

# Crop Revenue Coverage (CRC)

# Crop Revenue Coverage (CRC)

- CRC is an insurance program that guarantees a stated amount of revenue. CRC (like Income Protection) provides comprehensive protection through a dollar guarantee based on commodity futures prices.
- CRC protects a producer from loss of revenue resulting from low prices, low yields, or a combination of the two.

# CRC Attributes

- Same acreage and production reporting dates, optional units and quality adjustments as APH
  
- Establish a Minimum Guarantee per acre
  - ✓ Approved yield
  - ✓ Base price
  - ✓ And selected coverage
  
- Coverage levels ranging between 50 and 75%, in 5% increments
  
- Establish a Harvest Guarantee per acre
  - ✓ Approved yield
  - ✓ Harvest Price
  - ✓ Selected Coverage

# Final Guarantee

## ➤ Derive Calculated Revenue

✓ =harvest price x yield to count

## ➤ The Final Guarantee equals:

✓ The greater of the minimum or harvest guarantee

## ➤ How much is my indemnity?

✓ Calculated revenue is compared with the final guarantee.

✓ If calculated revenue is less than the final guarantee, the producer is paid the difference.

The Base Price is an average of the daily settlement prices, for a month before normal planting time, of a harvest time futures contract.

The **Harvest Price** is an average of the daily settlement prices, for a month near the end of normal harvest, of the harvest time futures contract.

# CRC Price Determination Specifics

Crop/Sales Closing Date	Commodity Exchange	Futures Contract	Max %	Base Price Month	Harvest Price Month
Corn before 3/15	CBOT	Sept.	100	Dec.	Aug.
Corn on 3/15	CBOT	Dec.	100	Feb.	Nov.
Soybeans before 3/15	CBOT	Sept.	100	Dec.	Aug.
Soybeans on 3/15	CBOT	Nov.	100	Feb.	Oct.
Winter Wheat on 9/30	KCBOT	July	95	Aug.	June
Cotton on 1/15	NYCE	Oct.	100	Dec.	Sept.
Cotton on 2/28 and 3/15	NYCE	Dec.	100	Jan 15 to Feb 14	Nov.
Grain Sorghum before 3/15	CBOT	Sept.	95	Dec.	Aug.
Grain Sorghum on 3/15	CBOT	Dec.	95	Feb.	Nov.
Rice on 1/15	CBOT	Sept.	100	Dec.	Aug.
Rice on 2/15	CBOT	Nov.	100	Jan.	Oct.

# Example 1

Harvest price ends up higher than the Base Price – With a 34% Production Loss

Approved APH yield	= 70 bushels per acre
Coverage Level	= 65%                      Share = 100%
Base Price	= \$2.20 per bushel
Harvest Price	= \$3.00 per bushel
Production to Count	= 46 bushels per acre
Crop Value	= Production to Count x Harvest Price = \$138.00
Revenue Guarantee	= Approved APH yield x Coverage Level x the higher of Base Price or Harvest Price x Share = \$136.50

Revenue Guarantee	-	Crop Value = CRC Indemnity
\$136.50	-	\$138.00 = \$0.00

## Example 2

Harvest price ends up higher than the Base Price – With a 57% Production Loss

Approved APH yield	= 70 bushels per acre
Coverage Level	= 65%                      Share = 100%
Base Price	= \$2.20 per bushel
Harvest Price	= \$3.00 per bushel
Production to Count	= 30 bushels per acre
Crop Value	= Production to Count x Harvest Price = \$90.00
Revenue Guarantee	= Approved APH yield x Coverage Level x the higher of Base Price or Harvest Price x Share = \$136.50

Revenue Guarantee	-	Crop Value = CRC Indemnity
\$136.50	-	\$90.00 = \$46.50



## Example 3

Harvest price ends up less than the Base Price – With a 34% Production Loss

Approved APH yield	= 70 bushels per acre
Coverage Level	= 65%                      Share = 100%
Base Price	= \$2.20 per bushel
Harvest Price	= \$1.35 per bushel
Production to Count	= 46 bushels per acre
Crop Value	= Production to Count x Harvest Price = \$62.10
Revenue Guarantee	= Approved APH yield x Coverage Level x the higher of Base Price or Harvest Price x Share = \$100.10

Revenue Guarantee	-	Crop Value = CRC Indemnity
\$100.10	-	\$62.10 = \$38.00

## Example 4

Harvest price ends up less than the Base Price – With a 57% Production Loss

Approved APH yield	= 70 bushels per acre
Coverage Level	= 65%                      Share = 100%
Base Price	= \$2.20 per bushel
Harvest Price	= \$1.35 per bushel
Production to Count	= 30 bushels per acre
Crop Value	= Production to Count x Harvest Price = \$40.50
Revenue Guarantee	= Approved APH yield x Coverage Level x the higher of Base Price or Harvest Price x Share = \$100.10

Revenue Guarantee	-	Crop Value = CRC Indemnity
\$100.10	-	\$40.50 = \$59.60