CROP INSURANCE

The NCIS Crop Insurance Plan Comparison (CIPC) has been updated for the 2017 crop year and is current as of October 15, 2016. This popular NCIS product is designed for use as a quick reference job aid for crop insurance company personnel, corp insurance agents and producers alike.

The CIPC is a thorough, yet compact list of major crop insurance plans of coverage. It includes a general overview and a side-by-side comparison of the available insurance products which are available on a national or almost-national basis.

Please note that the products and product topics summarized in this chart are NOT all-encompassing and do NOT substitute for the policy provisions. Please refer to the policy provisions and/or contact your company for a complete description of the available coverages and their terms and conditions.

	Yield Protection	Revenue Protection	RP with the Harvest Price Exclusion
Abbreviation–Code	YP – Plan 01	RP – Plan 02	RPHPE – Plan 03
	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 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 are on the following pages.)	RP HPE is similar to RP, however RP HPE coverage provides protection against loss of revenue caused by a 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.

PLAN COMPARISON

Area Yield Protection	Area Revenue Protection	Area Revenue Protection W/Harvest Price Exclusion	Actual Production History
AYP – Plan 04	ARP – Plan 05	ARPHPE – Plan 06	APH – Plan 90
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.	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.	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.	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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CROP INSURANCE PLAN COMPARISON

	INDIVIDUAL COVERAGE		(GROUP) AREA COVERAGE	
	Yield Based	**Revenue Based**	**Yield Based**	**Revenue Based**
Coverage	YP and APH have individual yield coverage.	RP and RPHPE have individual revenue coverage.	AYP is area yield.	ARP and ARPHPE are area revenue.
Insures Against	YP and APH insure against production loss.	RPHPE insures against revenue loss due to decrease in price, low yield or combina-tion of these. RP insures against revenue loss due to an *increase or decrease* in price, low yield, or combination of these.	AYP insures against county-wide production loss.	ARP and ARPHPE insure against county-wide revenue loss.
Administrative Fee	YP and APH both have a $300 CAT fee and a $30 administrative fee.	CAT is not available for RP and RPHPE but there is still a $30 administrative fee.	AYP has a $300 CAT fee and a $30 administrative fee.	**CAT** is not available for ARP and ARPHPE but there is still a $30 administrative fee.
Available Unit Structure (In most areas for most crops)	**Basic, optional, enterprise and whole-farm** unit structures available.		Available unit structure is not applicable.	
Applicable Price(s)/ Price Election(s)	YP's percentage is elected by insured of projected price defined by **CEPP**. APH's percentage is elected by in-sured of price election determined by the Risk Management Agency.	RP and RPHPE the projected price and harvest price are defined by CEPP.	AYP's applicable price is 45 percent for CAT coverage or the projected price defined by **CEPP**. ARP's projected and harvest prices are defined by CEPP. ARPHPE's projected price is defined by CEPP.	
Maximum Price Movement	Not applicable	RP and RPHPE's harvest price is not to exceed the projected price times 2.00 (the exception to this rule is when corn silage and rapeseed equals the projected price).	Maximum Price Movement is not applicable to AYP.	ARP and ARPHPE's harvest price is not to exceed the projected price times 2.00.

* YP = Yield Production, APH = Actual Production History, RP = Revenue Protection, RPHPE = Revenue Protection Harvest Price Exclusion, AYP = Area Yield Protection, ARP = Area Revenue Protection, ARPHPE = Area Revenue Protection with Harvest Price Exclusion, CAT = Catastrophic Risk Protection

*For **bolded** words, please refer to page four for a more in-depth explanation.

Coverage Level Percent Available **(In most areas for most crops)**	All of the yield crop insurances offer 50%, 55%, 60%, 65%, 70%, 75%, 80% and 85% coverage levels.		AYP's coverage levels are 65% (with CAT), 70%, 75%, 80%, 85% and 90%.	ARP and ARPHPE's coverage levels are 70%, 75%, 80%, 85% and 90%
APH/Acreage Report	Required to have an APH and an acreage report.		Required to have an APH and an acreage report.	
Written Agreement	YP and APH have **written agreements** available.	RP and RPHPE have written agreements available, but they cannot establish reve-nue pro-tection when coverage for the crop is not provided in the state.	**Written agreements** are not available.	
Guarantee Formula **(Example of what Yield Pro-tection Guarantee Formula looks like is shown on page three)**	Yield protection guarantee = APH approved yield x coverage level x projected price. APH production guarantee = APH approved yield x coverage level.	Revenue protection guarantee = APH approved yield x coverage level x greater of projected price or harvest price. RPHPE protection guarantee = APH approved yield x coverage level x projected price.	All area crop insurance guarantee formulas are: Policy protection = dollar amount of insurance per acre x acres x share	
Rating	Continuous individual yield rated		Area yield rated	
Applicable Price(s)/ **Price Election(s)**	YP, RP and RPHPE premiums: 1) Rate x liability x applicable adjustment percentage factors 2) Result of 1 x subsidy 3) Result of 1 - 2	APH premium: 1) Rate x liability x applicable factor(s) 2) Result of 1 x subsidy 3) Result of 1 - 2	(Policy protection x rate) - subsidy	
Notice of Loss and Loss Adjust-ment Procedure	Required		Not required	
Indemnity if…	YP: The production to count multi-plied by projected price is less than the yield protection guarantee times insured acres. APH: The production to count multiplied by price election is less than the value of the pro-duction guarantee multiplied by insured acres.	RP and RPHPE: The production to count multiplied by harvest price is less than the revenue protection guarantee multiplied by insured acres.	AYP: The final county yield is less than the expected county yield times cov-erage level.	ARP: The final county reve-nue is less than the expected county yield times the greater of projected or harvest price times coverage level. ARPHPE: The final county rev-enue is less than the expected county yield times projected price times cover-age level.

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	INDIVIDUAL COVERAGE		(GROUP) AREA COVERAGE	
	Yield Based	**Revenue Based**	**Yield Based**	**Revenue Based**
Subsidy Amount	YP and APH subsidy amounts: • CAT = 1.00 • Basic and optional units at 50% coverage level = .67 ; 55-60% = .64 65-70% = .59 75% = .55 80% = .48 85% = .38 • Enterprise units at 50-70% coverage level = .80 75% = .77 80% = .68 85% = .53 • Currently there are no com-modities filed and insured under this insurance plan for which coverage is offered based on whole-farm units.	RP and RPHPE subsidy amounts: • Basic and optional units at 50% coverage level = .67 55-60% = .64 65-70% = .59 75% = .55 80% = .48 85% = .38 • Enterprise units at 50-70% cov-erage level = .80 80% = .71 85% = .56	AYP subsidy amounts: • CAT = 1.00 • 70-75% coverage level = .59 80-85% = .55 90% = .51	ARP and ARPHPE subsidy amounts: • 70% coverage level = .59 75-80% = .55 85% = .49 90% = .44
High-Risk Land, High-Risk Land Exclusion, Hail and Fire Exclusion	All yield crop insurance plans are eligible for high-risk land cover-age and the high-risk land exclusion is available for each. The hail and fire exclusion is available for each of the plans, but it is restrict-ed for a whole-farm unit.		All area crop insurance plans are insurable as long as the acreage meets all other require-ments. However, the high-risk land exclu-sion, as well as the hail and fire exclusion, is not available for any of the area crop insurance plans.	
Replanting requirements and payments	Available		Not available	
Late planting and prevented planting provisions	Applicable		Not applicable	

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GLOSSARY

	Explanation
Individual Crop Insurance V.S. Area Crop Insurance	Yield Crop Insurance includes yield protection, revenue protection, RP with the harvest price exclusion and actual production history. Area crop insurance includes area yield production, area revenue protection and area revenue protection with harvest price exclusion.
CAT	CAT stands for catastrophic crop insurance. This form of crop insurance is in place in case of natural disasters such as earthquakes, hurricanes and floods.
CEPP	CEPP stands for commodity exchange price provisions. According to the USDA, the "CEPP specifies how and when the projected and harvest price components will be determined by crop."
Written agreements	The USDA states that a written agreement "is a document designed to provide crop insurance coverage for insurable crops when coverage or rates are unavailable in a county."
Basic, optional, enterprise and whole-farm available unit structures	Basic unit structure = A basic unit structure is determined by ownership of a commodity and is based off of cash rent and owned lands, which are considered one basic unit. Different share cropped arrangements result in multiple units within the county. Optional unit structure = Optional unit structures are subdivided basic units are popular among farmers. Farmers must keep separate records for each of their optional units and the coverage includes a rate surcharge. This structure is only available for levels exceeding the catastrophic coverage. Enterprise unit structure = Enterprise unit structures are a fairly new addition to crop insurance and include all shares of a crop within a county. This type of unit combines share cropped land with owned and rented land. Enterprise unit structures started with revenue plans and have expanded to MPCI. Note that a discount from the standard premium is given to this type of unit. Whole-farm unit structure = Whole-farm unit structures are only available on certain revenue insurance policies. This unit structure combines all eligible insured crops farmed within a county.
Subsidy amount figures	These figures are determined by the federal government and are viewed more as a discount, rather than a subsidy.
Loss Adjustment Procedure	Each crop has its own Loss Adjustment Standards Handbook. Currently there are more than 80 loss adjustment books in circulation.
Example of a yield protection guarantee	Let's say given your Actual Production History, you've averaged 150 bushels of corn in one season. Your APH = 150. The coverage level you have is 70%, so coverage level = .70; the projected price of corn that year is $4.50 so your formula will look like this: (150 x .70) 4.50 = $472.50 If the actual yield is less than 105 bushels for that particular year, you could receive an indemnity to make up for that shortfall.