example, the greatest number of acres planted and insured in the 3 preceding crop years is 100 acres. The percentage limitation is 125 percent. The insured plants 150 acres for the current crop year. The guarantee limitation factor for this example is 0.833, calculated as:  $[(100 \text{ acres} \times 125 \text{ percent}) / 150 \text{ acres}]$ .

**Harvest and post-harvest activities** – Activities starting with removal of the crop from the plant and including all subsequent activities that occur until the crop is sold, which contribute to the free-on-board origin sale price. Such activities include picking, packing, hauling, storing, cooling, washing, sorting, grading, and marketing.

**Harvest price** – In lieu of the definition of harvest price in the Basic Provisions, a harvest price is determined in accordance with section 4. A harvest price may be assigned during an appraisal to value production to count that is unsold. A harvest price may also be used to value production to count that is sold at an unreasonable price or that has unreasonable costs. Harvest prices may not include the value added by harvest and post-harvest activities. Harvest prices may be determined from records submitted by you, including records on any claims for indemnities that you have signed, if applicable.

**Marketable** – As specified in the Crop Provisions.

**Personal projected price** – Unless otherwise specified in the Crop Provisions, a price you have demonstrated you are likely to obtain. It is differentiated by crop, crop type, planting period, and organic practice combinations, as applicable, and based on information in your databases, as determined in section 4(b).

**Production report** – In lieu of the definition of production report in the Basic Provisions, the production report is a

written record supported by verifiable records showing annual planted acreage (insurable and uninsurable), production (sold and unsold), and any appraised production. The report also contains such information from previous years, as applicable. Information contained in a claim for indemnity is considered a production report for the crop year for which the claim was filed. In addition, appraisals conducted on acreage intended for direct marketing, accompanied by verifiable records for such acreage, will be considered a production report. Production report requirements are found in section 3.

**Projected price** – In lieu of the definition of projected price in the Basic Provisions, a price published in the actuarial documents not later than 15 days prior to the sales closing date.

**Revenue protection** – In lieu of the definition of revenue protection in the Basic Provisions, a plan of insurance that provides protection against loss of revenue due to a production loss, price decline, or a combination of both.

**Revenue protection guarantee (per acre)** – In lieu of the definition of revenue protection guarantee (per acre) in the Basic Provisions, for both forms of revenue protection under PRH, the amount determined by multiplying the production guarantee (per acre) by: your approved projected price (for the given crop, crop type, planting period, and organic practice), the percentage of the approved projected price you elect, and the expected revenue factor. This is the same as the yield protection guarantee (per acre).

**Revenue protection plus** – A form of revenue protection where the lower of the revised weighted average harvest price or the approved projected price is used to value components of production to count in accordance with section 11(c)(3).

**Revenue report** – A written record supported by verifiable records showing annual: actual total revenue, gross total revenue, and quantity sold, differentiated by buyer type. The report also contains such information from previous years, as applicable. Information contained in a claim for indemnity is considered a revenue report for the crop year for which the claim was filed. In addition, appraisals conducted on acreage intended for direct marketing, accompanied by verifiable records for such acreage, will be considered a revenue report. Revenue report requirements are found in section 3.

**Revenue reporting date** – The same date as the production reporting date specified in the actuarial documents.

**Revised weighted average harvest price** – Computed in accordance with section 5, it is greater than the weighted average harvest price when for the current crop year, proportions of sales to buyer types, or the difference between gross and actual prices, or both, differ from your history by more than buyer type and cost tolerances specified in the Crop Provisions. The revised weighted average harvest price is used for both forms of revenue protection.

**Transitional revenue (T-revenue)** – An actual revenue published in the actuarial documents and used when you have fewer than 4 consecutive crop years in a database. Transitional revenue is differentiated by crop, crop type, planting period, and organic practice combinations.

**Unreasonable cost** – A value of harvest and post-harvest activities (determined by subtracting actual price from gross price for the current crop year for a given crop, crop type, planting period, organic practice, and buyer type), which is not supported by such differences in your revenue report history, as determined by us.

**Unreasonable price** – A gross price not supported by sales for like production (of the same crop, crop type and organic practice) to the same buyer type at the time of sale in your region, as determined by us.

**Verifiable records** – In addition to the definition in the Basic Provisions, verifiable records are contemporaneous and include records used to substantiate good farming practices and all information reported on the production and revenue reports. Verifiable records are from a disinterested third party, such as a warehouse, processor, packer, broker, input vendor, etc., or by measurement of farm-stored commodities. Preharvest appraisals, by us, for production sold by direct marketing are considered verifiable records. Unless otherwise specified in the Crop Provisions or Special Provisions, for commodities sold through direct marketing or by vertically integrated operations, verifiable records must include harvest labor payroll, final settlement sheets showing disposition of the insured commodities, and sales records reconcilable with revenue reported on the revenue report and for tax purposes for your farm entity.

**Vertically integrated** – Unless otherwise specified in the Crop Provisions, for the purpose of PRH a person is vertically integrated if that person alone, or in conjunction with other persons who have substantial beneficial interest in the person, is involved in 1 or more entities that participate in or conduct multiple aspects of the crop's lifecycle. Such aspects could include but are not limited to components of growing, packing, processing, marketing, transporting, sales, and distribution. Vertically integrated operations may establish an insurable interest if they maintain separate acceptable financial, marketing, production, and sales records for each different entity as required for tax purposes.

**Weighted average harvest price** – A price computed in accordance with section 5 for both forms of revenue protection. It is differentiated by crop, crop type, planting period, and organic practice combinations.

**Yield protection guarantee (per acre)** – In lieu of the definition in the Basic Provisions, the amount determined by multiplying the production guarantee (per acre) by: your approved projected price (for the given crop, crop type, planting period, and organic practice), the percentage of the approved projected price you elect, and the expected revenue factor. This is the same as the revenue protection guarantee (per acre).

## 2. Conditions of Insurance

(a) You must elect yield protection, revenue protection, or revenue protection plus in writing on our application on or before the sales closing date for the crop year for which you wish to insure an eligible crop under these provisions. Your election will remain in effect for the crop for each subsequent crop year until such time as you or we cancel it in writing in accordance with the Basic Provisions or your policy is terminated in accordance with these provisions or the Crop

Provisions.

- (b) This plan is available only for those crops and in those areas where coverage is offered as specified in the actuarial documents.
- (c) You may be required to have a minimum number of years of records, or meet other criteria specified in the Crop Provisions or Special Provisions, before coverage may be offered under these provisions.
- (d) In lieu of section 3(c)(2) of the Basic Provisions, you may select a percent of the approved projected price other than 100 percent for both forms of revenue protection, as well as yield protection. The percent selected must be no greater than 100 percent and does not impact when a loss is triggered. If less than 100 percent, it will reduce the guarantee and indemnity. The same percent must be selected for all units insured by your crop policy.
- (e) On or before the acreage reporting date, you may elect proportions of sales to different buyer types for the current crop year that are different from what is in your revenue report history.
  - (1) The proportions elected may impact your protection guarantee and the premium amount and will be used when determining your revised weighted average harvest price.
  - (2) Proportions elected must result in a change of at least 5 percent for at least 1 buyer type compared to what is in your revenue report history, and total to 100 percent. For example, your history shows 20 percent of your production has been sold to buyer type A, 30 percent has been sold to buyer type B, and 50 percent has been sold to buyer type C. This year, you elect the following proportions: 23 percent to buyer type A, 32 percent to buyer type B, and 45 percent to buyer type C. Because the difference that occurred to buyer type C was at least 5 percent, the elections made would be allowed.
  - (3) You may not elect a proportion of sales to a buyer type that is not in your history (the number of years included in your history for this purpose is determined by the number of years used to compute your average revenue in accordance with section 4). For example, if your revenue report history shows sales to buyer types B and C, you may elect different proportions of sales to buyer types B and C, but you may not elect a percentage of sales to buyer type A.

## 3. Production and Revenue Reports

- (a) In lieu of the production reporting requirement in section 3(f) and (g) of the Basic Provisions, production and revenue reports are by crop year, and all information contained in them must be supported by verifiable records. Unless otherwise specified in the Crop Provisions or Special Provisions:
  - (1) Production reports must be by county, crop, type, planting period, practice, and unit, and contain:
    - (i) All insurable and uninsurable planted acreage for each crop year reported, and your share in such acreage; and
    - (ii) Sold production, marketable harvested unsold production, and appraised

marketable production for all shares from acreage reported in 3(a)(1)(i) for each crop year reported.

- (2) Revenue reports must be by crop, crop type, planting period, organic practice, and buyer type, and contain:
  - (i) The quantity sold, actual total revenue, and gross total revenue from sold production of all shares reported in 3(a)(1), by insurable and uninsurable acreage, regardless of crop disposition. If multiple sales are made to the same buyer type, the total quantities and revenues received must be reported (i.e., the individual sales to the same buyer type are not reported, although such records must be kept). If production from multiple crop years is sold, information reported must also distinguish between production from each crop year included in such sales; and
  - (ii) Identification of any adjustments made to actual total revenue or gross total revenue as required in sections 4(d) and 4(e).
- (b) Information reported for more than 1 crop year may not have a break in continuity.
  - (1) If no insurable acreage of the type, practice, or planting period of the insured crop is planted for a year, a production report indicating 0 planted acreage and a revenue report indicating 0 sales will maintain the continuity of reports for PRH record purposes and that year will not be included in PRH calculations.
  - (2) Assigned revenues, in accordance with 3(c)(1) and approved FCIC procedures, may be used to maintain continuity of the database.
  - (3) Production and revenue from uninsured or uninsurable acreage will not be used to determine your yield or revenue protection guarantee unless production from such acreage is commingled with production from insured or insurable acreage.
- (c) You must annually report all information required on the production and revenue reports to us as required in this section for the previous crop year by the production reporting date contained in the Special Provisions unless otherwise stated in the Crop Provisions or Special Provisions, or as specified in section 18 of the Basic Provisions, if applicable.
  - (1) If you do not provide either of the required production or revenue reports, we will assign both a yield and revenue for the previous crop year.
    - (i) The assigned yield will not be more than 75 percent of the yield used by us to determine your coverage for the previous crop year.
    - (ii) The assigned revenue will not be more than 50 percent of the average revenue used to generate your protection guarantee the previous crop year.
    - (iii) The production and revenue reports or the values determined in section 3(c)(1)(i) and 3(c)(1)(ii) will be used to determine your coverage for the current crop year.
  - (2) If you file a claim for indemnity for any crop year, the documents signed by you which state the amount of production and revenues used to complete the claim for indemnity will be the production and revenue reports for that year unless otherwise specified by FCIC.
- (3) Production for the prior crop year must be reported for each proposed optional unit by the production reporting date, unless otherwise specified in the Special Provisions. If you do not provide the information stated above, the optional units will be combined into a basic unit.
- (4) Appraisals obtained from only a portion of the acreage in a field that remains unharvested after the remainder of the crop within the field has been destroyed or put to another use will not be used to establish your actual yield and actual revenue unless representative samples are required to be left by you in accordance with the Crop Provisions.
- (d) It is your responsibility to accurately report all information required on the production and revenue reports.
  - (1) You must certify to the accuracy of this information on your production and revenue reports.
  - (2) If you fail to accurately report any information or if you do not provide any required records, you will be subject to the provisions regarding misreporting contained in section 6(g) of the Basic Provisions, unless the information is corrected:
    - (i) On or before the production reporting date; or
    - (ii) Because the incorrect information was determined to be inadvertently reported by you (simply stating the error was inadvertent is not sufficient to prove the error was inadvertent); or
    - (iii) Because the incorrect information was the result of our error or the error of someone from USDA.
  - (3) If you do not have written verifiable records to support the information on your production report, you will receive an assigned yield in accordance with section 3(c)(1) , for the applicable units determined by us, for those crop years for which you do not have such records. If the conditions of section 34(b)(3) of the Basic Provisions are not met, you will receive an assigned yield for the applicable basic unit.
  - (4) If you do not have written verifiable records to support the information on your revenue report, you will receive an assigned revenue in accordance with section 3(c)(1) for the applicable crop, crop type, planting period, and organic practice combinations, for those crop years for which you do not have such records.
  - (5) At any time we discover you have misreported any information used to determine your approved yield and average revenue or your approved yield or average revenue is not correct, the following actions will be taken, as applicable:
    - (i) We will correct your approved yield or average revenue in accordance with FCIC

procedure, by assigning a yield or revenue or by using the yield or revenue we determine to be correct, for the crop year such information is not correct, and for all subsequent crop years;

- (ii) We will correct the unit structure, if necessary;
  - (iii) Any overpaid or underpaid indemnity or premium must be repaid or refunded as applicable; and
  - (iv) You will be subject to the provisions regarding misreporting contained in section 6(g)(1) of the Basic Provisions, unless the incorrect information was the result of our error or the error of someone from USDA.
- (e) In lieu of section 3(h) of the Basic Provisions, and in addition to any consequences in section 3(d), at any time the circumstances described below are discovered:
- (1) If the actual yield (for a given crop, crop type, planting period, and practice combination), actual price, or gross price is excessive for any crop year, as determined by us, and:
    - (i) You do not provide verifiable records to support the excessive value, your approved yield or average revenue will be adjusted by including an assigned yield or assigned revenue determined in accordance with section 3(c)(1); or
    - (ii) You provide verifiable records to support the excessive value:
      - (A) But the actual yield is significantly different from other yields (for a given crop, crop type, planting period, and practice combination) in the county or from your other yields (for a given crop, crop type, planting period, and practice combination) for the crop, and you cannot prove there is a valid agronomic basis to support any differences, the actual yield will be the average of your other yields (for the given crop, crop type, planting period, and practice combination) or the applicable county transitional yield if you have no other such yields for the crop;
      - (B) The actual revenue will be the applicable county transitional revenue.
  - (2) Your approved yield will be adjusted by reducing it to an amount consistent with the average of the approved yields for other APH databases for your farming operation with the same crop, type, and practice or the county transitional yield, as applicable, if:
    - (i) The approved yield is greater than 115 percent of the average of the approved yields of all applicable APH databases for your farming operation that have actual yields in them or it is greater than 115 percent of the county transitional yield if no applicable APH databases exist for comparison;

- (ii) The current year's insurable acreage (including applicable prevented planting acreage) is greater than 400 percent of the average number of acres in the APH database or the acres contained in 2 or more individual years in the APH database are each less than 10 percent of the current year's insurable acreage in the unit (including applicable prevented planting acreage); and
  - (iii) We determine there is no valid agronomic basis to support the approved yield; or
- (3) Your approved yield and average revenue will be adjusted to amounts consistent with the production methods actually carried out for the crop year if you use a different production method than was previously used, and the production method actually carried out is likely to result in an actual yield or actual revenue lower than the average of your previous actual yields and revenues.
- (i) The approved yield and average revenue for the production methods will be adjusted based on your other approved yields and average revenues where such production methods were carried out, or to the applicable county transitional yield or revenue if other such approved yields, average revenues, or both, do not exist.
  - (ii) You must notify us of changes in your production methods by the acreage reporting date. If you fail to notify us, in addition to the reduction of your approved yield and average revenue described herein, you will be considered to have misreported information and you will be subject to the consequences in section 6(g) of the Basic Provisions.
- (f) The provisions of section 6(g)(1)(i) of the Basic Provisions apply with the exception that the term "value" is synonymous with the term "revenue."

#### **4. Average Revenue, Personal Projected Price, Harvest Prices, Actual Total Revenue, and Gross Total Revenue**

- (a) Average revenue determinations depend on your election of the proportion of sales to different buyer types for the current crop year, in accordance with section 2(e). Average revenues are per acre values differentiated by crop, crop type, planting period, and organic practice combinations. Unless otherwise specified in the Crop Provisions or Special Provisions:
  - (1) For each crop year for which an assigned yield is present in a database for a given crop, crop type, planting period, and organic practice combination, an assigned revenue will be used when computing average revenue in sections 4(a)(4) and 4(a)(5).
  - (2) For each crop year for which transitional yield(s) or adjusted yield(s) are present in all databases for a given crop, crop type, planting period, and organic practice combination, a corresponding transitional revenue or adjusted transitional revenue will be used respectively when computing average revenue in sections 4(a)(4)

- and 4(a)(5), unless an assigned revenue is present in a database for the same combination, in which case the assigned revenue will be used.
- (3) For each crop year for which 1 or more databases for a given crop, crop type, planting period, and organic practice combination has an actual yield present but no assigned yield present, the actual revenue, transitional revenue, adjusted transitional revenue, or assigned revenue present in your history for that crop year and combination will be used.
  - (4) If your election of the proportion of sales to different buyer types for the current crop year is the same as what is in your history, average revenue is calculated using the most recent 5 crop years in your history, by:
    - (i) For each crop year for which an assigned revenue, transitional revenue, or adjusted transitional revenue is not applicable in accordance with sections 4(a)(1) through 4(a)(3), computing an actual revenue; and
    - (ii) For the most recent 5 crop years, summing:
      - (A) Actual revenue(s) from crop years calculated in section 4(a)(4)(i); and
      - (B) Assigned revenue(s), transitional revenue(s), or adjusted transitional revenue(s) from crops years for which these are applicable in accordance with sections 4(a)(1) through 4(a)(3); and
    - (iii) Dividing the sum of 4(a)(4)(ii) by the number of years summed;
  - (5) If your election of the proportion of sales to different buyer types for the current crop year differs from what is in your history in accordance with section 2(e), average revenue is calculated using the most recent 5 crop years in your history, by:
    - (i) For each of the most recent 5 crop years for which an assigned revenue, transitional revenue, or adjusted transitional revenue is not applicable in accordance with sections 4(a)(1) through 4(a)(3), determining what your actual revenues in each year would have been if sales to different buyer types had been made in the same proportions as the elections for the current crop year, as follows:
      - (A) Compute an actual price for each buyer type (on a crop, crop type, planting period, and organic practice basis) by dividing the actual total revenue for each buyer type by the quantity of production sold to obtain that revenue. If you make an election greater than 0 for a buyer type that you have a history of selling to in the most recent 5 crop years, but for 1 or more of these crop years no sales were made to the buyer type, the actual price for the buyer type and crop year(s) will be the historical average actual price(s) as computed in accordance with section 5(c)(1)(i);
      - (B) Multiply the actual prices computed in section 4(a)(5)(i)(A) by the corresponding percentage of sales elected for each buyer type for the current crop year, and by total production sold to all buyer types for the crop, crop type, planting period, and organic practice combination for the given crop year;
      - (C) Sum the results of section 4(a)(5)(i)(B) from all buyer types for the given crop year; and
      - (D) Divide the results of section 4(a)(5)(i)(C) by the total number of acres for the given crop, crop type, planting period, and organic practice combination for the given crop year;
    - (ii) For the most recent 5 crop years, summing:
      - (A) Revenues per acre calculated in 4(a)(5)(i); and
      - (B) Assigned revenue(s), transitional revenue(s), or adjusted transitional revenue(s) from crops years for which these are applicable in accordance with sections 4(a)(1) through 4(a)(3); and
    - (iii) Dividing the sum of section 4(a)(5)(ii) by the number of years summed.
- (b) Unless otherwise specified in the Crop Provisions or Special Provisions, a personal projected price is the result of an average revenue divided by a yield corresponding to the same crop, crop type, planting period, and organic practice combination as the average revenue, and the same crop years and number of crop years used for the average revenue calculation.
- (1) For each crop year for which an assigned revenue applies to a database in accordance with section 4(a), for a given crop, crop type, planting period, and organic practice combination, to compute a yield used to compute a personal projected price in section 4(b)(4):
    - (i) Use production associated with actual yields that are present in databases for the given crop, crop type, planting period, and organic practice combination;
    - (ii) When an assigned yield, transitional yield, or adjusted yield is present for any database for the given crop, crop type, planting period, and organic practice combination, compute a production value for such database(s) by multiplying the assigned yield, transitional yield, or adjusted yield by the number of acres associated with the database; and
    - (iii) Sum the production values from section 4(b)(1)(i) and 4(b)(1)(ii) and divide the sum by the total number of acres associated with the production summed to generate a yield for the given crop year.
  - (2) For each crop year for which a transitional revenue or adjusted transitional revenue applies to a database in accordance with section 4(a), for a given crop, crop type, planting period, and

- organic practice combination, a corresponding transitional yield or adjusted yield will apply respectively to all databases of the combination when computing a yield used to compute a personal projected price in section 4(b)(4).
- (3) For each crop year for which an actual revenue applies to a database in accordance with section 4(a), for a given crop, crop type, planting period, and organic practice combination, sum the production associated with the actual yields and divide the sum by the number of acres associated with such production to compute a yield used to compute a personal projected price in section 4(b)(4).
  - (4) Using the most recent 5 crop years in your history, compute a yield used to compute a personal projected price by:
    - (i) Summing yields for a given crop, crop type, planting period, and organic practice combination as determined in sections 4(b)(1) through 4(b)(3); and
    - (ii) Dividing the sum of section 4(b)(4)(i) by the number of years summed.
- (c) Harvest prices may be determined from all sales (for which price and cost are not determined to be unreasonable) of undamaged production or production damaged due to an insured cause of loss for the current crop year. Harvest prices are differentiated by crop, crop type, planting period, and organic practice combinations (i.e., separate annual prices would be computed for each combination of these factors). Harvest prices are applied to production of the current crop year that is unsold (harvested or appraised), sold at an unreasonable price, or for which cost is unreasonable. Harvest prices may only be applied to other production of the same crop, crop type, planting period, and organic practice combination. If production that was valued using a harvest price is sold prior to the revenue reporting date, the production must be valued following the requirements in this section. Harvest prices may not be less than 0.
- (1) If any undamaged production has been sold, the harvest price for such production and any remaining unsold undamaged production is:
    - (i) The revenue obtained from sales of such production (including the revenue earned by any other shares or interests not covered by this policy) valued at a free-on-board origin sale price, minus the value of harvest and post-harvest activities; and
    - (ii) The value in section 4(c)(1)(i) divided by the corresponding quantity of undamaged production sold;
  - (2) If no undamaged production has been sold, the harvest price for any undamaged production will equal the approved projected price unless otherwise stated in the Crop Provisions or Special Provisions.
  - (3) If production damaged due to an insured cause of loss has been sold, the harvest price for such production is:
    - (i) The revenue obtained from sales of such production (including the revenue earned by any other shares or interests not covered by this policy) valued at a free-on-board origin sale price, minus the value of harvest and post-harvest activities; and
    - (ii) The value in section 4(c)(3)(i) divided by the corresponding quantity sold to obtain that value.
- (4) If you have unsold production damaged due to an insured cause of loss:
    - (i) And damage is similar to that of the sold production damaged due to an insured cause of loss, the harvest price for such unsold production is that determined for the sold production damaged due to an insured cause of loss in section 4(c)(3).
    - (ii) And damage is not similar to that of the sold production damaged due to an insured cause of loss, or no production damaged due to an insured cause of loss has been sold, the harvest price for marketable unsold production damaged due to an insured cause of loss will equal that from section 4(c)(1) if applicable (i.e., undamaged production was sold). If not applicable (i.e., no undamaged production was sold), the harvest price will equal the approved projected price, unless section 4(c)(4)(iii) applies.
    - (iii) And it has not been sold because it is not marketable due to an insured cause of loss, as determined by us, and you certify you have destroyed the production, the harvest price for such production is 0.
  - (5) The harvest price will be the approved projected price:
    - (i) For any production that is damaged, lost, or unmarketable due to an uninsured cause of loss; and
    - (ii) When valuing the production guarantee for acreage damaged due to an uninsured cause of loss, put to another use, abandoned, or for which you fail to provide records of production and revenue that are acceptable to us.
  - (6) If allowed in the Crop Provisions, if you choose not to harvest undamaged production or marketable production damaged due to an insured cause of loss because the current market price you would obtain would not be high enough to cover the costs of harvest and post-harvest activities, you may choose to determine the harvest price for such production as specified in the Crop Provisions or actuarial documents.
  - (7) If we determine production has been sold at an unreasonable price or that cost is unreasonable, or if RMA determines we should have determined production was sold at an unreasonable price or that cost is unreasonable:
    - (i) The harvest price for such production will equal prices determined in section 4(c)(1) for undamaged production or in section 4(c)(3)

for production damaged due to an insured cause of loss, if such prices were from production not sold at an unreasonable price and for which cost is not unreasonable; or

- (ii) If such sales prices in section 4(c)(7)(i) cannot be determined, the harvest price for such production will equal the approved projected price.

- (d) Actual total revenue is the sum of all revenue obtained from sales of the current crop year's production (including the revenue earned from any other shares or interests not covered by this policy) based on free-on-board origin sale prices, minus the value of harvest and post-harvest activities; it may not be less than 0. Actual total revenue is differentiated by crop, crop type, planting period, organic practice, and buyer type combinations. If a harvest price is used to value any sold production as specified in section 4(c)(7), that harvest price multiplied by the production to which it applies will be used when computing actual total revenue.
- (e) Gross total revenue is the sum of all revenue obtained from sales of the current crop year's production (including the revenue earned from any other shares or interests not covered by this policy) based on free-on-board origin sale prices. Gross total revenue is differentiated by crop, crop type, planting period, organic practice, and buyer type combinations. If a harvest price is used to value any sold production as specified in section 4(c)(7), such production must be valued at a reasonable price when computing gross total revenue.
- (f) The yield or revenue protection guarantee (per acre) will be summed to the unit level.
- (g) If you add land, new practices, types, or varieties to your farming operations, and you do not have available records for the added land, practices, types, or varieties, you may have a yield or revenue protection guarantee for the added land, practices, types, or varieties based on adjusted yields and adjusted transitional revenues as determined by us in accordance with FCIC procedures.

##### **5. Calculation of Weighted Average Harvest Price and Revised Weighted Average Harvest Price**

- (a) A weighted average harvest price is computed for each crop, crop type, planting period, and organic practice combination for both forms of revenue protection as follows:
  - (1) Multiply each harvest price for production determined in sections 4(c)(1), 4(c)(2), 4(c)(3), 4(c)(4)(i), 4(c)(4)(ii), 4(c)(5), and 4(c)(6) as applicable, including any adjustments made in accordance with section 4(c)(7), by the amount of production (harvested and appraised) to which the harvest prices apply;
  - (2) Sum the results of section 5(a)(1); and
  - (3) Divide the result of section 5(a)(2) by the total amount of production used in the calculation of section 5(a)(1).
- (b) A revised weighted average harvest price is used to compute indemnities for both forms of revenue protection (refer to section 11(c)(3)). A revised

weighted average harvest price is computed to align, within tolerances specified in the Crop Provisions, the value of this year's production with the basis upon which your guarantee is established. When tolerances are exceeded, the resulting revised weighted average harvest price will be greater than the weighted average harvest price, and may result in a reduced indemnity.

- (c) The revised weighted average harvest price is computed separately for each crop, crop type, planting period, and organic practice combination as follows:
  - (1) Determine the current crop year's actual price for each buyer type by dividing the actual total revenue for each buyer type by the quantity of production sold to obtain that revenue. If for the current crop year, no production was sold to a buyer type that has a historical percent of sales greater than 0, the historical average actual price for that buyer type will be used as the current crop year's actual price for that buyer type. The historical average actual price is computed by:
    - (i) Summing the most recent 5 years of actual total revenues in your history for the buyer type for the given crop, crop type, planting period, and organic practice combination;
      - (A) If the number of crop years used to calculate average revenue as specified in the Crop Provisions is other than 5, then the number of crop years specified in the Crop Provisions is summed;
      - (B) Do not include in the sum years where assigned revenues, transitional revenues, or adjusted transitional revenues are present in your history (ex.: if 2 of the most recent 5 years of actual total revenues in your history are assigned revenues, only 3 years will be summed); and
    - (ii) Dividing 5(c)(1)(i) by the sum of historical production sold that generated the actual total revenues summed;
  - (2) Determine the current crop year's gross price for each buyer type by dividing the gross total revenue for each buyer type by the quantity of production sold to obtain that revenue. If for the current crop year, no production was sold to a buyer type that has a historical percent of sales greater than 0, the historical average gross price for that buyer type will be used as the current crop year's gross price for that buyer type. The historical average gross price is computed by:
    - (i) Summing the most recent 5 years of gross total revenues in your history for the buyer type for the given crop, crop type, planting period, and organic practice combination;
      - (A) If the number of crops years used to calculate average revenue as specified in the Crop Provisions is other than 5, then the number of years specified in the Crop Provisions is summed;
      - (B) Do not include in the sum, years where

- assigned revenues, transitional revenues, or adjusted transitional revenues are present in your history (ex.: if 2 of the most recent 5 years of actual total revenues in your history are assigned revenues, only 3 years will be summed); and
- (ii) Dividing 5(c)(2)(i) by the sum of all historical production sold that generated the gross total revenues summed;
- (3) Determine the current crop year's difference between gross price and actual price for each buyer type by subtracting the result of 5(c)(1) from the result of 5(c)(2);
- (4) Determine the current crop year's percent of sales to each buyer type by dividing the quantity sold to each buyer type by the total quantity sold to all buyer types;
- (5) Determine any adjustments to actual prices required to account for the current crop year's difference between gross price and actual price compared to what is in your history, for each buyer type, as follows:
- (i) Multiply the cost tolerance value specified in the Crop Provisions by:
- (A) The historical average difference between gross price and actual price, which is computed by subtracting the result of 5(c)(1)(ii) from the result of 5(c)(2)(ii); or
- (B) If you have no gross and actual revenues in your database to compute a historical average difference, the harvest cost amount found in the actuarial documents;
- (ii) Subtract the result of 5(c)(5)(i) from the result of 5(c)(3), the result of which cannot be less than 0; and
- (iii) Add the results of 5(c)(5)(ii) to the results of 5(c)(1);
- (6) Compute a weighted price of the current crop year's sales by multiplying results of 5(c)(1) for each buyer type by the corresponding results of 5(c)(4) for each buyer type, and summing the results;
- (7) Determine an adjusted weighted price by multiplying the results of 5(c)(5)(iii) for each buyer type by the corresponding results of 5(c)(4) for each buyer type, and summing the results;
- (8) Compute a weighted price tolerance by:
- (i) Multiplying the results of 5(c)(5)(iii) for each buyer type by the corresponding historical percent of sales to each buyer type, or the proportion of sales to different buyer types elected for the current crop year in accordance with 2(e) when such election is made. The historical percent of sales to each buyer type is computed as follows:
- (A) For the most recent 5 years in your history, sum production sold to each buyer type for the given crop, crop type, planting period, and organic practice combination and divide the result by the sum of all production sold for the most recent 5 years in your history;
- (B) Do not include in the sum, years where assigned revenues, transitional revenues, or adjusted transitional revenues are present in your history (ex.: if 2 of the most recent 5 years of actual total revenues in your history are assigned revenues, only 3 years will be summed);
- (C) If the number of crop years used to calculate average revenue as specified in the Crop Provisions is other than 5, then the number of years specified in the Crop Provisions is summed;
- (ii) Summing the results from 5(c)(8)(i); and
- (iii) Multiplying the result of 5(c)(8)(ii) by the buyer type tolerance value specified in the Crop Provisions; and
- (9) Determine the revised weighted average harvest price by:
- (i) Using the greater of 5(c)(7) or 5(c)(8)(iii);
- (ii) Subtracting 5(c)(6) from 5(c)(9)(i), the result of which may not be less than 0; and
- (iii) Adding the result of 5(c)(9)(ii) to the weighted average harvest price as determined in 5(a).
- 6. Duties in the Event of Damage, Loss, Abandonment, Destruction, or Alternative Use of Crop or Acreage**
- (a) Unless otherwise stated in the Crop Provisions, in lieu of section 14(b)(2) of the Basic Provisions, for crops with either form of revenue protection elected, if you are claiming a revenue loss and there is no damage or loss of production, you must give us notice not later than 45 days after the earlier of:
- (1) The date the insurance period ends for all acreage in the unit; or
- (2) The date of final harvest or picking of the crop for the unit.
- (b) Section 14(e)(1) of the Basic Provisions is not applicable.
- (c) In lieu of section 14(e)(3) of the Basic Provisions, claims for indemnity must be submitted not later than 60 days after the earlier of:
- (1) The date the insurance period ends for all acreage in the unit; or
- (2) The date of final harvest or picking of the crop on the last unit.
- 7. Annual Premium**
- In lieu of section 7(c) of the Basic Provisions, the annual premium is determined by multiplying the yield or revenue protection guarantee per acre by your insured acreage, the guarantee limitation factor, the premium rate, any premium adjustment percentages that may apply, and your share.
- 8. Access to Insured Crop, Records, and Record Retention**
- In lieu of section 21 of the Basic Provisions:
- (a) We, and any employee of USDA authorized to investigate or review any matter relating to crop insurance, have the right to examine the insured crop and all records related to the insured crop and any

mediation, arbitration, or litigation involving the insured crop as often as reasonably required during the record retention period.

- (b) You must retain, and provide upon our request, or the request of any employee of USDA authorized to investigate or review any matter relating to crop insurance:
- (1) Complete records including but not limited to the planting, replanting, inputs, production, harvesting (including harvest labor payroll), sales, any revenue earned, and disposition of the insured crop on each unit for 3 years after the end of the crop year (this requirement also applies to all such records for acreage that is not insured);
  - (2) All records used to establish information you certified on your production and revenue reports for 3 years after the calendar date for the end of the insurance period for the crop year for which you initially certified such records, unless such records have already been provided to us (For example, if you are a new insured and you certify 2015 through 2018 crop year production records in 2019 to determine your approved yield for the 2019 crop year, you must retain all records from the 2015 through 2018 crop years through the 2022 crop year. If you subsequently certify records of the 2019 crop year in 2020 to determine your approved yield for the 2020 crop year, you must retain the 2019 crop year records through the 2023 crop year and so forth for each subsequent year of production records certified); and
  - (3) While you are not required to maintain records beyond the record retention periods specified in section 8(b), if at any time we or FCIC have evidence that you, or anyone assisting you, knowingly misreported any information related to any yield or revenue you have certified, we or FCIC will replace all yields or revenues in your APH database determined to be incorrect with the lesser of an assigned yield or revenue determined in accordance with section 3, or the yield or revenue determined to be correct; and
    - (i) If an overpayment has been made to you, you will be required to repay the overpaid amount; and
    - (ii) Replacement of yields or revenues in accordance with section 8(b)(3) does not exempt you from other sanctions applicable under the terms of the policy or any applicable law.
- (c) We, or any employee of USDA authorized to investigate or review any matter relating to crop insurance, may extend the record retention period beyond 3 years by notifying you of such extension in writing.
- (d) By signing the application for insurance authorized under the Act or by continuing insurance for which you have previously applied, you authorize us or USDA,

or any person acting for us or USDA authorized to investigate or review any matter relating to crop insurance, to obtain records including but not limited to planting, replanting, inputs, production, harvesting (including harvest labor payroll), sales, any revenue earned, and disposition of the insured crop from any person who may have custody of such records, including but not limited to, FSA offices, banks, warehouses, gins, cooperatives, marketing associations, and accountants. You must assist in obtaining all records we or any employee of USDA authorized to investigate or review any matter relating to crop insurance request from third parties.

- (e) Failure to provide access to the insured crop or the farm, authorize access to the records maintained by third parties, or assist in obtaining such records will result in a determination that no indemnity is due for the crop year in which such failure occurred.
- (f) Failure to maintain or provide records will result in:
  - (1) The imposition of an assigned yield or revenue in accordance with section 3(c)(1) for those crop years for which you do not have the required production records to support a certified yield or revenue;
  - (2) A determination that no indemnity is due if you fail to provide records necessary to determine your loss;
  - (3) Combination of the optional units into the applicable basic unit;
  - (4) Assignment of production to the units by us if you fail to maintain separate records:
    - (i) For your basic units; or
    - (ii) For any uninsurable acreage; and
  - (5) The imposition of consequences specified in section 6(g) of the Basic Provisions, as applicable.
- (g) If the imposition of an assigned yield or revenue under section 8(f)(1) would affect an indemnity, prevented planting payment or replanting payment that was paid in a prior crop year, such claim will be adjusted, and you will be required to repay any overpaid amounts.

#### **9. Written Agreements**

Unless otherwise specified in the Crop Provisions or Special Provisions, section 18 of the Basic Provisions is not applicable.

#### **10. Units**

Unless otherwise specified in the Crop Provisions or Special Provisions:

- (a) Enterprise units and whole-farm units under section 34(a) of the Basic Provisions are not applicable.
- (b) In addition to sections 34(b) and 34(c) of the Basic Provisions, separate optional units may also be established as specified in the Crop Provisions or Special Provisions.
- (c) In lieu of sections 34(b)(3) and 34(b)(4) of the Basic Provisions, you must have acceptable records as required in section 3(a) for at least the previous crop year for all optional units that you will report in the current crop year. Such records must be maintained and reported for the current crop year.

#### **11. Settlement of Claim**

- (a) We will determine your loss on a unit basis.

- (1) In the event you are unable to provide records of production that are acceptable to us for any:
    - (i) Optional unit, we will combine all optional units for which acceptable records of production were not provided; or
    - (ii) Basic unit, we will allocate any commingled production to such units in proportion to liability on the harvested acreage for each unit.
  - (2) In the event you are unable to provide required revenue records, including the revenue earned by any other shares or interests in the crop not covered by this policy, no indemnity will be due.
- (b) Production to count includes:
- (1) All appraised production for the current crop year as follows:
    - (i) Not less than the production guarantee for acreage:
      - (A) That is abandoned;
      - (B) Put to another use without our consent;
      - (C) Damaged solely by uninsured causes; or
      - (D) For which you fail to provide records of production and revenue that are acceptable to us.
    - (ii) Production lost due to uninsured causes;
    - (iii) Production not marketable due to uninsured causes;
    - (iv) All unharvested production (excluding that which is not marketable due to an insured cause of loss) for crops that require a single harvest or picking to collect all the commodity; or for crops that require multiple harvests or pickings, all unharvested production (excluding that which is not marketable due to an insured cause of loss) and all unharvested potential production remaining prior to the end of insurance period or the final required harvest or picking as specified in the Crop Provisions or Special Provisions (for example, if 4 pickings are required, the 4th picking would be the final picking); and
    - (v) Potential production on insured acreage you will put to another use or abandon, if you and we agree on the appraised amount of production. Upon such agreement the insurance period for that acreage will end when you put the acreage to another use or abandon the crop. If agreement on the appraised amount of production is not reached:
      - (A) If you do not elect to continue to care for the crop, we may give you consent to put the acreage to another use if you agree to leave intact, and provide sufficient care for, representative samples of the crop in locations acceptable to us (The amount of production to count for such acreage will be based on the harvested production or appraisals from the samples at the time harvest should have occurred. If you do not leave the required

samples intact, or you fail to provide sufficient care for the samples, our appraisal made prior to giving you consent to put the acreage to another use will be used to determine the amount of production to count.); or

- (B) If you elect to continue to care for the crop, the amount of production to count for the acreage will be the harvested production, or our reappraisal if the crop is not harvested; and
- (2) All harvested marketable production from the insurable acreage for the current crop year.
- (c) Revenue to count is determined by:
  - (1) In accordance with section 4(c)(4)(iii), valuing production that is unmarketable due to an insured cause of loss at 0;
  - (2) In accordance with section 4(c)(5), valuing appraised production in 11(b)(1)(i) through 11(b)(1)(iii) at the approved projected price for the given crop, crop type, planting period, and organic practice;
  - (3) Valuing all other production to count at:
    - (i) The revised weighted average harvest price if revenue protection is elected; or
    - (ii) The lower of the revised weighted average harvest price or the approved projected price if revenue protection plus is elected; and
  - (4) Summing the results of 11(c)(1) through 11(c)(3).
  - (d) In the event of loss or damage covered by this policy, we will settle your claim by:
    - (1) Multiplying the number of insured acres in the unit, by your respective yield or revenue protection guarantee (per acre) for the given crop, crop type, planting period, and organic practice, and by the guarantee limitation factor, if applicable;
    - (2) Totaling the results of section 11(d)(1), if applicable;
    - (3) Valuing production by:
      - (i) Multiplying production to count for the unit by your percent of approved projected price selected and the approved projected price for the given crop, crop type, planting period, and organic practice if you elected yield protection; or
      - (ii) Multiplying revenue to count by your percent of the approved projected price selected if you elected either form of revenue protection;
    - (4) Totaling the results of 11(d)(3)(i) or 11(d)(3)(ii), as applicable;
    - (5) Multiplying the result of 11(d)(4) by the guarantee limitation factor, if applicable;
    - (6) Subtracting the result of 11(d)(5) from the result of 11(d)(2); and
    - (7) Multiplying the result of 11(d)(6) by your share.

**12. Claim Example**

- (a) Your history for a crop, crop type, planting period, and organic practice includes the following:

	Buyer Type A	Buyer Type B

	Amt Sold	Gross Total Rev	Actual Total Rev	Amt Sold	Gross Total Rev	Actual Total Rev
Yr 1	900	\$3,450	\$2,070	600	\$2,625	\$1,260
Yr 2	1200	\$3,969	\$2,580	600	\$2,500	\$1,200
Yr 3	700	\$2,897	\$1,680	400	\$1,911	\$860
Yr 4	950	\$3,508	\$2,280	550	\$2,420	\$1,210
Yr 5	1000	\$3,276	\$1,900	600	\$2,400	\$1,080
Total	4750	\$17,100	\$10,510	2750	\$11,856	\$5,610

- (b) This year for the same crop, crop type, planting period, and organic practice, you have 100 percent share in 100 acres. You elect 75 percent coverage level and 100 percent of the approved projected price. The expected revenue factor and projected price published in the actuarial documents are 100 percent and \$2.10 per box, respectively. The guarantee limitation factor is 1.0. Your personal projected price is \$2.15 per box, and your approved yield is 15 boxes. The cost tolerance value specified in the crop provisions is 1.1. The buyer type tolerance value specified in the crop provisions is 0.9.
- (c) Your approved projected price is \$2.10 per box (the lesser of \$2.10 or \$2.15). Your production guarantee is 11.25 boxes per acre (15 boxes multiplied by 75 percent coverage level). Your yield and revenue protection guarantees are \$23.63 per acre (11.25 production guarantee × 100 percent expected revenue factor × 100 percent of approved projected price selected × \$2.10 approved projected price).
- (d) You harvest and sell a total of 400 boxes to buyer type A, earning a gross total revenue of \$2,907 and an actual total revenue of \$872. You harvest and sell 522 boxes to buyer type B, earning a gross total revenue of \$3,307 and an actual total revenue of \$993. These sales are further differentiated by the following:
- (1) You sold 890 boxes of undamaged production for \$1,825 of actual revenue for a harvest price of \$2.05 per box. There are 50 boxes of unsold undamaged production.
  - (2) You sold 32 boxes of production damaged due to an insured cause of loss for \$40 of actual revenue for a harvest price of \$1.25 per box. There are 25 boxes of unsold marketable production with insured cause of loss damage similar to that which was sold;
  - (3) There is no other revenue from other shares or interests on the unit.
- (e) A total of 50 boxes are unmarketable due to an insured cause of loss.
- (f) A total of 5 acres were damaged due to uninsurable causes.
- (g) To compute the weighted average harvest price:
- (1) Sum revenue earned from sales of undamaged production and production damaged due to an insured cause of loss:  $\$1,825 + \$40 = \$1,865$ .
  - (2) Value unsold undamaged production and unsold marketable production damaged due to an insured cause of loss:  $(\$2.05 \times 50) + (\$1.25 \times 25) = \$133.75$ .
  - (3) Value production or acreage lost or damaged due

- to an uninsured cause of loss at the full protection guarantee:  $5 \text{ acres} \times \$23.63 = \$118.15$ .
- (4) Sum the results of (1) through (3):  $\$1,865 + \$133.75 + \$118.15 = \$2,116.90$ .
  - (5) Determine the production associated with the results of (1) through (3):  $890 + 50 + 32 + 25 + (5 \text{ acres} \times 15 \text{ approved yield} \times 75 \text{ percent coverage level}) = 1,053.25 \text{ boxes}$ .
  - (6) Divide the result of (4) by the result of (5):  $\$2,116.90 / 1,053.25 = \$2.01 \text{ per box}$ .
- (h) To compute the revised weighted average harvest price:
- (1) Determine the current crop year's actual price for each buyer type:
    - (A)  $\$872 / 400 \text{ boxes} = \$2.18 \text{ for buyer type A}$ ; and
    - (B)  $\$993 / 522 \text{ boxes} = \$1.90 \text{ for buyer type B}$ .
  - (2) Determine the current crop year's gross price for each buyer type:
    - (A)  $\$2,907 / 400 \text{ boxes} = \$7.27 \text{ for buyer type A}$ ; and
    - (B)  $\$3,307 / 522 \text{ boxes} = \$6.34 \text{ for buyer type B}$ .
  - (3) Determine the current crop year's difference between gross price and actual price for each buyer type in your history:
    - (A)  $\$7.27 - \$2.18 = \$5.09 \text{ for buyer type A}$ ; and
    - (B)  $\$6.34 - \$1.90 = \$4.44 \text{ for buyer type B}$ .
  - (4) Determine the historical average difference between gross prices and actual prices for each buyer type in your history:
    - (A) Buyer type A:  $(\$17,100 - \$10,510) / 4,750 = \$1.39$ ; and
    - (B) Buyer type B:  $(\$11,856 - \$5,610) / 2,750 = \$2.27$ ;
  - (5) Determine the current crop year's percent of sales to each buyer type:
    - (A) Buyer type A:  $400 / (400 + 522) = 43.4 \text{ percent}$ ; and
    - (B) Buyer type B:  $522 / (400 + 522) = 56.6 \text{ percent}$ ;
  - (6) Determine the historical percent of sales to each buyer type by summing total quantities sold for each buyer type, and dividing by total quantities sold for both buyer types:
    - (A)  $4,750 / (4,750 + 2,750) = 63.3 \text{ percent to buyer type A}$ ;
    - (B)  $2,750 / (4,750 + 2,750) = 36.7 \text{ percent to buyer type B}$ .
  - (7) Determine any adjustments required to account for the current crop year's differences between gross prices and actual prices compared to what is in your history, for each buyer type, and add the adjustments to the current year's average actual prices to create adjusted actual prices as follows:
    - (A) Buyer type A:  $(\$5.09 - (1.1 \times \$1.39)) + \$2.18 = \$5.74$ ; and
    - (B) Buyer type B:  $(\$4.44 - (1.1 \times \$2.27)) + \$1.90 = \$3.84$ ;
  - (8) Compute a weighted price based on what was sold for the current crop year:  $(\$2.18 \times 0.434) + (\$1.90 \times 0.566) = \$2.02$ ;
  - (9) Determine an adjusted weighted price:  $(\$5.74 \times$

- 0.434) + (\$3.84 × 0.566) = \$4.66;
- (10) Compute a weighted price tolerance based on historical sales to buyer types using the adjusted actual prices: ((0.633 × \$5.74) + (0.367 × \$3.84)) × 0.9 = \$4.54; and
- (11) The revised weighted average harvest price is: \$2.01 + (max (\$4.66, \$4.54) - \$2.02) = \$4.65;
- (i) Your indemnity under yield coverage would be \$151.15 computed as:
- (1) Total protection guarantee: 100 acres × \$23.63 protection guarantee × 1.0 guarantee limitation factor = \$2,363.
  - (2) Value of production to count: [(890 boxes + 50 boxes + 32 boxes + 25 boxes) × \$2.10 approved projected price × 100 percent of approved projected price] + (5 acres × \$23.63 per acre protection guarantee) = \$2,211.85.
  - (3) \$2,211.85 × 1.0 guarantee limitation factor = \$2,211.85.
  - (4) (\$2,363 - \$2,211.85) × 100 percent share = \$151.15 indemnity.
- (j) Your indemnity under revenue protection plus would be \$151.15 computed as:
- (1) 100 acres × \$23.63 protection guarantee × 1.0 guarantee limitation factor = \$2,363.
  - (2) Revenue to count:
    - (A) Value production that is unmarketable due to an insured cause of loss at 0: 50 boxes × \$0.00 = \$0.00;
    - (B) Value production or acreage lost or damaged due to an uninsured cause of loss at the revenue protection guarantee: 5 acres × \$23.63 per acre = \$118.15;
    - (C) Value remaining production to count at the lesser of the revised weighted average harvest price or the approved projected price: (890 + 50 + 32 + 25) × \$2.10 = \$2,093.70;
    - (D) Sum the results above: \$0.00 + \$118.15 + \$2,093.70 = \$2,211.85.
  - (3) \$2,211.85 × 100 percent of approved projected price × 1.0 guarantee limitation factor = \$2,211.85.
  - (4) (\$2,363 - \$2,211.85) × 100 percent share = \$151.15.
- (k) Your indemnity for revenue protection would be \$0.00 computed as:
- (1) 100 acres × \$23.63 protection guarantee × 1.0 guarantee limitation factor = \$2,363.
  - (2) Revenue to count:
    - (A) Value production that is unmarketable due to an insured cause of loss at 0: 50 boxes × \$0.00 = \$0.00;
    - (B) Value production or acreage lost or damaged due to an uninsured cause of loss at the revenue protection guarantee: 5 acres × \$23.63 per acre = \$118.15;
    - (C) Value remaining production to count at the revised weighted average harvest price: (890 + 50 + 32 + 25) × \$4.65 = \$4,636.05;
    - (D) Sum the results above: \$0.00 + \$118.15 + \$4,636.05 = \$4,754.20;

- (3) \$4,754.20 × 100 percent of approved projected price × 1.0 guarantee limitation factor = \$4,754.20;
- (4) (\$2,363.00 - \$4,754.20) × 100 percent share = (-\$2,391.20); indemnity equals 0.

### 13. Direct Marketing and Verifiable Records

In addition to the requirements of section 38 of the Basic Provisions, if any portion of the unit is direct marketed, you must obtain a preharvest appraisal in addition to maintaining acceptable production records.