# Revenue Assurance

## Underwriting Rules B Corn, Soybeans, Spring Wheat, Winter Wheat, Feed Barley, Sunflower and Canola

1.  The Revenue Assurance (RA) premium is based upon the premium calculator, actuarial documents, crop projected harvest price, crop price volatility, as well as the application, actual production history (APH), and acreage report data submitted by the insured to the insurance company.  The RA premium to be charged annually for the insurance shall be calculated at the applicable crop projected harvest price and crop price volatility established by March 5 of the current crop year for spring crops (February 18th for Arkansas), and September 20 of the current crop year for winter wheat.  An administrative fee of $30.00 will be charged on a crop and county basis.  The company will invoice the insured on a date specified in the Special Provisions of the actuarial documents for the total producer premium and administrative fee(s).

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

3.  For an early sales quote:

    $   **For corn and soybeans,** agents will need to use the current Chicago Board of Trade (CBOT) futures contract (November for soybeans and December for corn).
    $   **For spring wheat,** agents will need to use the current Minneapolis Grain Exchange (MGE) September spring wheat futures contract.
    $   **For winter wheat** in Idaho, Indiana, Kentucky, Michigan, Ohio, and Tennessee, the projected harvest price is the simple average of the final daily settlement prices from August 15 to September 14 for the following year CBOT July soft red winter wheat futures contract.
    $   **For winter wheat** in Arkansas, Colorado, Iowa, Kansas, Missouri, Oklahoma and South Dakota, the projected harvest price is the simple average of the final daily settlement prices from August 15 to September 14 for the following year Kansas City Board of Trade (KCBT) July hard red winter wheat futures contract.
    $   **For sunflowers,** the projected harvest price equals the CBOT October soybean oil futures contract price divided by two, then subtract one.
    $   **For feed barley,** the projected harvest price is the simple average of the final daily settlement prices in February for the Winnipeg Commodity Exchange (WCE) October feed barley futures contract multiplied by 0.02177.  This factor converts the WCE price from Canadian dollars per metric ton to Canadian dollars per bushel. To convert into U.S. dollars multiply the price in Canadian dollars per bushel by the simple average of the final daily settlement prices in February on the September Canadian dollar futures contract on the Chicago Mercantile Exchange (CME).
    $   **For canola,** the projected harvest price is the simple average of the final daily settlement prices in February for the WCE November canola futures contract divided by 2,205.  This factor converts the WCE price from Canadian dollars per metric ton to Canadian dollars per pound.  To convert into U.S. dollars multiply the price in Canadian dollars per pound by the simple average of the final daily settlement prices in February on the September Canadian dollar futures contract on the CME.

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

5.  RA offers coverage levels of 65% through 85% for basic and optional units (in 5% increments only, e.g. 65%, 70%, 75%, 80%, 85%).  80-85% coverage levels are available only in counties and on crops where MPCI allows 80-85% coverage levels.  The crop per-acre revenue guarantee may vary; however, the coverage level percent will be the same for each crop unit.  For an enterprise unit, the crop per-acre revenue

guarantee will be the same for all acres in the enterprise unit.  The coverage level will be 65% through 85% (in 5% increments only, e.g. 65%, 70%, 75%, 80%, 85%).  For the whole-farm unit, the per-acre revenue guarantee will be the same for all insured acres.  The level of coverage will be from 65% through 85% (in 5% increments only, e.g. 65%, 70%, 75%, 80%, 85%).  The producer must select the coverage level percent applicable for the unit structure by the sales closing date.

6.  RA serves as an alternative policy to MPCI, CRC, GRP, IP, and GRIP.  All insurable acreage of each insured RA crop in the county must be insured under RA, except high risk land, if basic, optional, or enterprise units are chosen.  If the whole-farm unit is chosen, all insurable RA spring crops in the county that the producer grows must be insured under the RA whole farm unit, except high risk land. Winter wheat cannot be included in the whole farm RA unit.

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

8.  Land not rated for MPCI coverage is not available for RA coverage.  For example, a producer cannot obtain a written agreement for a crop under RA coverage if that crop is not insurable in that county under MPCI coverage.  Written agreements are allowed for rate only (either a rate or factor of a rate). For example, a RA crop can be insured with a written agreement if that crop is insurable in the county under MPCI coverage but a portion of the county where the crop will be grown is designated as uninsurable or unclassified on the FCI-33 crop insurance actuarial map.

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

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

11.  There will be a premium discount for basic or enterprise units.  The discount for enterprise units depends on the number of different sections in which the RA crop is planted. The discount increases up to a maximum of 10 sections (In geographic locations where Spanish, French, or military surveys exist, sections are defined as total insured acres divided by 640 acres).

12.  There will be a premium discount for a whole-farm unit.  The adjustment you receive is in addition to the enterprise unit discount.  The additional discount for the whole-farm unit depends upon 1) the ratio of insured acres of the crops listed on the acreage report for the unit, 2) coverage level, 3) APH yields, and 4) projected harvest prices.  The insured per-acre premium decreases as the number of legally defined sections on which you have insured acreage increases up to a maximum of 10 sections.  The per-acre premium also depends on the proportion of insured crop acres on the unit.  For example, if the unit contains corn, soybeans, and barley, the per-acre premium will depend on the ratio of corn to soybean insured acres, the ratio of corn to barley insured acres, and the ratio of soybean to barley insured acres.

13.  RA premiums are eligible for a government subsidy.  [See Basic Provisions, Annual Premium, Section 8(d).]

14.  RA uses the same reporting requirements as MPCI.  The insured must report APH information by the earlier of acreage reporting date or forty-five (45) days after the cancellation date (March 15 for spring wheat and September 30 for winter wheat) in order to establish yield information and unit structure. The acreage reporting date is published in the actuarial documents for each county for the current crop year.

15.  Coverage is provided to protect against low revenue caused by low prices or low yields or some combination of both.  Key variables are yield history (APH), coverage level percent, projected harvest price, and fall harvest price or the fall harvest price option, if applicable.

Regardless of the unit structure selected, (basic, optional, enterprise, or whole-farm), a claim for indemnity may not result due to a combination of low yield and high price or low price and high yield.  Production

fluctuations and price volatility in the market place can cause these movements. Example: Whole-farm units may not receive a payment if your corn revenue is low and your soybean or spring wheat revenue is high or vice-versa.

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

Projected harvest price B This price is used to determine expected per-acre revenue and calculate premium.

$ **For corn** in all covered states except Arkansas, the projected harvest price is the simple average of the final daily settlement prices in February for the CBOT December corn futures contract. For corn in Arkansas, the projected harvest price is the simple average of the final daily settlement prices in the first ten trading days in February for the CBOT December corn futures contract.

$ **For soybeans** in all covered states except Arkansas, the projected harvest price is the simple average of the final daily settlement prices in February for the CBOT November soybean futures contract. For soybeans in Arkansas, the projected harvest price is the simple average of the final daily settlement prices in the first ten trading days in February for the CBOT November soybean futures contract.

$ **For spring wheat,** the projected harvest price is the simple average of the final daily settlement prices in February for the MGE September hard red spring wheat futures contract. Note that durum wheat can be insured as hard red spring wheat.

$ **For winter wheat** in Idaho, Indiana, Kentucky, Michigan, Ohio, and Tennessee, the projected harvest price is the simple average of the final daily settlement prices from August 15 to September 14 for the following year CBOT July soft red winter wheat futures contract.

$ **For winter wheat** in Arkansas, Colorado, Iowa, Kansas, Missouri, Oklahoma and South Dakota, the projected harvest price is the simple average of the final daily settlement prices from August 15 to September 14 for the following year KCBT July hard red winter wheat futures contract.

$ **For sunflowers,** the projected harvest price is the simple average of the final daily settlement prices in February for the CBOT October soybean oil futures contract divided by two, then subtract one.

$ **For feed barley,** the projected harvest price is the simple average of the final daily settlement prices in February for the WCE October feed barley futures contract multiplied by 0.02177. This factor converts the WCE price from Canadian dollars per metric ton to Canadian dollars per bushel. To convert into U.S. dollars multiply the price in Canadian dollars per bushel by the simple average of the final daily settlement prices in February on the September Canadian dollar futures contract on the CME.

$ **For canola,** the projected harvest price is the simple average of the final daily settlement prices in February for the WCE November canola futures contract divided by 2,205. This factor converts the WCE price from Canadian dollars per metric ton to Canadian dollars per pound. To convert into U.S. dollars multiply the price in Canadian dollars per pound by the simple average of the final daily settlement prices in February on the September Canadian dollar futures contract on the CME.

One hundred percent of the CBOT, KCBT or MGE price or adjusted WCE price will be used to determine the per acre revenue guarantee.

Fall harvest price B This price is used to value the production to count.

$ **For corn**, the fall harvest price is the simple average of the final daily settlement prices in November for the CBOT December corn futures contract.

$ **For soybeans,** the fall harvest price is the simple average of the final daily settlement prices in October for the CBOT November soybean futures contract.

$ **For spring wheat**, the fall harvest price is the simple average of the final daily settlement prices in August for the MGE September hard red spring wheat futures contract.

$ **For winter wheat** in Idaho, Indiana, Kentucky, Michigan, Ohio and Tennessee, the fall harvest price is the simple average of the final daily settlement prices from July 1 to July 14 for the CBOT July soft red winter wheat futures contract.

$ For Arkansas, Colorado, Iowa, Kansas, Missouri, Oklahoma and South Dakota the fall harvest price is the simple average of the final daily settlement prices from July 1 to July 14 for the KCBT July hard red winter wheat futures contract. These prices will be released on or before August 5.

$ **For sunflowers,** the fall harvest price is the simple average of the final daily settlement prices in September for the CBOT October soybean oil futures contract divided by two, then subtract one.

$ **For feed barley,** the fall harvest price is the simple average of the final daily settlement prices in August for the WCE October feed barley futures contract multiplied by 0.02177. This factor converts the WCE price from Canadian dollars per metric ton to Canadian dollars per bushel. To convert into U.S. dollars multiply the price in Canadian dollars per bushel by the simple average of the final daily settlement prices in August on the September Canadian dollar futures contract on the CME.

$ **For canola,** the fall harvest price is the simple average of the final daily settlement prices in September for the WCE November canola futures contract divided by 2,205. This factor converts the WCE price from Canadian dollars per metric ton to Canadian dollars per pound. To convert into U.S. dollars multiply the price in Canadian dollars per pound by the simple average of the final daily settlement prices in September on the September Canadian dollar futures contract on the CME.

The fall harvest price will be released by FCIC by August 5 for winter wheat, September 5 for feed barley and spring wheat, October 5 for canola and sunflowers, November 5 for soybeans, and December 5 for corn.

Fall Harvest Price Option **B** A coverage option that allows the insured to use the greater of the fall harvest price or the projected harvest price to determine the revenue guarantee.

$ For basic, optional and enterprise units, this option applies to all insurable acres of a crop in the county.
$ For the whole-farm unit, this option applies to all insurable acres of the applicable crops, in the county, except winter wheat.

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

17. When whole-farm units are chosen, the coverage level percent will be the same for all corn, soybean, sunflower, canola, feed barley or spring wheat acres in the county. For example: it is possible to have one coverage level percent on corn and a different coverage level percent on another RA crop for Basic, Optional, and Enterprise units. However, only one per-acre revenue guarantee and coverage level percent is applicable for a whole-farm unit. (Reference item 5).

18. Corn planted for the development or production of hybrid seed or for experimental purposes is not an insurable crop.

19. Corn for silage is not an insurable crop. RA policy provisions provide coverage for grain varieties of insured corn acres. Any acreage that is planted to a silage variety is not insurable under the RA policy. If a producer later decides to harvest a grain variety as silage, the crop insurance provider must be notified of the decision before harvest begins.

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

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

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

23. If an indemnity payment is due under a Revenue Assurance policy, there are two different scenarios that are to be taken into consideration, if the Fall Harvest Option was chosen or if the Fall Harvest Option was not chosen:
    1) Without the Fall Harvest Option:

Indemnity payments will be paid after the production to count has been determined and the Fall Harvest Price has been released. Preliminary indemnity payments may not be made for partial crop losses because the valuation of the production to count could lead to an overpayment situation. The only exception would be a total crop loss (no production to count).

2) With the Fall Harvest Option:

If we do not know the Fall Harvest Price at the time a loss is determined, then RA may pay adjusted losses in two segments.

   a) First, RA pays an initial indemnity based upon the Projected Harvest Price.

   b) Second, once we know the Fall Harvest Price and if it is greater than the Projected Harvest Price, RA recalculates the indemnity payment and pays the additional indemnity due. If we know the Fall Harvest Price at the time a loss is determined, then RA will pay adjusted losses based upon the greater of the Projected Harvest Price or the Fall Harvest Price.

24. Replant payments will be based on the crop projected harvest price.

25. The applicable RA price used to compute the per-acre revenue guarantee is used to compute the prevented or late planting payment.

26. The producer may have an enterprise unit for both spring wheat and winter wheat, if other qualifications are met.

27. All spring crops, including spring wheat, are eligible for optional, basic, enterprise or whole farm units if other qualifications are met. Winter wheat may be insured under either a basic, optional, or enterprise unit if all qualifications are met but cannot be insured under a whole farm unit. However, if a whole farm unit includes spring wheat and the producer elects and qualifies for either a basic or optional unit on the winter wheat, the producer's coverage level for the whole farm unit will be limited to the coverage level the producer elected for basic and optional units.

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