



United States
Department of
Agriculture

Farm Production
and Conservation

Risk
Management
Agency

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February 15, 2018

INFORMATIONAL MEMORANDUM: PM-18-008

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Richard H. Flournoy
Deputy Administrator

SUBJECT: 2018 Crop Year (CY) **Common Crop Insurance Policy, Area Risk Protection Insurance and Margin Protection Plan**
Projected Prices and Volatility Factors

Common Crop Insurance Policy & Area Risk Protection Insurance¹

The 2018 CY **projected prices** shown below are approved for the following plans of insurance: Yield Protection, Area Yield Protection, Revenue Protection, Area Revenue Protection, Revenue Protection with Harvest Price Exclusion, and Area Revenue Protection with the Harvest Price Exclusion. The 2018 CY **volatility factors** shown below are approved for the following plans of insurance: Revenue Protection, Area Revenue Protection, Revenue Protection with Harvest Price Exclusion, and Area Revenue Protection with the Harvest Price Exclusion. The projected prices and volatility factors apply to policies with a **February 28 sales closing date, unless otherwise indicated**, and are applicable for the crops, types, practices and states indicated below:

Crop/Type/Practice/State	Exchange	Contract	Projected Price	Volatility Factor
Corn <i>Alabama, Florida, Georgia, Louisiana & South Carolina</i>	CBOT	September Corn	\$3.82/bushel	0.14
Corn - Organic Practice <i>Alabama, Florida, Georgia, Louisiana & South Carolina</i>	CBOT	September Corn	\$8.75/bushel	0.14
Corn <i>Arkansas & Mississippi</i>	CBOT	December Corn	\$3.91/bushel	0.14
Corn - Organic Practice <i>Arkansas & Mississippi</i>	CBOT	December Corn	\$8.95/bushel	0.14

¹ Projected Prices and Volatility Factors are applicable for the Supplemental Coverage Option (SCO).

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2018 Crop Year (CY) **Common Crop Insurance Policy, Area Risk Protection Insurance and Margin Protection Plan** Projected Prices and Volatility Factors

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Common Crop Insurance Policy & Area Risk Protection Insurance¹

Crop/Type/Practice/State	Exchange	Contract	Projected Price	Volatility Factor
Corn <i>North Carolina</i>	CBOT	December Corn	\$3.91/bushel	0.14
Corn - Organic Practice <i>North Carolina</i>	CBOT	December Corn	\$8.95/bushel	0.14
Corn <i>Arizona, California & Nevada</i>	CBOT	December Corn	\$3.91/bushel	0.15
Corn - Organic Practice <i>Arizona, California & Nevada</i>	CBOT	December Corn	\$8.95/bushel	0.15
Cotton <i>All States</i>	ICE	December Cotton	\$0.75/pound	0.14
Cotton – Organic Practice <i>All States</i>	ICE	December Cotton	\$1.15/pound	0.14
Grain Sorghum <i>Alabama, Florida, Georgia & South Carolina</i>	CBOT	December Corn	\$3.78/bushel	0.13
Grain Sorghum – Organic Practice <i>Alabama, Florida, Georgia & South Carolina</i>	CBOT	December Corn	\$8.15/bushel	0.13
Grain Sorghum <i>Arkansas, Louisiana & Mississippi</i>	CBOT	December Corn	\$3.78/bushel	0.14
Grain Sorghum – Organic Practice <i>Arkansas, Louisiana & Mississippi</i>	CBOT	December Corn	\$8.15/bushel	0.14

¹ Projected Prices and Volatility Factors are applicable for the Supplemental Coverage Option (SCO) and Stacked Income Protection (STAX - cotton only).

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2018 Crop Year (CY) **Common Crop Insurance Policy, Area Risk Protection Insurance and Margin Protection Plan** Projected Prices and Volatility Factors

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Common Crop Insurance Policy & Area Risk Protection Insurance¹

Crop/Type/Practice/State	Exchange	Contract	Projected Price	Volatility Factor
Grain Sorghum <i>Arizona, California & North Carolina</i>	CBOT	December Corn	\$3.78/bushel	0.15
Grain Sorghum – Organic Practice <i>Arizona, California & North Carolina</i>	CBOT	December Corn	\$8.15/bushel	0.15
Peanuts – Runner Type <i>Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina & Texas</i>	CBOT/ ICE	December Wheat, Cotton, Soybean Oil & Soybean Meal	\$0.1961/pound	0.12
Peanuts – Spanish Type <i>Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi & Texas</i>	CBOT/ ICE	December Wheat, Cotton, Soybean Oil & Soybean Meal	\$0.2569/pound	0.12
Peanuts – Virginia Type <i>Alabama, Florida, Georgia, Mississippi, North Carolina & South Carolina</i>	CBOT/ ICE	December Wheat, Cotton, Soybean Oil & Soybean Meal	\$0.2216/pound	0.12
Popcorn <i>March 15 Sales Closing Date</i> <i>Alabama</i>	CBOT	September Corn	\$0.1643/pound	0.14
Popcorn – Organic Practice <i>March 15 Sales Closing Date</i> <i>Alabama</i>	CBOT	September Corn	\$0.2365/pound	0.14

¹ Projected Prices and Volatility Factors are applicable for the Supplemental Coverage Option (SCO).

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2018 Crop Year (CY) **Common Crop Insurance Policy, Area Risk Protection Insurance and Margin Protection Plan** Projected Prices and Volatility Factors

...Continued

Common Crop Insurance Policy & Area Risk Protection Insurance ^{1,2,3}

Crop/Type/Practice/State	Exchange	Contract	Projected Price	Volatility Factor
Rice – Long Grain Type³ <i>Louisiana</i>	CBOT	September Rice	\$0.119/pound	0.11
Rice – Long Grain Type; Organic Practice <i>Louisiana</i>	CBOT	September Rice	\$0.159/pound	0.11
Rice – Medium/Short Grain Types <i>Louisiana</i>	CBOT	September Rice	\$0.131/pound	0.11
Rice – Medium/Short Grain Types; Organic Practice <i>Louisiana</i>	CBOT	September Rice	\$0.175/pound	0.11
Rice – Long Grain Type³ <i>Arkansas, Mississippi & Texas</i>	CBOT	September ² Rice	\$0.119/pound	0.12
Rice – Long Grain Type; Organic Practice <i>Arkansas, Mississippi & Texas</i>	CBOT	September ² Rice	\$0.159/pound	0.12
Rice – Medium/Short Grain Types <i>Arkansas, Mississippi & Texas</i>	CBOT	September ² Rice	\$0.131/pound	0.12
Rice – Medium/Short Grain Types; Organic Practice <i>Arkansas, Mississippi & Texas</i>	CBOT	September ² Rice	\$0.175/pound	0.12
Rice – Long Grain Type <i>California, Illinois, Missouri, Oklahoma & Tennessee</i>	CBOT	September ² Rice	\$0.119/pound	0.13
Rice – Long Grain Type; Organic Practice <i>California, Illinois, Missouri, Oklahoma & Tennessee</i>	CBOT	September ² Rice	\$0.159/pound	0.13

¹ Projected Prices and Volatility Factors are applicable for the Supplemental Coverage Option (SCO).

² In accordance with the Commodity Exchange Price Provisions (CEPP), the CBOT September rice contract is used to derive the projected rice prices since the November contract lacks sufficient volume and open interest activity. See the relevant CEPP document for details: <http://www.rma.usda.gov/policies/2016/16cepp.pdf>

³ The long grain projected price (conventional practice) is used as the price election under the terms of the Hybrid Seed Rice Crop Provisions: <http://www.rma.usda.gov/policies/2016/16-0080.pdf>

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2018 Crop Year (CY) **Common Crop Insurance Policy, Area Risk Protection Insurance and Margin Protection Plan** Projected Prices and Volatility Factors

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Common Crop Insurance Policy & Area Risk Protection Insurance ^{1,2}

Crop/Type/Practice/State	Exchange	Contract	Projected Price	Volatility Factor
Rice – Medium/Short Grain Types <i>California</i>	CBOT	September ² Rice	\$0.173/pound	0.13
Rice – Medium/Short Grain Types; Organic Practice <i>California</i>	CBOT	September ² Rice	\$0.231/pound	0.13
Rice – Medium/Short Grain Types <i>Illinois, Missouri, Oklahoma & Tennessee</i>	CBOT	September ² Rice	\$0.131/pound	0.13
Rice – Medium/Short Grain Types; Organic Practice <i>Illinois, Missouri, Oklahoma & Tennessee</i>	CBOT	September ² Rice	\$0.175/pound	0.13
Soybeans <i>Arkansas, Louisiana, Mississippi & Texas</i>	CBOT	November Soybeans	\$10.04/bushel	0.13
Soybeans - Organic Practice <i>Arkansas, Louisiana, Mississippi & Texas</i>	CBOT	November Soybeans	\$20.25/bushel	0.13
Soybeans <i>Alabama, Florida, Georgia, North Carolina & South Carolina</i>	CBOT	January (2019) Soybeans	\$10.09/bushel	0.13
Soybeans - Organic Practice <i>Alabama, Florida, Georgia, North Carolina & South Carolina</i>	CBOT	January (2019) Soybeans	\$20.35/bushel	0.13

¹ Projected Prices and Volatility Factors are applicable the Supplemental Coverage Option (SCO).

² In accordance with the Commodity Exchange Price Provisions (CEPP), the CBOT September rice contract is used to derive the projected rice prices since the November contract lacks sufficient volume and open interest activity. See the relevant CEPP document for details: <http://www.rma.usda.gov/policies/2016/16cepp.pdf>

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2018 Crop Year (CY) **Common Crop Insurance Policy, Area Risk Protection Insurance and Margin Protection Plan** Projected Prices and Volatility Factors

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Margin Protection Plan

The following 2018 CY **margin projected prices** and **volatility factors** are approved for the Margin Protection Plan. The margin projected price is used in conjunction with projected input prices and the expected county yield to derive the expected margin (per acre), trigger margin (per acre) and liability. The expected margins for each crop/county are available at the following web page on RMA’s public website: <http://webapp.rma.usda.gov/apps/actuarialinformationbrowser/>. Please see the following web page on RMA’s public website for program details: <http://www.rma.usda.gov/policies/mp/index.html>

Crop/Type	Exchange	Contract	Margin Projected Price	Volatility Factor
Rice – Long Grain Type & No Type Specified <i>Louisiana</i>	CBOT	September Rice	\$0.119/pound	0.11
Rice – Medium & Short Grain Types <i>Louisiana</i>	CBOT	September Rice	\$0.131/pound	0.11
Rice – Long Grain Type & No Type Specified <i>Arkansas, Mississippi & Texas</i>	CBOT	September ¹ Rice	\$0.119/pound	0.12
Rice – Medium & Short Grain Types <i>Arkansas, Mississippi & Texas</i>	CBOT	September ¹ Rice	\$0.131/pound	0.12
Rice – Long Grain Type & No Type Specified <i>California & Missouri</i>	CBOT	September ¹ Rice	\$0.119/pound	0.13
Rice – Medium & Short Grain Types <i>California</i>	CBOT	September ¹ Rice	\$0.173/pound	0.13
Rice – Medium & Short Grain Types <i>Missouri</i>	CBOT	September ¹ Rice	\$0.131/pound	0.13

¹ In accordance with the Margin Price Provisions (MPP), the CBOT September rice contract is used to derive the projected rice prices since the November contract lacks sufficient volume and open interest activity. See the relevant MPP document for details: https://www.rma.usda.gov/policies/2018/18mpp_sectionI.pdf

DISPOSAL DATE

December 31, 2018