

# **Crop Insurance Options for Oilseed Crops**



**USDA Risk Management Agency  
WSU Oilseed Workshops  
January 2011**



# Agenda

- Insurable Crops
- Participation
- Mustard & Canola
- Safflower & Flax
- Camelina
- Adjusted Gross Revenue (AGR/AGR-Lite)



# Disclaimer

- The purpose of the following material is to promote awareness of risk management concepts and to highlight USDA's risk management products, features, benefits and availability.
- This material does not change the content or the meaning of current policy provisions, filed actuarial documents or approved procedures.



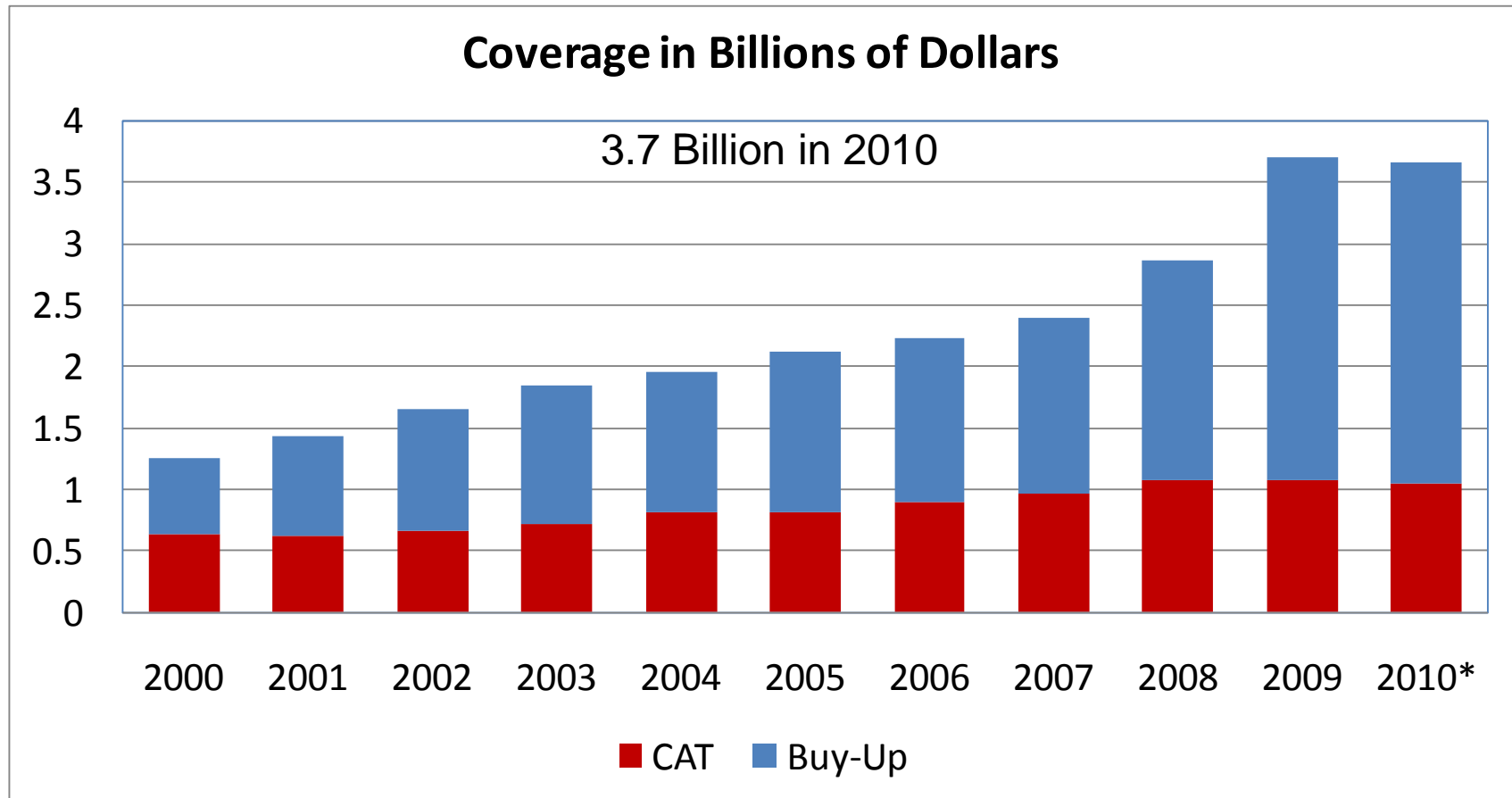
# Insurable Crops in WA

Forage (Alfalfa) Seed Pilot, Apples, Barley, Blueberry, Buckwheat, Cabbage, Canola, Cherry ARH Pilot, Corn, Cranberries, Dry Beans, Dry Peas, Grapes, Green Peas, Mint, Mustard, Nursery, Oats, Onions, Pears, Potatoes, Processing Beans, Processing Sweet Corn, Stonefruit, Sugar Beets, and Wheat

- Adjusted Gross Revenue Pilot (AGR)
- Adjusted Gross Revenue-Lite (AGR-Lite)
- Livestock Risk Protection – Cattle, Swine, Lamb
- Livestock Gross Margin – Dairy Cattle

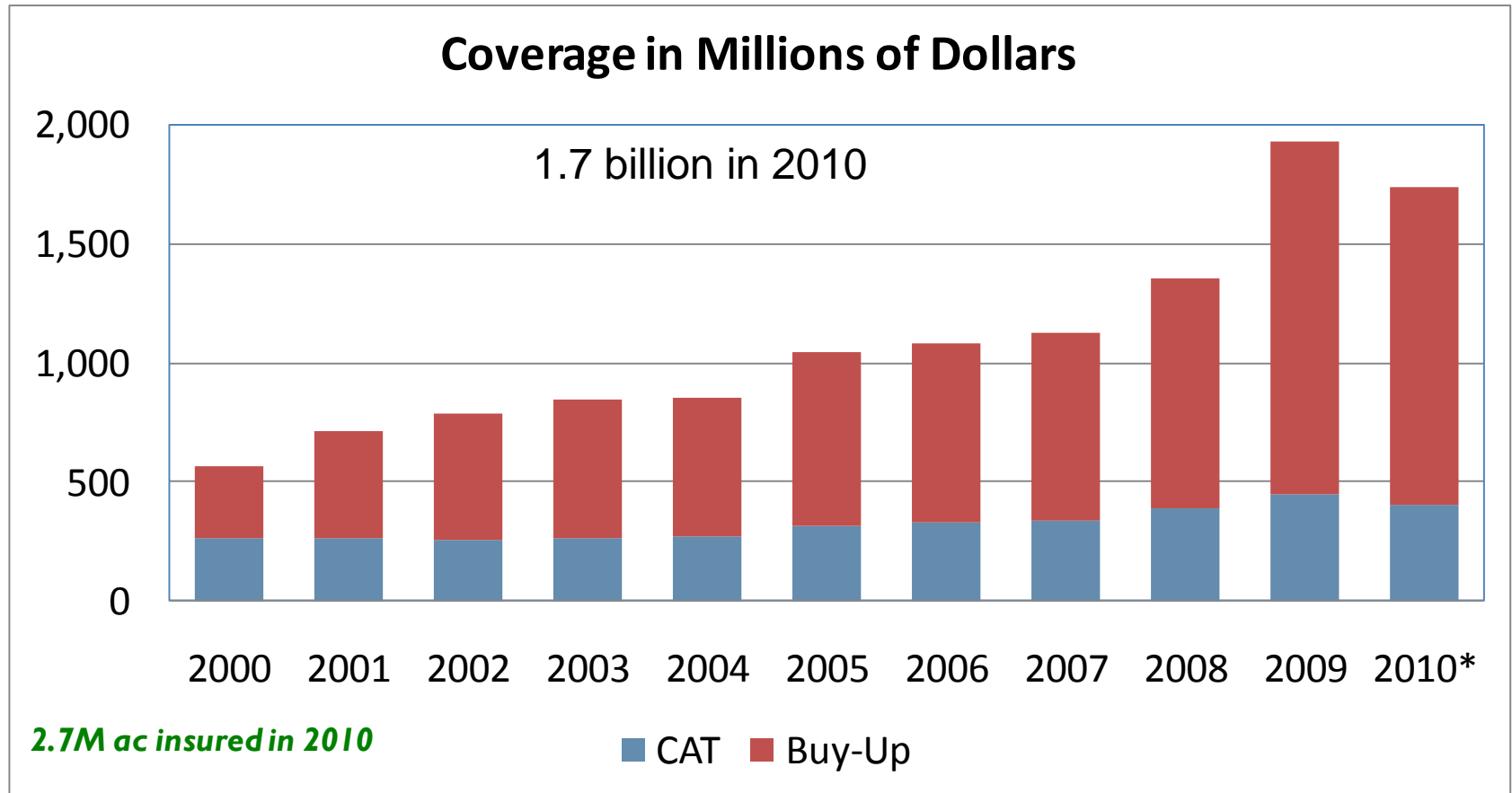
***Note: Program availability varies by county and is subject to change  
Other crops may be insured by special written agreement***

# PNW Total Crop Insurance Participation



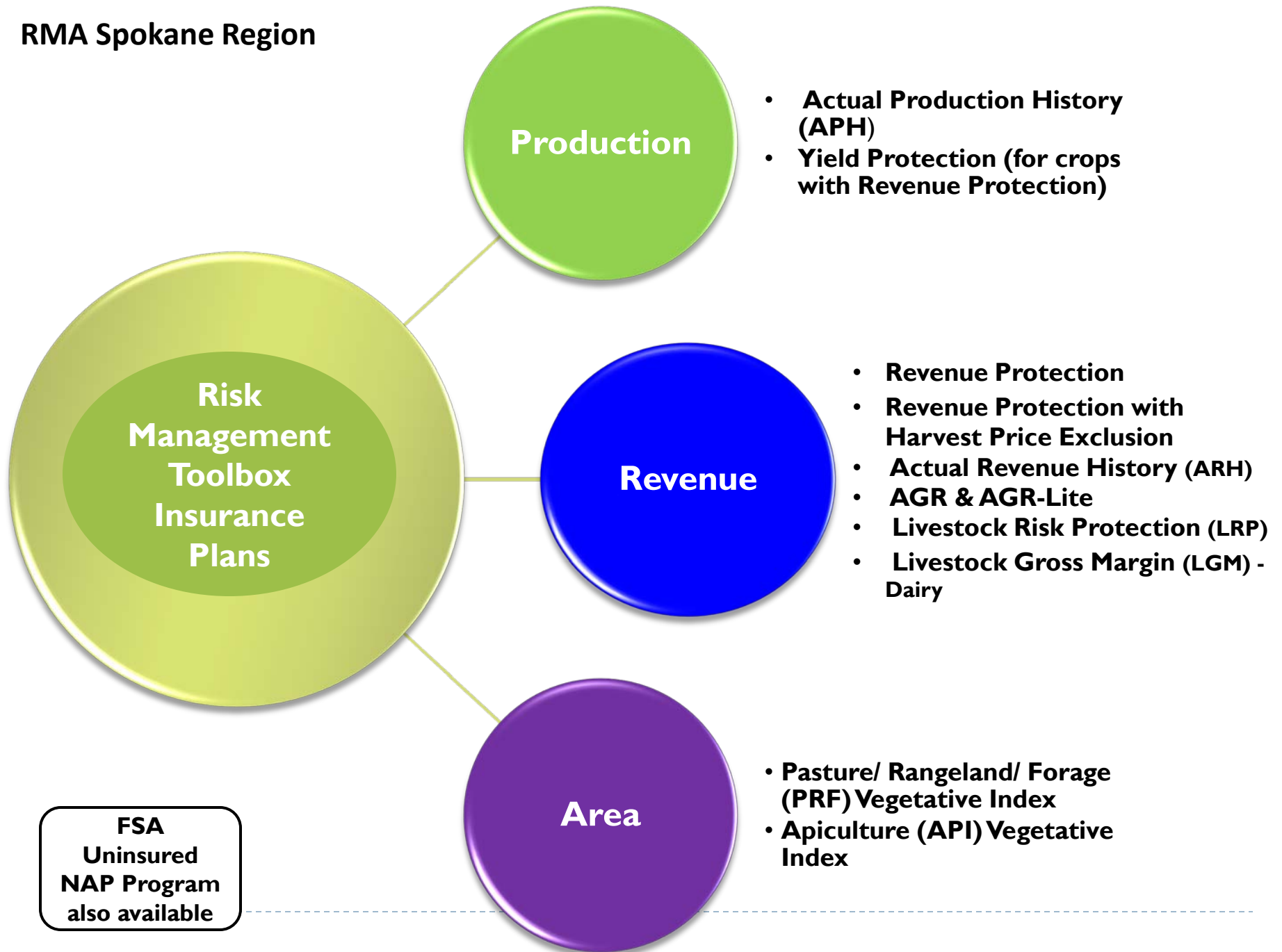
\* data not final

# Washington Insurance Participation – All Crops



\* data not final

# RMA Spokane Region



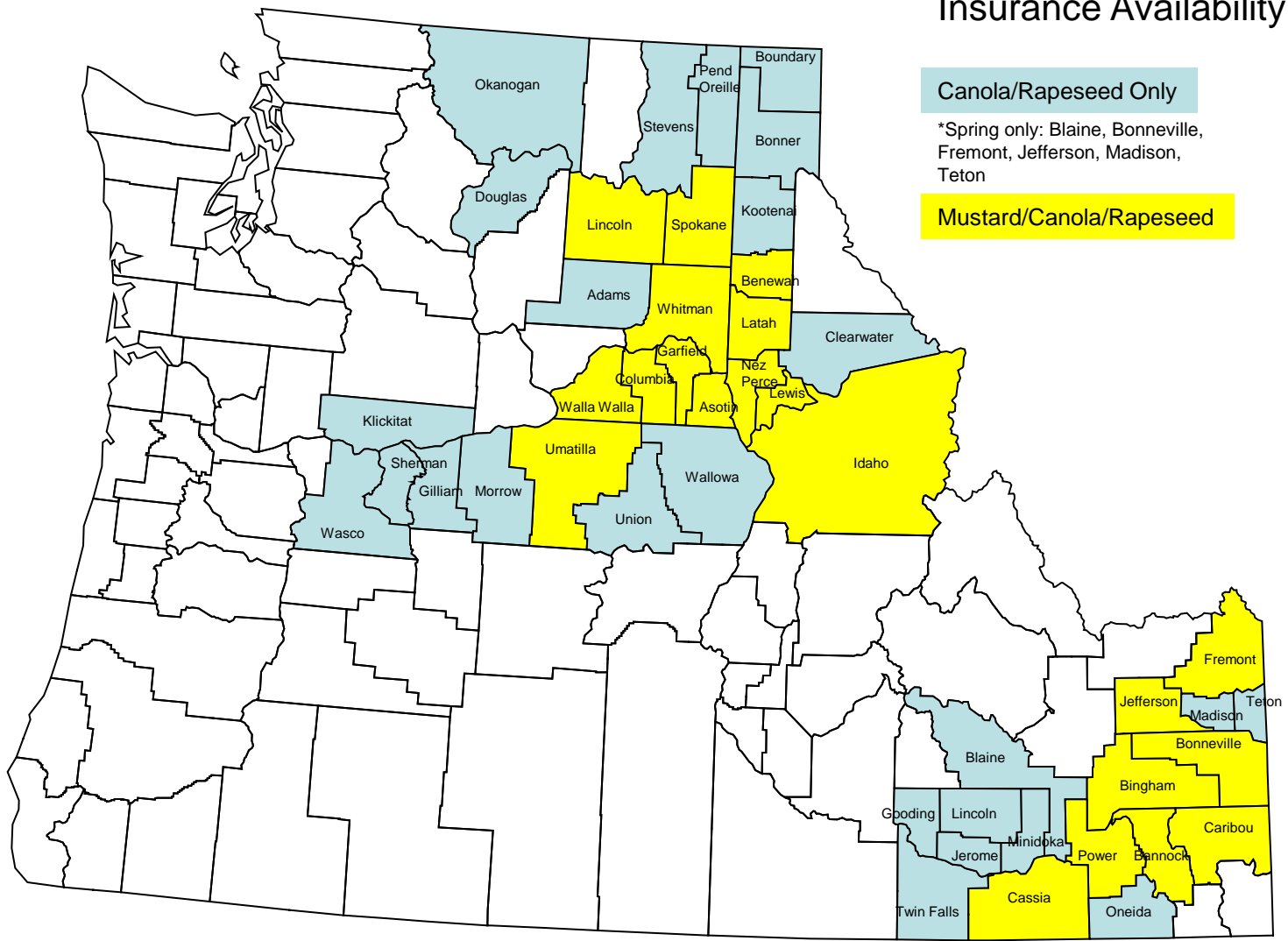


# Mustard & Canola/Rapeseed Multiple Peril Crop Insurance






# Oilseed Crops Insurance Availability



2009 – 55% of canola acreage in the region insured



# Insurable causes of loss include:

- Adverse weather conditions
- Fire, if due to natural causes
- Insects
- Plant Disease
- Wildlife
- Earthquake
- Volcanic eruption
- Failure of irrigation water supply, if caused by an insurable cause of loss
- For revenue protection (Canola), decline in the harvest price below the projected price.



# Mustard

## Insurable Crop:

- Irrigated, Non-irrigated, Organic (Certified) irrigated, Organic (Transitional) irrigated, Organic (Certified) non-irrigated and Organic (Transitional) non-irrigated Practices for Brown, Yellow, and Oriental types.
- Planted for human consumption under a processor contract.
- Crop rotation requirement – insurance will not attach to any acreage on which canola, mustard, or rapeseed were planted the preceding crop year.



# Mustard

## APH plan

- Coverage options – from 50% up to 75% of approved average yield
  - When production falls below the guarantee (your acreage yield x acres x contract price) loss payments begin
  - Catastrophic level also available
    - @ 50% coverage level and 55% of the established price



# Canola/Rapeseed

## Insurable Crop:

- Irrigated, Non-irrigated, Organic (Certified) irrigated, Organic (Transitional) irrigated, Organic (Certified) non-irrigated, and Organic (Transitional) non-irrigated Practices for Spring Types of Oleic Canola and High Erucic Rapeseed grown for seed.
- Irrigated, Summerfallow, Organic (Certified) irrigated, Organic (Transitional) irrigated, Summerfallow (OC), and Summerfallow (OT) Practices for Fall Types of Oleic Canola and High Erucic Rapeseed grown for seed.
- Crop Rotation requirement – insurance will not attach to any acreage on which canola, mustard, or rapeseed were planted the preceding crop year.



# Canola/Rapeseed

## Combo Plan

One policy provides the choice of 3 plans:

- Yield: protection against production loss.
- Revenue: protection against loss of revenue due to production loss, price decline or increase or a combination of both.
- Revenue w/ Harvest Price Exclusion: protection only against loss of revenue due to a production loss, price decline or a combination of both.





# Yield and Revenue Protection Options

- Yield Protection
  - Guarantee based on the projected price x production guarantee
- Revenue Protection
  - Guarantee based on the production guarantee (per acre) x the greater of the projected price or the harvest price.
- Revenue Protection with Harvest Price Exclusion
  - Guarantee based on the production guarantee (per acre) x the projected price.

Note: For Rapeseed the harvest price will equal the projected price i.e. no price movement.



# PRICE DETERMINATION


## Commodity Exchange Price Provisions (CEPP)

Both the Revenue and Yield Protection plans will use regional exchanges to derive the

- **projected price** used to establish the insurance guarantee, premium, replant payment and any prevented planting payment and;
- **harvest price** used to value production to count under the Revenue Protection Plans.

Complete Pricing Information available at

[www.rma.usda.gov/policies/2011/11-cepp.pdf](http://www.rma.usda.gov/policies/2011/11-cepp.pdf)



# 2011 Crop Year Price Elections

Price level at which your guarantee is calculated

- Mustard – Contract Price
- Canola (Fall) - \$0.183 / Lb (Projected Price)
- Rapeseed (Fall) - \$0.208 / Lb (Projected Price)
- Spring announced no later than March 5  
(February Discovery Period)



# Premium Calculation

Liability \$15,244

## Quick Estimate 30454

Back Save Print/ Export

### Selected Initial Criteria

\* Commodity : Canola 0015 \* Commodity Year : 2011 \* State : Washington 53  
 \* County : Okanogan 047 \* Type : Fall Oleic Canola 285 \* Practice : Summerfallow 005

### Individual Coverage

\* Reported Acreage : 100 \* Insured Share Percent : 1 \* Unit of Measure : LBS  
 \* Approved Yield : 980 \* Rate Yield : 980

### Yield Protection 01

\* Projected Price : 100 % \$0.18

### Revenue Protection 02

\* Projected Price : 100 % \$0.1830 \* Price Volatility Factor : 0.24

### Revenue Prot with Harvest Price Exclusion 03

\* Projected Price : 100 % \$0.1830 \* Price Volatility Factor : 0.24

### Show In Grid

Liability Amount  Total Premium Amount  Producer Premium Amount  Subsidy Amount

### Producer Premium Amount

### Individual Coverage

	85 %	80 %	75 %	70 %	65 %	60 %	55 %	50 %	View
Yield Protection 01	\$2,570.00	\$1,802.00	\$1,293.00	\$926.00	\$714.00	\$522.00	\$409.00	\$283.00	Worksheets Detailed Estimate CEPP SPOI AIB
Revenue Protection 02	\$3,036.00	\$2,142.00	\$1,550.00	\$1,128.00	\$884.00	\$648.00	\$512.00	\$363.00	Worksheets Detailed Estimate CEPP SPOI AIB
Revenue Prot with Harvest Price Exclusion 03	\$2,729.00	\$1,916.00	\$1,376.00	\$989.00	\$761.00	\$555.00	\$434.00	\$301.00	Worksheets Detailed Estimate CEPP SPOI AIB

The Cost Estimator only provides a general premium estimate. Refer to your crop insurance agent and policy for specific information regarding insurance coverage, actuarial information, conditions and exclusions.



# Mustard & Canola/Rapeseed

## Insurance Period

Coverage normally begins on the date the crop is planted, and ends at the earliest of:

- Total destruction of the crop,
- Harvest of the crop,
- Final adjustment of loss,
- Abandonment of the crop, or
- October 31 of the calendar year in which the crop is normally harvested



# Sales Closing Date

- Canola/Rapeseed: Dual Sales Closing Date of Aug 31 or Mar 15, depending on winter or spring planting date.
  - If only planting spring canola, coverage must be purchased by Mar 15.
  - If planting in the fall or both the fall & the spring then coverage must be purchased by Aug 31 (year prior to harvest).
- Mustard: March 15





# Safflower & Flax

## APH Plans

### Idaho Counties

Safflower: Adams, Bannock, Bonneville, Cassia, Franklin, Lincoln, Minidoka, Oneida, Power and Washington

Flax: Idaho, Lewis, and Nez Perce

Sales Closing Date – March 15

- Safflower - \$0.1805
- Flax - \$10.10



# Camelina

## No Current Federal Crop Insurance policy

- Feasibility study on energy crops which includes Camelina, Switchgrass and Energy Cane (Contracted w/ AgriLogic)
- Coverage available through FSA NAP
- AGR/AGR-lite



# FSA - NAP

- Noninsured Crop Disaster Assistance Program
  - Very Similar to RMA's CAT Program
  - Provided financial assistance to producers of non-insurable crops when low yields, loss of inventory or prevented planting occurs due to natural disasters



# Adjusted Gross Revenue Products

## AGR & AGR-lite

- Whole farm revenue insurance for farms and ranches
- Based on
  - Tax return information
  - 5-year average of allowable income
  - Intended commodity income for crop year



## Insured for...

- Loss of revenue from the sale of ag commodities produced during the insurance year due to:
  - Unavoidable natural disasters
  - Market fluctuations during insurance year

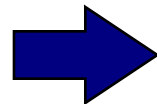
**Determine 5 -  
year average  
farm revenue**



**Project 2011  
expected crop  
revenue**



**Determine Approved  
AGR**



**Decide what  
percentage of  
AGR to  
guarantee**

**How  
AGR/AGR-Lite  
Work**

**AGR revenue guarantee  
minus actual crop revenue  
X payment rate = loss paid**



**Taxes filed /  
possible claim  
calculated**



**Harvest: Actual  
crop revenue  
determined**







# Written Agreements

- Requested by the producer through their local insurance agent
- Designed to provide crop insurance when the crop/type/practice has a Federal crop insurance policy but is not offered in your county.



# SURE linkage

## **Supplemental Revenue Assistance Payments Program**

- A total farm revenue disaster program
- Supplements current risk tools offered by crop insurance and coverage under NAP
- Provides assistance for crop production and/or quality losses due to natural disasters.
- SURE encourages:
  - A policy or plan of insurance or NAP coverage on all crop interests for which they have a risk nationwide
  - Higher levels of buy up coverage
- Assistance is available for crop losses incurred in the crop years 2008 through September 30, 2011, due to an eligible disaster.



# Re-Cap

- Mustard & Canola
- Safflower & Flax
- Camelina
- AGR/AGR/Lite



# USDA Risk Management Agency



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Spokane, WA 99206  
509-228-6320



[www.rma.usda.gov](http://www.rma.usda.gov)



**Quick Estimate 31569**

 Back
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  Print/ Export

**Selected Initial Criteria**

\* Commodity : Canola 0015 \* Commodity Year : 2011 \* State : Washington 53  
 \* County : Lincoln 043 \* Type :  \* Practice :

**Individual Coverage**

\* Reported Acreage :  \* Insured Share Percent :  \* Unit of Measure : LBS  
 \* Approved Yield :  \* Rate Yield :

**Yield Protection 01**

\* Projected Price :

**Revenue Protection 02**

\* Projected Price : 100 % \$0.1830 \* Price Volatility Factor : 0.24

**Revenue Prot with Harvest Price Exclusion 03**

\* Projected Price : 100 % \$0.1830 \* Price Volatility Factor : 0.24

**Show In Grid**

Liability Amount
  Total Premium Amount
  **Producer Premium Amount**
 Subsidy Amount

**Producer Premium Amount**

**Individual Coverage**

	85 %	80 %	75 %	70 %	65 %	60 %	55 %	50 %	View
Yield Protection 01	\$2,593.00	\$1,839.00	\$1,335.00	\$957.00	\$738.00	\$536.00	\$420.00	\$288.00	<a href="#">Worksheets</a> <a href="#">Detailed Estimate</a> <a href="#">CEPP</a> <a href="#">SPOI</a> <a href="#">AIB</a>
Revenue Protection 02	\$3,060.00	\$2,180.00	\$1,593.00	\$1,161.00	\$910.00	\$662.00	\$525.00	\$369.00	<a href="#">Worksheets</a> <a href="#">Detailed Estimate</a> <a href="#">CEPP</a> <a href="#">SPOI</a> <a href="#">AIB</a>
Revenue Prot with Harvest Price Exclusion 03	\$2,750.00	\$1,952.00	\$1,417.00	\$1,020.00	\$786.00	\$568.00	\$445.00	\$306.00	<a href="#">Worksheets</a> <a href="#">Detailed Estimate</a> <a href="#">CEPP</a> <a href="#">SPOI</a> <a href="#">AIB</a>

The Cost Estimator only provides a general premium estimate. Refer to your crop insurance agent and policy for specific information regarding insurance coverage, actuarial information, conditions and exclusions.

Data valid as of: 1/23/2011

**Quick Estimate 31580**

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**Selected Initial Criteria**

\* Commodity : Canola 0015 \* Commodity Year : 2011 \* State : Washington 53  
 \* County : Whitman 075 \* Type : **Fall Oleic Canola 285** \* Practice : **Summerfallow 005**

**Individual Coverage**

\* Reported Acreage :  \* Insured Share Percent :  \* Unit of Measure : LBS  
 \* Approved Yield :  \* Rate Yield :

**Yield Protection 01**

\* Projected Price :

**Revenue Protection 02**

\* Projected Price : 100 % \$0.1830 \* Price Volatility Factor : 0.24

**Revenue Prot with Harvest Price Exclusion 03**

\* Projected Price : 100 % \$0.1830 \* Price Volatility Factor : 0.24

**Show In Grid**

Liability Amount  Total Premium Amount  **Producer Premium Amount**  Subsidy Amount

**Producer Premium Amount**

**Individual Coverage**

	85 %	80 %	75 %	70 %	65 %	60 %	55 %	50 %	View
Yield Protection 01	\$3,469.00	\$2,461.00	\$1,786.00	\$1,282.00	\$984.00	\$702.00	\$541.00	\$369.00	<a href="#">Worksheets</a> <a href="#">Detailed Estimate</a> <a href="#">CEPP</a> <a href="#">SPOI</a> <a href="#">AIB</a>
Revenue Protection 02	\$3,948.00	\$2,815.00	\$2,053.00	\$1,495.00	\$1,171.00	\$843.00	\$660.00	\$461.00	<a href="#">Worksheets</a> <a href="#">Detailed Estimate</a> <a href="#">CEPP</a> <a href="#">SPOI</a> <a href="#">AIB</a>
Revenue Prot with Harvest Price Exclusion 03	\$3,607.00	\$2,563.00	\$1,862.00	\$1,341.00	\$1,033.00	\$737.00	\$567.00	\$385.00	<a href="#">Worksheets</a> <a href="#">Detailed Estimate</a> <a href="#">CEPP</a> <a href="#">SPOI</a> <a href="#">AIB</a>

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