



United States Department of Agriculture
Risk Management Agency

January 2007

2007 COMMODITY INSURANCE FACT SHEET

Rice

Oklahoma, Texas

Crop Insured

The crop insured will be all the rice in the county for which a premium rate is provided by the actuarial documents:

- In which you have a share;
- That is planted for harvest as grain;
- That is flood irrigated; and
- That is not wild rice.

We will **not** insure any acreage planted to rice the preceding crop year unless allowed by the special provisions; or that does not meet the rotation requirements shown in the special provisions. We will not insure any acreage of the insured crop damaged before the final planting date, to the extent that producers in the area would normally not further care for the crop, must be replanted unless we agree that it is not practical to replant.

Counties Available

Oklahoma—McCurtain

Texas—Austin, Bowie, Brazoria, Calhoun, Chambers, Colorado, Delta, Ft. Bend, Galveston, Hardin, Harris, Hopkins, Jackson, Jefferson, Lavaca, Liberty, Matagorda, Newton, Orange, Red River, Victoria, Waller, Wharton

Causes of Loss

Insurance provides protection against the following causes of loss:

- Adverse weather conditions, except drought
- Earthquake
- Failure of irrigation water supply¹
- Fire
- Insects²
- Plant disease²
- Volcanic eruption
- Wildlife

¹If caused by an insured peril through drought or the intrusion of saline water. ²But not damage due to insufficient or improper application of recommended control measures.

Insurance Period

Coverage usually begins when the insured crop is planted and ends the earliest of: (1) destruction of the crop, (2) harvest of the crop, (3) abandonment of the crop, (4) final adjustment of a claim, or (5) October 31 immediately following planting.

Important Dates

Final Planting.....May 31
Acreage Reporting.....June 15

Note: Sales closing and cancellation/termination dates vary by county. Consult the special provision information in your county.

Definitions

Production Guarantee—Pounds guaranteed per acre determined by multiplying your average yield (based on your records) times the coverage level percentage you select.

Price Election—Price used to calculate your premium or indemnity. Prices are posted on the RMA website at:

<http://www3.rma.usda.gov/apps/pricesinquiry/>

Coverage Levels & Premium Subsidies

Coverage levels range from 50 to 85 percent of your average yield and are subsidized as shown below. For example, an average yield of 1,500 lbs/acre results in a guarantee of 1,125 lbs/acre at the 75 percent coverage level.

Coverage Level % →	50	55	60	65	70	75	80	85
Premium Subsidy %	67	64	64	59	59	55	48	38
Your Premium Share %	33	36	36	41	41	45	52	62

Catastrophic (CAT) coverage is fixed at 50 percent of average yield and 55 percent of the price election. CAT is 100 percent subsidized with no premium cost to you except for an administrative fee of \$100, regardless of the acreage.

Duties in the Event of Damage or Loss

(1) Protect the crop from further damage by providing sufficient care; (2) notify your agent within 72 hours of your initial discovery of damage (but not later than 15 days after the end of the insurance period); and (3) leave representative samples intact for each field of the damaged unit.

Insurance Units

Your insurable acreage is grouped into a unit based on your selection of one of the following unit arrangements.

Basic Unit: A basic insurance unit includes all of your rice acreage in the county by share arrangement. For example, the rice acreage on your own farm (including land cash rented) would be one basic unit, while other land on shares with someone else would be a second basic unit. Premiums are reduced 10 percent for a basic unit.

Optional Units: Provisions in the Basic Provisions that allow optional units by irrigated and non-irrigated practices are not applicable.

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

Replanting Payment

A replanting payment is allowed for rice as follows:

- The rice must be damaged by an insurable cause of loss to the extent that the remaining stand will not produce at least 90 percent of the production guarantee; and
- The replanted rice must be seeded at a rate that is normal for initially planted rice (if new seed is planted at a reduced seeding rate into a partially damaged stand of rice, the acreage will not be eligible for a replanting payment).
- The maximum amount of the replanting payment per acre will be the lesser of 20 percent of the production guarantee or 400 pounds, multiplied by your price election, multiplied by your insured share.
- When rice is replanted using a practice that is un-insurable for an original planting, the liability for the unit will be reduced by the amount of the replanting payment. The premium amount will not be reduced.

Prevented Planting

Coverage is available at 45 percent of the production guarantee for timely planted acreage. When paying an additional premium, limited or additional levels of coverage may increase the prevented planting payment to a level specified in the applicable county actuarial document.

Loss Example

This example assumes average yield of 800 pounds per acre, 200 pounds per acre production-to-count, and 65-percent coverage level.

800	Pounds per acre approved yield
<u>x .65</u>	Coverage level
520	Pounds per acre guarantee
<u>- 200</u>	Pounds per acre actually produced
320	Pounds per acre loss
<u>x .0925</u>	Price election
\$29.60	Indemnity per acre
<u>- \$ 5.00</u>	Estimated premium per acre (varies)
\$24.60	Net indemnity per acre

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