



United States Department of Agriculture  
Risk Management Agency

June 2007

## 2008 COMMODITY INSURANCE FACT SHEET

# Wheat Revenue Assurance

Idaho

### Revenue Assurance (RA) Program

**RA** provides coverage to protect against loss of revenue caused by low price or low yields or a combination of both.

### Pacific Northwest Availability

The RA program covers **winter and spring types** in all **Idaho** counties where multi-peril crop insurance (MPCI) wheat insurance is currently available.

### RA Wheat Sales Closing Date

The **sales closing date (September 30)** is the final date for which a producer may make application for a wheat RA policy.

### Units

**Basic Unit** - by crop, county and share.

**Optional Unit** - Basic units divided by section, type or irrigated/non-irrigated practices - if production records are kept separate.

**Enterprise Unit** - All winter and spring wheat in the county.

**Whole Farm Unit** - All spring wheat and feed barley and spring canola in the county. Whole farm unit structure does not extend to winter wheat. Units for winter wheat are limited to basic, optional, or enterprise.

### Enhanced Unit Options

Wheat Revenue Assurance provides a premium discount for enterprise units (all insurable acres of a single RA crop in a county), as well as whole farm units.

### Unit Guidelines

Optional units may also be established by type if each optional unit contains only initially planted winter wheat or only initially planted spring wheat.

### Establishing Coverage Levels

Coverage is established by first calculating a producer's expected revenue per acre (approved yield  $\times$  projected harvest price). The producer selects a per-acre revenue guarantee that ranges from 65 and 85 percent. (Calculated in 5-percent increments.)

### RA Guarantee

The **RA** revenue guarantee per acre is calculated by multiplying the approved yield for the unit times the projected harvest price times the coverage level selected by the producer. The revenue guarantee equals the per-acre revenue guarantee, times the number of insurable acres in the unit, times the producer's share. **Note:** Procedures used to calculate available revenue guarantees vary by the selected unit structure.

### RA Indemnities

RA indemnities will be paid if the production to count in bushels times the fall harvest price is less than the per-acre guarantee times the number of acres.

### Projected Harvest Price (PHP)

PHP is the price used to determine the expected per-acre revenue and the per-acre revenue guarantee. For **winter wheat**, the PHP is the simple average of the final daily settlement prices from August 15 to September 14 for the coming year's Chicago Board of Trade (CBOT) July soft red winter wheat futures

contract. The PHP for winter wheat will be released on or before September 20 of the current crop year. For **spring wheat**, the PHP is the simple average of the final daily settlement prices in February for the Minneapolis Grain Exchange (MGE) September hard red spring wheat futures contract.

### **Fall Harvest Price (FHP)**

The FHP is the price used to value production to count (harvest revenue equals all of the production to count times the fall harvest price). For **winter wheat**, the PHP is the simple average of the final daily settlement prices from July 1 to July 14 for the CBOT July soft red winter wheat futures contract.

For **spring wheat**, the FHP is the simple average of the final daily settlement prices in August for the MGE September hard red spring wheat futures contract.

### **Fall Harvest Price Option**

The FHP option is designed to provide additional insurance to those producers who market their crop before harvest. If an insured selects the RA FHP option (by the sales closing date) their revenue guarantee will be based on the greater of the fall harvest price or the projected harvest price. The option is continuous, unless canceled by the crop sales closing date.

### **Winter Wheat Coverage Endorsement**

This option is available on RA winter wheat. Provides extra protection in cases of winter damage.

### **Where to Purchase**

All MPCI, including RA 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/>

### **Regional Contact for RMA USDA/Risk Management Agency**

#### **Spokane Regional Office**

11707 E Sprague Ave #201

Spokane Valley, WA 99206

Telephone 509 228-6320

Fax 509 228-6321

E-mail: [warso@rma.usda.gov](mailto:warso@rma.usda.gov)

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