



United States Department of Agriculture
Risk Management Agency

January 2007

2007 COMMODITY INSURANCE FACT SHEET

Soybeans—Revenue Assurance Oklahoma

Crop Insured

Revenue assurance (RA), like other revenue plans, provides revenue protection against a decline in market prices as well as a shortfall in production. A loss situation arises when the dollar value of your production falls below the revenue guarantee.

- In a year of rising prices, a production shortfall would be compensated at the higher market-based fall harvest price option. This is critical if any lost production must be replaced at higher market prices to fulfill delivery on a forward contract;
- In years of falling prices, your revenue guarantee ensures that you will receive a pre-determined amount of income per acre, regardless of yields or prices.

Counties Available

Soybean RA is available in all Oklahoma counties where standard soybean insurance is offered.

Causes of Loss

Adverse weather conditions¹
 Failure of irrigation water supply²
 Fire
 Harvest price is less than base price
 Insects³
 Plant disease³
 Wildlife

¹Natural perils such as hail, drought, and excess precipitation. ²If caused by an insured peril during the insurance period. ³But not damage due to insufficient or improper applications of control measures.

Insurance Period

Coverage begins when the crop is planted and ends at the earliest of: (1) total destruction of the crop, (2) harvest of the crop, (3) abandonment of the crop, (4) final adjustment of a claim, (5) December 10

Important Dates

Sales Closing	March 15, 2007
Final Planting.....	June 30, 2007
Acreage Reporting.....	July 15, 2007

Definitions

Coverage Level—Levels of protection available: 50 and up to 85 percent of approved average yield.

Projected Harvest Price—The price used to determine expected per-acre revenue and calculate premium. For soybeans in states with a March 15 cancellation date, the PHP is the simple average of the final daily settlement prices in February for the CBOT November futures contract. The release date is on or before March 5 of the current crop year.

Fall Harvest Price — The FHP is the simple average of the final daily settlement prices in October for the CBOT November futures contract for soybeans. The prices will be released on or before November 5.

Fall Harvest Option—The FHO is a coverage option that allows you to use the greater of the projected harvest price or the fall harvest price to determine your per-acre revenue guarantee.

Per-Acre Revenue Guarantee — Average yield X projected harvest price X coverage level percent:

$$\text{Example: } 30 \text{ bushels per acre} \times \$6.00 \times 70 \text{ percent} = \$126 \text{ per acre revenue guarantee}$$

If fall harvest price option is selected and fall harvest price is higher (such as 6.00), the above example would become:

$$30 \text{ bushels per acre} \times \$6.20 \times 70 \text{ percent} = \$130.20 \text{ per-acre revenue guarantee}$$

Note: The actual price you receive for selling your crop is **not** a factor in CRC calculations.

Price Elections

Year	Projected Harvest Price	Fall Harvest Price
2006	6.18	5.93
2005	5.53	5.75
2004	6.72	5.26

*Available after November 5.

Price elections will be posted on the RMA Web site at: <http://www3.rma.usda.gov/apps/pricesinquiry/>

Insurance Units

Insurable acreage is grouped into one or more units based on your selection of one of the following:

Basic Unit: A basic insurance unit includes all your soybean acreage in the county by share arrangement. Premiums are reduced 10 percent for basic units.

Optional Units: If a basic unit consists of two or more farm serial numbers (FSN) and certain recordkeeping criteria are met, you may select optional units by FSN. The 10-percent basic unit premium discount will not apply.

Enterprise Unit: An enterprise unit combines all your soybeans in the county into one county-wide unit, regardless of ownership, share, or rental arrangement. A premium discount will apply, based upon the number of insured acres. You must qualify for two or more basic/optional units to be eligible.

Whole Farm Unit: All insurable acreage of all RA-insured crops in the county (soybeans, cotton) in which you have a share on the date coverage begins for each crop. A premium discount is available for a whole farm unit.

Loss Example

This example assumes an average yield of 100 bushels per acre, projected harvest price of \$6.00, fall harvest price of \$5.00, one basic unit, 70-percent coverage level.

100	Bushels per acre APH yield
x .70	Coverage level
70	Bushels per acre guarantee basis
x 6.00	Projected harvest price
\$420	Per acre revenue guarantee*
- 250	Revenue-to-count value (50 bu. per acre X \$5.00 fall harvest price)
\$170	Indemnity per acre

Less cost per acre to insured = Net to Insured

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