CROP INSURANCE

COVERAGE COMPARISON GUIDE

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The NCIS Crop Insurance Plan Comparison is a popular NCIS product designed for use as a quick reference for crop insurance personnel, crop insurance agents, and producers. The comparison is a thorough, yet compact, list of major crop insurance plans of coverage available on a national or almost national basis. Please note the products and product topics summarized in this chart are NOT all-encompassing and DO NOT substitute for policy provisions. Please refer to the policy provisions and/or contact your company for a complete description of the available coverages, terms and conditions.

Yield Protection

YP - 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 - 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 Harvest Price Exclusion

RP-HPE - 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 - 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 - 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 with Harvest Price Exclusion

ARP-HPE - 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 - 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 current crop year.

Stacking Income Protection Plan

STAX - 35/36

The Stacked Income Protection Plan (STAX) is a new product for upland cotton introduced in the 2014 Farm Bill, which will go into effect beginning in 2015. STAX provides protection against natural causes of loss that cause county revenue to fall below a county loss trigger. STAX indemnities are not based on individual experience. Indemnity is triggered if the actual county income falls below the area loss trigger selected by the policy holder. The indemnity amount will be up to 20% of the expected county income; additional coverage will be needed in cases of deeper loss.

Supplemental Coverage Option

SCO - 31/32/33

The Supplemental Coverage Option (SCO) is new a endorsement introduced in the 2014 Farm Bill, which will go into effect beginning in 2015. SCO protects against widespread loss of yield or revenue in a county by providing coverage for a portion of the deductible of the underlying YP, RP, or RP-HPE crop insurance policy.
An indemnity is due if the county yield/revenue (depending on the base policy) falls below 86% of the expected yield/revenue. SCO will continue to apply until the county yield/revenue falls below the coverage level of the underlying policy.