

Common Crop Insurance Policy (COMBO)



IMPORTANT DATES:

- Enrollment and Policy Change Deadline—Spring: Mar 15, 2016
- Enrollment and Policy Change Deadline—Fall: Sep 30, 2016

“CAT is only available with Yield Coverage under Combo.”

As you may have heard by now, insuring corn, soybeans, grain sorghum, wheat, and barley will now be done through the Combo Plan, which combines the old CRC and APH plans. You can still insure your yield and revenue through Combo.

Combo offers the producer many options, first the producer must choose a form of coverage from the three available types of coverage:

1. Yield Coverage: Works similar to the old APH plan where you cover a portion of your crop’s average yield. Yield coverage provides protection against production losses. You can elect CAT coverage with this option with a 50% coverage and 55% price election.
2. Revenue Coverage: Provides protection against loss of revenue due to a production loss, price decline or increase, or a combination of both. You get your revenue guarantee calculated twice during the season, once at planting and again at harvest, based on The Chicago Mercantile Exchange figures. If prices increase at harvest, you keep the higher of the two revenue guarantees and compare it to your actual revenue (actual yield times harvest price), to see if you’ve experienced a revenue loss. Revenue losses are paid due to low yield or price fluctuation. CAT is not available with this option or the revenue coverage with harvest price exclusion option, but you can take 50% coverage / 100% price to have a plan similar to CAT.
3. Revenue Coverage with Harvest Price Exclusion: Provides protection against loss of revenue caused by price decreases, low yields, or a combination of both based on the projected price only. Your revenue guarantee is only calculated once at planting. If prices increase at harvest you have to keep your original revenue guarantee. Revenue losses are paid when there is a low yield, a price decline, or a combination of both. Many producers find that the revenue insurance plans often provide increased protection for higher value crops.

Coverage Levels and Premium Subsidies

The premium subsidy percentages and available coverage levels are shown below. Your share of the premium will be 100 percent minus the subsidy amount.

Item	Percent							
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 Risk Protection (CAT) coverage is fixed at 50 percent of your average yield and 55 percent of the price election. The cost for CAT coverage is an administrative fee of \$300.



“You choose if you want your crop treated as a Basic Unit, Optional Unit, or Enterprise Unit.”



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After you decide upon a type of coverage, you must choose what type of unit your crop falls into:

1. **Basic Units:** All acreage of same crop is treated as one unit by crop ownership share. This affords approximately a 10% premium discount.
 2. **Optional Units:** Takes the Basic Unit and splits it up further by FSA Farm Serial Number or by sectional equivalent.
 3. **Enterprise Unit:** If you qualify for Optional Units, you can combine all Optional Units in the county into one Enterprise Unit. At least 2 of the Optional Units must contain at least 20 acres or 20% of the total acres of the crop (small acreage optional units may be aggregated to meet this requirement). This affords up to a 50% premium discount. The large discount reflects increased subsidy and the extra risk you take because yields for all units will be averaged together and a loss on one farm may not be enough to trigger a loss on the whole Enterprise Unit. There are other additional options for Enterprise Units, for more details contact us or your crop insurance agent.
- * If you have prevented planting risks, it may be in your best interest to look into the prevented planting + 5 or +10 option which offers some real benefits and can be very worth your while.



This newsletter is brought to you by the Garden State Crop Insurance Education Initiative, a partnership between the USDA Risk Management Agency, New Jersey Department of Agriculture and Rutgers Cooperative Extension of Salem County.

For additional information about crop insurance visit our website <http://salem.rutgers.edu/cropinsurance>, call our toll free hotline 1-800-308-2449 or contact your crop insurance agent.



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