



AREA RISK PROTECTION (ARPI)

OVERVIEW

Why ARPI?

- Provides protection against a loss of revenue or loss of yield in a county.
- Premiums subsidized by the federal government.
- Provides flexibility in the data source used for establishing yields and requires production reporting requirements for producers enrolled in area-based plans. Producers may select from three plan options to personalize their policy.

Plan Options

Producers are able to choose from the following:

Area Revenue Protection (ARP) - covers against loss of revenue due to a county level production loss, price decline, or a combination of both and includes upside harvest price protection.

Area Revenue Protection with Harvest Price Exclusion (ARP-HPE) - covers against loss of revenue due to a county level production loss, price decline, or a combination of both.

Area Yield Protection (AYP) - covers against loss of yield due to a county level production loss.

COVERAGE LEVELS

65 - 90% (in 5% increments)

COVERED CROPS

Barley, Corn, Cotton, Forage, Grain Sorghum, Peanuts, Soybeans and Wheat

PROTECTION FACTORS

80 - 120%

LOSS

If the final county yield or final county revenue falls below the trigger yield or trigger revenue, an indemnity is paid.

RMA Data Collection Requirements

ARPI includes provisions to allow RMA the ability to use data from one of several sources. These can include data from crop insurance policies, the National Agricultural Statistics Services, or other relevant sources.

Production data required from producers who insure under both area and individual plans of insurance:

- will improve the availability and accuracy of determining acreage county yields;
- will allow crop insurance to use another reliable set of data for program operations and offer area-based coverage in as many areas as possible; and
- will create a minimum burden for area-based policies as many producers already retain this type of information.

Premium Subsidies

Plan	70% coverage	75% coverage	80% coverage	85% coverage	90% coverage
ARP & ARP-HPE	59%	55%	55%	49%	44%
AYP	59%	59%	55%	55%	51%

By the Numbers

PREMIUM			WHAT IF?
COMMODITY	CORN	CORN	
PLAN	ARP	ARP-HPE	
LEVEL	90%	90%	
ACRES	100	100	
SHARE	100%	100%	
PROTECTION FACTOR	110%	110%	
UNIT	BU	BU	
TYPE	GRAIN	GRAIN	
PRACTICE	NON-IRR.	NON-IRR.	
OPTIONS	—	—	
PROJECTED PRICE	\$ 3.96	\$ 3.96	
VOLITILITY FACTOR	0.19	0.19	
AREA YIELD	187.70	187.70	
AREA REVENUE	\$ 743.29	\$ 743.29	
LIABILITY/ACRE	\$ 818	\$ 818	
PREMIUM/ACRE	\$ 33.61	\$ 26.92	
TOTAL GUARANTEE	0.00 BU	0.00 BU	
TOTAL LIABILITY	\$ 81,762	\$ 81,762	
BASE PREMIUM	\$ 6,001	\$ 4,808	
GROWER PREMIUM	\$ 3,361	\$ 2,692	

* To create premium estimate scenarios as shown above, utilize the “Estimator” tool in Hudson’s eHarvest™ processing system.

LOSS/INDEMNITY			WHAT IF?
PLAN	ARP	ARP-HPE	
COVERAGE LEVEL	90%	90%	
PROTECTION FACTOR	110%	110%	
PROJECTED PRICE	\$ 3.96	\$ 3.96	
PROJECTED YIELD	187.70	187.70	
LIABILITY/AC	\$ 818	\$ 818	
TOTAL LIABILITY	\$ 81,762	\$ 81,762	
HARVEST PRICE	\$ 4.25	\$ 4.25	
HARVEST YIELD	158	158	
EXPECTED REVENUE/AC	\$ 877.50	\$ 817.62	
* TRIGGER REVENUE	\$ 717.95	\$ 668.96	
* ACTUAL REVENUE	\$ 671.50	\$ 671.50	
* PAYMENT FACTOR	0.081	—	
* INDEMNITY/AC	\$ 70.97	\$ (0)	

* ARP Trigger Revenue = Coverage Level x Projected Yield x Higher of Projected or Harvest Price

* ARP-HPE Trigger Revenue = Coverage Level x Projected Yield x Projected Price

* Actual Revenue = Harvest Price x Harvest Yield

* ARP Payment Factor = (Trigger Revenue - Actual Revenue) / (Trigger Revenue - Projected Yield x Higher of Projected or Harvest Price) x .18

* ARP-HPE Payment Factor = (Trigger Revenue - Actual Revenue) / (Trigger Revenue - Projected Yield x Projected or Price) x .18

* Indemnity/AC = Expected Revenue Per Acre x Payment Factor

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