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CCIP's Enterprise Unit Discount based on Acres, not Sections¹

Hi Art,

I just read through today's email about the new policy structures. I noticed that it stated Enterprise Unit discounts were based on the number of sections planted. Is this the case nationwide? We were told at training meetings it was based on planted acres. I checked on the actuarial documents on the RMA website and it stated discounts based on planted acres and a number of other things. I also ran a quote on the RMA website and checked the detail worksheet (what a formula that is) and it appeared as though the EU discount was based on planted acres. Our quoter from my insurance company asks for planted acres and not number of sections.

Thank you,

Insurance agent

Hi Art,

Nice Article! Just had a question on your comment in the third paragraph regarding CRC "larger" EU discount no longer available. When quoting RP with

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EU the discounts are based on acres and look to be similar to what the CRC discount brackets were last year.

Thanks!

Insurance agent

Dear Agents,

Thanks for calling this error to my attention. Then the reverse is true; those farmers who received larger enterprise discounts based on RA's rather than CRC's enterprise unit definition will have smaller discounts under CCIP. It is possible that farmers were adversely selecting by planting a large amount of acres in one section and then planting a "small" amount of acres in multiple sections to gain the maximum RA enterprise discount. Basing the enterprise discount on total planted acres will eliminate this possibility.

When reading the definition of an enterprise unit presented below, I incorrectly assumed RMA would use the RA enterprise unit discount. Under the RA enterprise unit discount it increased with more sections containing planted acres, up to 9 sections. Farmers with a small amount of acreage planted in each section would get a larger premium discount under RA than they would under CRC that based the enterprise discount on the number of planted acres. Therefore, under CCIP farmers will not be benefitted from the RA method because the level of discount is based on planted acres, similar to CRC. This is the opposite of what I wrote, and I will probably correct it and repost.

Enterprise unit - *All insurable acreage of the insured crop in the county in which you have a share on the date coverage begins for the crop year. To qualify, an enterprise unit must contain all of the insurable acreage of the same insured crop in: (1) One or more basic units that are located in two or more separate sections, section equivalents, FSA farm serial numbers, or units established by written agreement, with at least some planted acreage in two or more separate sections, section equivalents, FSA farm serial numbers, or two or more separate units as established by written agreement; or (2) Two or more optional units established by separate sections, section equivalents, FSA farm serial numbers, or as established by written agreement, with at least two optional units containing some planted acreage.*

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