



# Common Crop Insurance Policy

## Spokane Regional Office (Alaska, Idaho, Oregon, Washington)

### Positive Changes - New Common Policy

USDA's Risk Management Agency (RMA) released the new Common Crop Insurance Policy Basic Provisions and related crop provisions that will be the basis for insurance coverage starting with the 2011 crop year. The new policy combines the Actual Production History (APH), Crop Revenue Coverage (CRC), Revenue Assurance (RA) and Income Protection (IP) policies into a single policy.

### Combining Similar Policies

The Basic Provisions combines several different policies with similar features into a single policy. The new policy retains the features most important to producers from the previous policies. The new policy simplifies the insurance process offering choices instead of separate policies and is easier to understand.

### Policy Automatically Converts

Crop insurance policies are continuous contracts so active policies will renew and automatically convert to the coverage closest to the type of policy in effect for the 2010 crop year. If a policyholder does not wish to make changes to their crop insurance policy for the 2011 crop year, then no additional paperwork is required. **The chart provided on the back describes how a 2010 policy will be converted to the new policy for the 2011 crop year.** Both yield and revenue protection policies are available for the 2011 crop year under the new Basic Provisions and related crop provisions for: **barley, canola/rapeseed, corn, malting barley, and wheat.**

- **Revenue Protection Plan:** provides protection against production loss, price decline or increase, or a combination of both.
- **Yield Protection Plan:** provides protection against production loss for which revenue protection is available but is not elected.

### Price Determination

Both Revenue and Yield Protection plans will use regional exchanges to determine the projected price used to establish the insurance guarantee and premium for the crop and the harvest price used to value production to count under the Revenue Protection Plan. This pricing method is

new to policies converting from the APH plan to the Yield Protection Plan. The price discovery period, release dates, board of trade prices, and additional pricing information are in the Commodity Exchange Price Provisions (CEPP) and is available from a crop agent or on the RMA Web site:

<http://www.rma.usda.gov>

## Important Definitions

**Commodity Exchange Price Provisions** — A part of the policy that is used for all crops for which revenue protection is available. This document contains the information necessary to determine the projected price and the harvest price for the insured crop, as applicable.

**Harvest Price** — A price determined using the CEPP and used to value production to count under revenue protection.

**Projected Price** — A price determined using the CEPP and used for all crops for which revenue protection is available, whether the producer buys revenue protection or yield protection for such crops.

**Revenue Protection** — Insurance coverage that provides protection against production loss, price decline or increase, or a combination of both.

**Revenue Protection Guarantee (per acre)** — For revenue protection only, the production guarantee (per acre), times the greater of the projected price or the harvest price. If the harvest price exclusion option is chosen, the production guarantee (per acre) is multiplied by the projected price.

**Revenue Protection with Harvest Price Exclusion** — Insurance coverage that excludes the use of the harvest price in the determination of the revenue protection guarantee.

**Yield Protection** — Insurance coverage that only provides protection against a production loss for crops for which revenue protection is available but was not chosen.

**Yield Protection Guarantee (per acre)** — For a crop that has revenue protection available, the production guarantee times the projected price.

### Visit an Insurance Agent

Producers should visit with an agent early on in the sales season to discuss how the new changes may affect their farming operation. A list of crop insurance agents is available at all USDA Service Centers throughout the U.S. or at the RMA Web site: <http://www3.rma.usda.gov/tools/agents/>

### Regional Contact for RMA

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Policy conversion is entirely automated and no paperwork or further action is needed unless the policyholder wishes to make changes to the policy.

## INSURANCE PLAN CONVERSION CHART

For the 2011 crop year, CRC, RA, IP, IIP, and APH plans of insurance will no longer be available for **wheat, barley, malting barley, corn, grain sorghum, soybeans, sunflowers, and canola/rapeseed**. These crop policies will be converted for the 2011 crop year as follows:

### 2010 CROP YEAR POLICY

### CONVERTED 2011 CROP YEAR TO:

<b>Crop Revenue Coverage (CRC)</b>	→	Revenue Protection
<b>Revenue Assurance (RA)</b> with Fall Harvest Price Option	→	Revenue Protection
<b>Revenue Assurance (RA)</b> without Fall Harvest Price Option	→	Revenue Protection with Harvest Price Exclusion
<b>Actual Production History (APH)</b> (Cat Endorsement)	→	Yield Protection
<b>Income Protection (IP)/Indexed Income Protection (IIP)</b>	→	Revenue Protection with Harvest Price Exclusion
<b>CAT Income Protection (IP)/ Indexed Income Protection (IIP)</b>	→	Revenue Protection with Harvest Price Exclusion (50/100)