

AREA YIELD PROTECTION (AYP)

Area Yield Protection (AYP) is designed as a risk management tool to insure against widespread loss of production of the insured crop in a county. AYP is primarily intended for use by those producers whose farm yields tend to follow the average County Yield. AYP is a county-based insurance product that pays the producer an indemnity in the event the Final County Yield falls below the Trigger Yield selected by the producer.

HOW DOES IT WORK?

- Uses county yields based on National Agriculture Statistics Service (NASS) data
- Pays an indemnity if the Final County Yield is below the Trigger Yield

BENEFITS

- Flexible program that allows the producer to choose between several coverage levels and amounts of protection
- Subsidized by Federal Crop Insurance Corporation (FCIC) and protects against widespread loss of yield in a county
- Fits well with a full coverage crop hail policy, which provides additional coverages



COVERAGE LEVEL

AYP allows the producer to select a coverage level ranging from 65% up to 90% in 5% increments.

PREMIUMS

Per-acre premiums will depend on the county of the insured crop, practice, type, and the coverage levels and protection factors chosen by the producer. Higher coverage levels and protection factors result in higher premiums.

RESTRICTIONS

Producers may not purchase AYP and MPCl coverage for the same crop and year. AYP does not include replanting, late planting, prevented planting, unit-by-unit, or acre-by-acre coverage.

UNIT STRUCTURE

While other crop plans use basic and optional units, AYP is sold on the basis of one unit per crop per county. This is also referred to as an Enterprise Unit.

Why Farmers Mutual Hail?

Farmers Mutual Hail provides top-level farm insurance products backed by the service you deserve. Our knowledgeable, full-service agents will help you make informed decisions tailored to fit your farming operation needs. FMH maintains an exceptionally well-trained and knowledgeable adjusting staff to provide policyholders with the most accurate and responsive claims service in the industry. Trust in the company that has been protecting America's farmer since 1893. Trust in Farmers Mutual Hail.

CONTACT YOUR LOCAL **FARMERS MUTUAL HAIL** AGENT

[AYP]

AREA YIELD PROTECTION



Farmers Mutual Hail
Insurance Company of Iowa

FMH.com



Farmers Mutual Hail
Insurance Company of Iowa

EXPECTED COUNTY YIELD

The National Agriculture Statistics Service (NASS) establishes an Expected County Yield per acre for each crop. Planted, harvested, and unharvested acres, in addition to yield trends, are used in establishing these yields.

TRIGGER YIELD

The Level of Coverage is used to calculate the Trigger Yield. The Level of Coverage selected by the insured (between 70% and 90%) multiplied by the Expected County Yield produces the Trigger Yield amount.

Trigger Yield Example

For a 150-bushel Expected County Yield, a 90% Yield Election has a Trigger Yield of 135 bushels.

150 bushels x 90% = 135 bushel Trigger Yield

FINAL COUNTY YIELD

The Final County Yields are determined by the National Agriculture Statistical Service (NASS), a branch of the U.S. Department of Agriculture. NASS releases Final County Yields in March of the year following harvest.

PROJECTED PRICE

The Projected Price is determined in accordance with the Commodity Exchange Price Provisions (CEPP).

PROTECTION FACTOR

The producer is allowed to select a Protection Factor from 80% up to 120% in 1% increments.

SAMPLE CALCULATION

Example: Indemnity Payment for AYP

Coverage Level: 90% Protection Factor: 100%
 Expected County Yield: 158.2 Final County Yield: 131.6
 Projected Price: \$5.30

158.2 Bu. Per Acre; Expected County Yield **x 90%** Coverage Level: Select from 70-90% in 5% Increments = **142.4** Trigger Yield

158.2 Bu. Per Acre; Expected County Yield **x \$5.30** Projected Price **x 100%** Protection Factor: Select from 80-120% in 1% Increments = **\$838.46** Final Policy Protection

142.4 Trigger Yield – **131.6** Final County Yield = **10.8** Bushel Shortfall

10.8 Bushel Shortfall + [**142.4** Trigger Yield – [**158.2** Expected County Yield **x 0.18** Loss Limit Factor]] = **0.095** Payment Factor

0.095 Payment Factor **x \$838.46** Final Policy Protection = **\$79.65** Indemnity Payment

Example: Indemnity Payment for AYP

Coverage Level: 80% Protection Factor: 90%
 Expected County Yield: 158.2 Final County Yield: 121.6
 Projected Price: \$5.30

158.2 Bu. Per Acre; Expected County Yield **x 80%** Coverage Level: Select from 70-90% in 5% Increments = **126.6** Trigger Yield

158.2 Bu. Per Acre; Expected County Yield **x \$5.30** Projected Price **x 90%** Protection Factor: Select from 80-120% in 1% Increments = **\$754.61** Final Policy Protection

126.6 Trigger Yield – **121.6** Final County Yield = **5.0** Bushel Shortfall

5.0 Bushel Shortfall + [**126.6** Trigger Yield – [**158.2** Expected County Yield **x 0.18** Loss Limit Factor]] = **0.051** Payment Factor

0.051 Payment Factor **x \$754.61** Final Policy Protection = **\$38.49** Indemnity Payment

*All calculations and rates are for example purposes only.

COMPARISON OF CROP INSURANCE PLANS

Coverage Features	Insures Against	Type of Insurance	Yield Coverage	Price Coverage	Results on Which Indemnity is Based	Insurance Units	Replant	Late Planting	Prevented Planting	Yield Adjustment Available
YP/APH	Individual Protection Risk	Yield	50%-85% of APH Yield	55% (CAT), 60%-100% of the Projected or RMA Price***	Actual Yield	Basic, Optional, Enterprise* & Whole-Farm* Units	•	•	•	•
RP/RPHPE	Individual Protection & Revenue Risk	Revenue	50%-85% of APH Yield	100% of the higher Projected or Harvest Price**	Actual Yield & Harvest Price	Basic, Optional, Enterprise* & Whole-Farm* Units	•	•	•	•
AYP	County Production Risk	Area-Based Yield	65% (CAT), 70%-90% of Expected County Yield	45% (CAT), 100% of Projected Price	Final County Yield	Enterprise Units				
ARP/ARP-HPE	County Production & Revenue Risk	Area-Based Revenue	70%-90% of Expected County Yield	100% of Projected or Harvest Price	Final County Yield and Harvest Price	Enterprise Units				

(APH) Actual Production History

* Not available in all counties.

**For the Dollar Guarantee, RP and ARP will use the greater of Projected or Harvest Price. RPHPE and ARP-HPE will use only the Projected Price.

*** For policies above CAT, producers may elect any percent price within this range.