Specialty Corn Fact Sheet
Additional Information for Insuring Specialty Corn

How Can I Insure Specialty Corn?
Producers of specialty corn who meet the requirements in the Special Provisions (SP) may insure their blue or high amylase corn under:

	Yield Protection	**Revenue Protection**	**Revenue Protection w/ Harvest Price Exclusion**
Blue	At your contract price	The projected price to calculate premium and indemnity	The projected price to calculate premium and indemnity.
High Amylase	At your contract price or at the CEPP projected price	At your contract price (with the benefit of price movement) or at the CEPP price like any other corn producer (see examples)	At your contract price (with the benefit of a price decline) or at the CEPP price like any other corn producer (see examples)

- A contract is required for blue corn insurance under the SP. The SP allows insurance for blue corn at the contract price without a written agreement (WA). A WA can be made for blue corn in counties where blue type doesn't exist, but the contract price is not available through a WA.

- **High amylase** corn should not be confused with **high amylose** corn. As stated in Section 5(b)(2)(i) of the Coarse Grains Crop Provisions, **high amylose** corn is not insurable unless by WA. This requirement is in place because of the specific agronomic and yield characteristics of **high amylose** corn. **High amylase** corn naturally produces elevated levels of alpha-amylase, a digestive enzyme that is added during the ethanol production process to convert corn starch to ethanol. This corn type is designed for ethanol use, to reduce the amount of amylase that must be added during the ethanol production process, but is also suitable for animal feed.

What are the Basic Requirements?
- Corn must meet the specialty type requirements stated in the SP.

- Corn that does not meet the specialty type requirements stated in the SP and that is insurable under the Coarse Grains Crop Provisions will be considered grain or silage type depending on what type is insurable in a county (or otherwise specified through WA).

- Specialty types (blue and high amylase) insured at a contract price must be grown under a contract and the policyholder must elect to use the contract price and provide a copy of the contract to the Approved Insurance Provider (AIP) no later than the acreage reporting date. If the contract does not clearly specify the type it may be necessary for the policyholder to obtain more information from the seed supplier or seed company to prove it is an insurable type.

- The contract (acreage based, acreage and production based, or production based) must be executed by the policyholder and the business enterprise and be in effect for the applicable crop year.

- If there is more than one contract price for the same type, a weighted average price for the type will be used.

How Does Contract Pricing Work For Yield Protection?

- The projected price for a fixed price contract will be the contract price. If the contract provides a premium over a price, the projected price will be that premium amount added to the CEPP projected price. The contract price cannot exceed the amount determined by multiplying the CEPP projected price by the contract price limit factor shown in the SP.

How Does Contract Pricing Work For Revenue Protection?

- The projected price for a fixed price contract will be the contract price. The harvest price will be the CEPP projected price subtracted from the contract price and the difference added to the CEPP harvest price. The contract price cannot exceed the amount determined by multiplying the projected price by the contract price limit factor shown in the SP. For example,

$7.15 Contract price $6.00 CEPP projected price $7.15 Projected price used to determine guarantee	Limit factor=1.20 Not limited because: $6.00 x 1.20= $7.20
$7.15 Projected price -$6.00 CEPP projected price $1.15 Difference between contract & projected price	$7.00 CEPP harvest price +$1.15 Difference $8.15 Harvest price used to determine indemnity

- If the contract provides a premium over market price, the specialty corn projected price will be the premium amount added to the CEPP projected price. The harvest price the price will be the CEPP projected price subtracted from the specialty corn projected price and the difference shall be added to the CEPP harvest price. The contract price cannot exceed the amount determined by multiplying the projected price by the contract price limit factor shown in the SP. For example,

$6.00 CEPP projected price +$1.25 Contract premium price $7.25 Projected price used to determine guarantee (subject to limit factor)	Limit factor=1.20 Limited because: $6.00 x 1.20= $7.20
$7.20 Projected price - $6.00 CEPP projected price $1.20 Difference between contract & projected price	$7.00 CEPP harvest price +$1.20 Difference $8.20 Harvest price used to determine indemnity

What Are The Underwriting Rules?
Crop Insurance Handbook Information

- Refer to FCIC-18010 Crop Insurance Handbook (CIH), Section 13C(3), for instructions on establishing or dividing APH databases when actuarial documents release new practices/types (P/T), divide an existing P/T into new P/T(s), or modify an existing P/T specifications that may impact what P/T the crop production history is considered.

    - Separate APH databases are required for each P/T listed on the actuarial documents that has been produced in previous crop years or the policyholder plans to plant for the current crop year. This applies even when transitional yields (T-Yields) are the same for different types and regardless of whether the policyholder chooses to insure based on a contract price.

    - If the production history contained within the APH database does not change as a result of the new P/T code change, or the policyholder already has APH databases established according to the new P/T(s), no action is necessary except to apply the proper P/T code to the database (the 10 percent yield limitation applies).

    - Policyholders may certify production and acreage when establishing or dividing APH databases, but must maintain and provide supporting acceptable records in accordance with applicable procedures.

    - If T-Yields among types are the same the order of precedence to determine the higher yielding type is: grain, high amylase, and blue.

- Due to the specialty corn insurance program being released after the 2013 CIH was issued, the CIH will be updated upon the next issuance.

Loss Adjustment Information

- Specialty corn will be quality adjusted as corn for grain, except blue corn will not receive quality adjustment. The discount factor (DF) charts in the SP, or the reduction in value (RIV) for corn as grain and local market price (LMP) for U.S. No. 2 yellow corn, as applicable, will be used for quality adjustment purposes, without regard to any contract price for the specialty type insured.

- Example: A policyholder has a contract for 100 acres of high amylase corn. The contract price for high amylase corn is $7.20 per bushel. The acreage produces 40 bu. per acre (4,000 bu.) All contracted production is delivered to the processor. Due to insurable causes, the production has a test weight of 40 lbs. per bushel. As a result, the processor discounts the high amylase corn $2.00 a bushel. The policyholder receives $5.20 per bushel for the production.

- On the day the corn was sold to the processor, the LMP for U.S. No. 2 yellow corn is $7.00 per bushel. The RIV for corn as grain with the same 40 lb. test weight is $4.00. Regardless of the discount applied by the processor for the high amylase corn, quality adjustment will be

based on the RIV for corn as grain and the LMP for U.S. No. 2 yellow corn at the time of sale. In accordance with the SP, the Quality Adjustment Factor (QAF) and production to count will be determined as follows:

- $4.00 corn as grain RIV / $7.00 U.S. No. 2 yellow corn LMP = .571 DF
- .571 DF = .429 QAF
- 100 acres X 40 bu.= 4,000 bu. of high amylase corn X .429 QAF= 1,716 bu. production to count.

- Refer to the Crop Insurance Handbook, Loss Adjustment Manual, Corn Loss Adjustment Standards Handbook, and Prevented Planting Loss Adjustment Standards Handbook for more procedures regarding crops with multiple types.