



United States Department of Agriculture
Risk Management Agency

July 2010

2011 COMMODITY INSURANCE FACT SHEET

Wheat

Alaska, Idaho, Oregon, Washington

Crop Insured and Availability

Wheat planted for harvest as grain in Alaska, Idaho, Oregon and Washington. Coverage is provided in most counties where commercially grown. Coverage can be obtained in counties where insurance is not available through written agreement. See a crop insurance agent.

Yield & Revenue Insurance

One policy provides the choice of three plans:

Yield Protection: Insurance coverage only providing protection against a production loss.

Revenue Protection: Insurance coverage providing protection against loss of revenue due to a production loss, price decline or increase or a combination of both.

Revenue Protection with Harvest Price Exclusion: Insurance coverage providing protection only against loss of revenue due to a production loss, price decline or a combination of both.

Projected and Harvest Price

Commodity Exchange Price Provisions (CEPP)

Contains information necessary to derive the **projected price** and the **harvest price** for the insured crop as applicable. Information includes the price discovery period, release dates, board of trade's utilized, and additional pricing information.

Available at agent's office and at the RMA web site: <http://www.rma.usda.gov>.

The **Projected Price** is used to calculate the premium, replant payment and any prevented planting payment.

The **Harvest Price** will be used to value production to count under the Revenue Protection Plan and the Revenue Protection with Harvest Price Exclusion plans of insurance.

Production Guarantees

Yield Protection guarantee: determined by multiplying the production guarantee by the projected price. The Harvest Price is not used.

Revenue Protection guarantee: determined by multiplying the production guarantee (per acre) by the greater of the projected price or the harvest price.

Revenue Protection with Harvest Price Exclusion guarantee: determined by multiplying production guarantee (per acre) by the projected price.

Important Dates

Sales Closing (ID, OR, WA).....	September 30
Sales Closing (AK).....	March 15
Acreage Report Date (Basic Wheat)	June 30
Fall seeded wheat protected by the Winter Coverage	
Endorsement Acreage Report Date	December 15
Cancellation Date	September 30
Termination Date	November 30

Insurance Period

Insurance attaches at the time of planting (on or before the final planting date) and ends the earliest of: **1)** total destruction of the insured crop on the unit; **2)** harvest of the unit; **3)** final adjustment of a loss on the unit; **4)** October 31 of the calendar year in which the crop is normally harvested; or **5)** abandonment of the crop on the unit. Note: Any acreage of wheat damaged before the final planting date, to the extent that producers in the area would not normally further care for the crop, must be replanted to an appropriate type of wheat unless insurance provider agrees replanting is not practical.

Causes of Loss

Insured perils include: adverse weather conditions, fire, insects (but not damage due to insufficient or improper application of pest control measures), plant disease (but not damage allowed because of insufficient or improper application of disease control measures), wildlife, earthquake, volcanic eruption failure of the irrigation water supply due to an insured cause of loss, or when revenue protection is in effect, a decline in the harvest price below the projected price.

Guarantee Choices and Premium Subsidy

Choice of **50 to 85 percent** (limited to 75% in Alaska) of the approved average yield (5-percent increments).

Item	Percent							
Coverage Level	50	55	60	65	70	75	80	85
Premium Subsidy	67	64	64	59	59	55	48	38
Insured Premium Share	33	36	36	41	41	45	52	62

For example, at 75 percent coverage level, the farmer paid premium would be 45 percent of the total premium. Catastrophic (CAT) coverage is fixed at 50 percent of the average yield and 55 percent of the projected price.

Additional Coverages and Options

Policy provisions offer additional coverage options:

Insurance Units

Winter Coverage Endorsement

Late and Prevented Planting

Replant Payments

Please consult your crop insurance agent for details.

Loss Examples

Assume: 100 share, 60 bu/acre production history (APH), 85% coverage level, Projected Price: \$5.55, Harvest Price differs with each example.

Yield Protection Plan			WHEAT
Production Loss	No Production Loss		Projected Price = \$5.55 Harvest Price = NOT USED
	60	60	Bu/Ac
X	0.85	0.85	Coverage Level
=	51	51	Bu/Ac Production Guarantee
X	\$5.55	\$5.55	Projected Price
=	\$283	\$283	Yield Protection Guarantee/Acre
	40	60	Bu/Ac Harvested Production
X	\$5.55	\$5.55	Projected Price
=	\$222	\$333	Value of Production to Count
	\$283	\$283	Yield Protection Guarantee/Acre
-	\$222	\$333	Value of Production to Count
	\$61	-	Per Acre Loss Payment

Revenue Protection Plan			WHEAT
example shows <u>decrease</u> in Harvest Price			
Production Loss	No Production Loss		Projected Price = \$5.55 Harvest Price = \$4.55
	60	60	Bu/Ac
X	0.85	0.85	Coverage Level
=	51	51	Bu/Ac Production Guarantee
X	\$5.55	\$5.55	Higher of Projected Price or Harvest Price
=	\$283	\$283	Revenue Protection Guarantee/Acre
	40	60	Bu/Ac Harvested Production
X	\$4.55	\$4.55	Announced Harvest Price
=	\$182	\$273	Value of Production to Count
	\$283	\$283	Revenue Protection Guarantee/Acre
-	\$182	\$273	Value of Production to Count
	\$101	\$10	Per Acre Loss Payment

Revenue Protection Plan with Harvest Price Exclusion		
example shows <u>increase</u> in Harvest Price		
Production Loss	No Production Loss	Projected Price = \$5.55 Harvest Price = \$6.55
	60	60
X	0.85	0.85
=	51	51
X	\$5.55	\$5.55
=	\$283	\$283
	40	60
X	\$6.55	\$6.55
=	\$262	\$393
	\$283	\$283
-	\$262	\$393
	\$21	-

Administrative Fees

Catastrophic (CAT) coverage: \$300 per crop per county. **Additional coverage:** \$30 per crop per county. Waivers of administrative fees for **all** coverage levels (CAT and additional) are available for limited resource farmers.

Where to Purchase

All multi-peril crop insurance (MPCI), including CAT coverage insurance policies, are available from private insurance agents. A list of crop insurance agents is available on the RMA Web site: <http://www3.rma.usda.gov/tools/agents/>

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