

# Crop Insurance Plan Comparison

The products and product topics summarized in this outline are not all-encompassing and do not substitute for the policy provisions. See the policy provisions and/or contact your company for a complete description of available coverages and their terms and conditions.

## **Yield Protection (YP) (Plan 01)**

YP provides protection against a loss in yield due to unavoidable, naturally occurring events. For most crops, that includes adverse weather, fire, insects, plant disease, wildlife, earthquake, volcanic eruption, and failure of the irrigation water supply due to a naturally occurring event. Like the APH (Actual Production History) plan of insurance, YP guarantees a production yield based on the individual producer's APH. Unlike the APH plan of insurance, a price for YP is established according to the crop's applicable commodity board of trade/exchange as defined in the Commodity Exchange Price Provisions (CEPP). The projected price is used to determine the yield protection guarantee, premium, any replant payment or prevented planting payment, and to value the production to count. The coverage and exclusions of YP are similar to those for the APH plan of insurance. An indemnity is due when the value of the production to count is less than the yield protection guarantee. The main crops covered under this plan include barley (includes malting type), canola/rapeseed, corn, cotton, grain sorghum, rice, soybeans, sunflowers, and wheat.

## **Revenue Protection (RP) (Plan 02)**

Revenue protection provides protection against a loss of revenue caused by price **increase or decrease**, low yields or a combination of both (for corn silage and rapeseed, protection is only provided for production losses). This coverage guarantees an amount based on the individual producer's APH and the greater of the projected price or harvest price. Both the projected price and harvest price are established according to the crop's applicable commodity board of trade/exchange as defined in the Commodity Exchange Price Provisions (CEPP). While the revenue protection guarantee may increase, the premium will not. The projected price is used to calculate the premium and replant payment or prevented planting payment. An indemnity is due when the calculated revenue (production to count x harvest price) is less than the revenue protection guarantee for the crop acreage. Crops covered under this plan include barley (includes malting type), canola/rapeseed, corn, cotton, grain sorghum, rice, soybeans, sunflowers, and wheat. (Please note the "Maximum Price Movement" for rapeseed and corn silage on the following page.)

## **RP with the Harvest Price Exclusion (RP HPE) (Plan 03)**

RP HPE is similar to RP, however RP HPE coverage provides protection against loss of revenue caused by price **decrease**, low yields or a combination of both. Unlike RP, the revenue protection guarantee for RP HPE is based on the projected price only and it does not increase based on a harvest price. Crops covered under this plan include barley (includes malting type), canola/rapeseed, corn, cotton, grain sorghum, rice, soybeans, sunflowers, and wheat.

## **Area Yield Protection (AYP) (Plan 04)**

AYP coverage is based on the experience of the county rather than individual farms. Maintaining the insured's actual production history is now mandatory and may be used by RMA as a data source to establish and maintain the area programs. AYP indemnifies the insured in the event the final county yield falls below the insured's trigger yield. The Federal Crop Insurance Corporation (FCIC) will issue the final county yield in the calendar year following the crop year insured. Since this plan is based on county yields and not individual yields, the insured may have a low yield on their farm and not receive payment under AYP.

## **Area Revenue Protection (ARP) (Plan 05)**

Like the other area plans, ARP is based on the experience of the county rather than individual farms. Coverage is provided against loss of revenue due to a county level production loss, a price decline, or a combination of both. Upside harvest price protection is included which increases the policy protection at the end of the insurance period if the harvest price is greater than the projected price and if there is a production loss. ARP will pay a loss when the final county revenue is less than the trigger revenue which is calculated using the higher of the projected price or harvest price

## **Area Revenue Protection w/Harvest Price Exclusion (ARP-HPE) (Plan 06)**

Like AYP, ARP-HPE is based on the experience of the county rather than individual farms. Maintaining the insured's actual production history is now mandatory and may be used by RMA as a data source to establish and maintain the area programs. An ARP-HPE policy provides protection against loss of revenue due to a county level production loss, price decline, or a combination of both. This plan only uses the projected price and does not provide upside harvest price protection. An indemnity is due under ARP-HPE when the final county revenues published by FCIC are less than the trigger revenue. Since this plan is based on county revenue and not individual revenue, the insured may have a loss in revenue on their farm and not receive payment under ARP-HPE.

## **Actual Production History (APH) (Plan 90)**

APH is the oldest insurance product listed on this comparison. The APH plan of insurance provides protection against a loss in yield due to nearly all natural disasters. For most crops, that includes drought, excess moisture, cold and frost, wind, flood and unavoidable damage from insects and disease. Like YP, the APH plan of insurance guarantees a yield based on the individual producer's actual production history. Unlike YP, the available price elections are established by the Risk Management Agency. An indemnity is due when the value of the production to count is less than the liability. Of the small grain crops, only oats, rye, flax, and buckwheat remain covered under the APH plan of insurance for the 2015 crop year.

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|                                       | YP  | RP   | RP HPE   | AYP   | ARP   | ARP-HPE   | APH   |
|---------------------------------------|---|--|--|---|---|---|---|
| Plan Code                             | 01  | 02   | 03   | 04  | 05  | 06  | 90  |
| Coverage                              | individual yield  | individual revenue   | individual revenue   | area yield  | area revenue  | area revenue  | individual yield  |
| Insures Against                       | production loss   | revenue loss due to increase or decrease in price, low yield, or combination of these  | revenue loss due to decrease in price, low yield, or combination of these  | county-wide production loss   | county-wide revenue loss  | county-wide revenue loss  | production loss   |
| Administrative Fee                    | \$30<br>\$300 CAT   | \$30<br>no CAT available   | \$30<br>no CAT available   | \$30<br>\$300 CAT   | \$30<br>no CAT available  | \$30<br>no CAT available  | \$30<br>\$300 CAT   |
| Available Unit Structure              | basic, optional, enterprise, <sup>1</sup> whole-farm  | basic, optional, enterprise, <sup>1</sup> whole-farm   | basic, optional, enterprise, <sup>1</sup> whole-farm   | N/A   | N/A   | N/A   | basic, optional, <sup>1</sup> enterprise, <sup>1</sup> whole-farm                               |
| Applicable Price(s)/Price Election(s) | percentage elected by insured of projected price defined by CEPP  | projected price and harvest price defined by CEPP  | projected price and harvest price defined by CEPP  | 45% (CAT), or projected price defined by CEPP                           | projected and harvest price defined by CEPP                             | projected price defined by CEPP   | percentage elected by insured of price election determined by the Risk Management Agency        |
| Maximum Price Movement                | not applicable  | harvest price not to exceed projected price x 2.00 (except for corn silage and rapeseed for which the harvest price = projected price) | harvest price not to exceed projected price x 2.00 (except for corn silage and rapeseed for which the harvest price = projected price) | not applicable  | Harvest price not to exceed projected price x 2.00                      | harvest price not to exceed projected price x 2.00                      | not applicable  |
| Coverage Level Percent Available      | 50%, 55%, 60%, 65%, 70%, 75%, <sup>1</sup> 80%, <sup>1</sup> 85%  | 50%, 55%, 60%, 65%, 70%, 75%, <sup>1</sup> 80%, <sup>1</sup> 85%   | 50%, 55%, 60%, 65%, 70%, 75%, <sup>1</sup> 80%, <sup>1</sup> 85%   | 65% (CAT), 70%, 75%, 80%, 85%, 90%                                      | 70%, 75%, 80%, 85%, 90%   | 70%, 75%, 80%, 85%, 90%   | 50%, 55%, 60%, 65%, 70%, 75%, <sup>1</sup> 80%, <sup>1</sup> 85%                                |
| APH                                   | required  | required   | required   | required  | required  | required  | required  |
| Acreage Report                        | required  | required   | required   | required  | required  | required  | required  |
| Written Agreement                     | available   | Available, but cannot establish revenue protection when coverage for crop is not provided in the state                                 | Available, but cannot establish revenue protection when coverage for crop is not provided in the state                                 | Not available   | Not available   | Not available   | available   |
| Guarantee                             | yield protection guarantee = APH approved yield x coverage level x projected price                                    | revenue protection guarantee = APH approved yield x coverage level x greater of projected price or harvest price                       | revenue protection guarantee = APH approved yield x coverage level x projected price   | policy protection = dollar amount of insurance per acre x acres x share | policy protection = dollar amount of insurance per acre x acres x share | policy protection = dollar amount of insurance per acre x acres x share | production guarantee = APH approved yield x coverage level                                      |
| Rating                                | continuous individual yield rated   | continuous individual yield rated  | continuous individual yield rated  | area yield rated  | area yield rated  | area yield rated  | continuous individual yield rated   |
| Premium                               | (1) rate x liability x applicable adjustment percentage factor(s)<br>(2) result of 1 x subsidy<br>(3) result of 1 - 2 | (1) rate x liability x applicable adjustment percentage factor(s)<br>(2) result of 1 x subsidy<br>(3) result of 1 - 2                  | (1) rate x liability x applicable adjustment percentage factor(s)<br>(2) result of 1 x subsidy<br>(3) result of 1 - 2                  | (policy protection x rate) - subsidy                                    | (policy protection x rate) - subsidy                                    | (policy protection x rate) - subsidy                                    | (1) rate x liability x applicable factor(s)<br>(2) result of 1 x subsidy<br>(3) result of 1 - 2 |

<sup>1</sup> See the County Actuarial information to determine availability.

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|   | YP   | RP   | RP HPE   | AYP   | ARP   | ARP-HPE  | APH   |
|---|--|--|--|---|---|--|---|
| <b>Subsidy Amount</b>                         | CAT=1.00;<br>basic & optional units @<br>50% coverage level=.67;<br>55-60%=.64;<br>65-70%=.59;<br>75%=.55;<br>80%=.48;<br>85%=.38;<br>for enterprise units @<br>50-70% coverage<br>level=.80;<br>75%=.77;<br>80%=.68;<br>85%=.53;<br>* whole-farm unit | basic & optional units @<br>50% coverage level=.67;<br>55-60%=.64;<br>65-70%=.59;<br>75%=.55;<br>80%=.48;<br>85%=.38;<br>for enterprise units @<br>50-70% coverage level=.80;<br>75%=.77;<br>80%=.68;<br>85%=.53;<br>for whole-farm units @<br>50-75% coverage level=.80;<br>80%=.71;<br>85%=.56 | basic & optional units @ 50%<br>coverage level=.67;<br>55-60%=.64;<br>65-70%=.59;<br>75%=.55;<br>80%=.48;<br>85%=.38;<br>for enterprise units @<br>50-70% coverage level=.80;<br>75%=.77;<br>80%=.68;<br>85%=.53;<br>for whole-farm units @<br>50-75% coverage level=.80;<br>80%=.71;<br>85%=.56 | CAT=1.00;<br>@ 70-75% coverage<br>level =.59;<br>80-85%=.55;<br>90%=.51                                       | @ 70% coverage level=.59;<br>75-80%=.55;<br>85%=.49;<br>90%=.44   | @ 70% coverage<br>level=.59;<br>75-80%=.55;<br>85%=.49;<br>90%=.44   | CAT=1.00,<br>basic & optional units<br>@ 50% coverage<br>level=.67;<br>55-60%=.64;<br>65-70%=.59;<br>75%=.55;<br>80%=.48;<br>85%=.38;<br>for enterprise units @<br>50-70% coverage<br>level=.80;<br>75%=.77;<br>80%=.68;<br>85%=.53;<br>* whole-farm unit |
| <b>High-Risk Land</b>                         | eligible for coverage  | eligible for coverage  | eligible for coverage  | insurable as long as<br>the acreage meets all<br>other requirements   | insurable as long as the<br>acreage meets all other<br>requirements   | insurable as long as the<br>acreage meets all other<br>requirements  | eligible for coverage   |
| <b>High-Risk Land<br/>Exclusion</b>           | available  | available  | available  | not available   | not available   | not available  | available   |
| <b>Hail and Fire<br/>Exclusion</b>            | available; however,<br>restricted for a whole-<br>farm unit  | available;<br>however, restricted for a<br>whole-farm unit   | available; however, restricted<br>for a whole-farm unit  | not available   | not available   | not available  | available; however,<br>restricted for a whole-<br>farm unit   |
| <b>Replanting<br/>Requirements</b>            | applicable   | applicable   | applicable   | not applicable  | not applicable  | not applicable   | applicable  |
| <b>Replanting<br/>Payments</b>                | available  | available  | available  | not available   | not available   | not available  | available   |
| <b>Late Planting<br/>Provisions</b>           | applicable   | applicable   | applicable   | not applicable  | not applicable  | not applicable   | applicable  |
| <b>Prevented Planting<br/>Provisions</b>      | applicable   | applicable   | applicable   | not applicable  | not applicable  | not applicable   | applicable  |
| <b>Notice of Loss</b>                         | required   | required   | required   | not required  | not required  | not required   | required  |
| <b>Loss Adjustment<br/>Procedure Required</b> | yes  | yes  | yes  | no  | no  | no   | yes   |
| <b>Indemnity If</b>                           | the production to count<br>x projected price is less<br>than the yield protection<br>guarantee x insured acres   | the production to count x<br>harvest price is less than the<br>revenue protection<br>guarantee x insured acres   | the production to count x<br>harvest price is less than the<br>revenue protection guarantee x<br>insured acres   | the final county yield<br>is less than the<br>trigger yield<br>(expected county<br>yield x coverage<br>level) | the final county revenue is<br>less than the trigger revenue<br>(expected county yield x the<br>greater of projected or<br>harvest price<br>x coverage level) | the final county revenue<br>is less than the trigger<br>revenue (expected county<br>yield x projected price x<br>coverage level) | the production to count<br>x price election is less<br>than the value of the<br>production guarantee x<br>insured acres   |

\* Currently there are no commodities filed and insured under this insurance plan for which coverage is offered based on whole-farm units, so no subsidy factors are filed as of the date below.