United States Department of Agriculture
Risk Management Agency

June 2007

2008 COMMODITY INSURANCE FACT SHEET

Wheat Crop Revenue Coverage

Idaho, Oregon, Washington

Crop Revenue Coverage (CRC) Program

CRC provides revenue protection based on price and yield expectations and is reinsured by FCIC. CRC provides comprehensive protection through a dollar guarantee based on 100 percent of the commodity exchange's base futures price. CRC protects a producer's loss of revenue resulting from low prices, low yields or a combination of the two. CRC also provides revenue coverage which pays for losses below the yield guarantee at the higher of the **base price** or **harvest price.**

Pacific Northwest Availability

CRC Wheat is available in: **Idaho, Oregon and Washington States,** in counties where wheat MPCI policies are currently available.

CRC Wheat Sales Closing Date

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

Units

Under a CRC policy, basic, optional and enterprise units are available. A reduced premium may be applicable dependent upon unit structure.

Additional Factors

· Replant payments.
· Prevented planting benefits.
· **CRC** does **not** provide coverage at the catastrophic risk protection level.
· **CRC** has the same acreage and production **(APH)** reporting dates, optional units and quality adjustment enhancements as multi-peril crop insurance (**MPCI)**.

CRC Guarantee

A minimum amount of revenue is guaranteed by insuring both yield and price risks. High value replacement protection (insurance guarantee can increase if the harvest price exceeds the base price) is provided with no increase in premium.

The final guarantee is the number of dollars guaranteed per acre. The final guarantee will be the higher of:

- Minimum guarantee (approved average yield per acre X base price X coverage level percentage). Price limitations apply.

OR

- Harvest guarantee (approved average yield per acre X harvest price X coverage level percentage). Price limitations apply.

Loss Indemnity

The CRC indemnity is payable when the calculated revenue is less than the final guarantee as a result of an insured cause of loss. To calculate a payable loss, subtract the calculated revenue from the final guarantee multiplied by the insured's share. The price at which the crop actually sells is not used to calculate a loss payment.

CRC Prices

The **base price** is the Portland Merchants Exchange (PME) based price multiplied times the selected price percentage and rounded to the nearest whole cent. The PME price equals the August 15 to September 14 pre-harvest year's average daily settlement price for the harvest year's Chicago Board of Trade (CBOT) September soft red winter wheat futures contract (rounded to the nearest whole cent) plus an adjustment equal to the current 5-year average difference between the August average daily settlement price for the nearby CBOT September soft red winter wheat futures contract (rounded to the nearest cent) and the August average daily settlement price for the futures contract (rounded to the nearest cent). The base price will be released as an actuarial document addendum by September 20 of the pre-harvest year.

The **harvest price** is the August harvest crop year's average daily settlement price for the Portland Merchants Exchange (PME) soft white wheat contract (rounded to the nearest cent) multiplied times the selected price percentage and rounded to the nearest cent. For wheat, the harvest price cannot be less than the base price minus two dollars ($2.00) or greater than the base price plus two dollars ($2.00). The price percentage used to calculate the harvest price is equal to the selected price percentage used to calculate the base price. The harvest price will be released as an actuarial document addendum by September 10 of the harvest year.

CRC Wheat Premium Calculation Example

Assume: Non-irrigated winter wheat; **without** wheat winter coverage endorsement; 75-percent coverage level; APH yield is 62 bushels = 46.5 bushels per acre guarantee; base price is $3.61; $167.87 insurance coverage per acre
$6.00 producer's premium per acre

Assume: Non-irrigated winter wheat; **with** wheat winter coverage endorsement; 75-percent coverage level; APH yield is 62 bushels = 46.5 bushels per acre guarantee; base price is $3.61; $167.87 insurance coverage per acre + winter damage coverage
$8.30 producer's premium per acre

CRC Wheat Loss Example

Crop revenue coverage insurance indemnity - all acres harvested/ wheat –winter coverage endorsement **not** exercised

Harvest Price Lower than Base Price (With a Production Loss)
Revenue guarantee: Approved APH yield of 62 bushels per acre X 75-percent coverage level X the higher of base price or harvest price ($3.61 base price) = $167.87 per acre guarantee. Value of production (harvested) 35 bushels per acre X $3.00 harvest price = $105 per acre value. Loss payment: $167.87 guarantee - $105 per acre value = **$62.87 acre indemnity**

Harvest Price Higher than Base Price (With a Production Loss)
Revenue guarantee: Approved APH yield of 62 bushels per acre X 75-percent coverage level X the higher of base price or harvest price ($3.70 Harvest Price) = 172.05 per acre guarantee. Value of production (harvested) 35 bushels per acre X $3.70 harvest price = $129.50 per acre value loss payment: $172.05. Guarantee - $129.50 per acre value = **$42.55 acre indemnity**

Where to Purchase

All MPCI, including crop revenue 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/

Regional Contact for RMA

USDA/Risk Management Agency
Spokane Regional Office
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