



Figure 1 shows estimated RP premiums for each county in Illinois given an 80% coverage level. APH yields used in these estimates were the expected yields used for Group Risk Income Plan (GRIP) insurances minus five bushels. Per acre premiums vary across counties. The lowest premiums of \$12 per acre occur in DeWitt and Douglas counties. The highest premium of \$32 per acre occurs in Gallatin County. Generally, counties in central and northern Illinois have the lowest premiums. There is a contiguous set of counties that have premiums less than \$20 per acre beginning in Ogle and DeKalb Counties in north-central Illinois that extends south to McLean County in central Illinois, and then heads east to the Illinois-Indiana border. There is a contiguous set of counties in southern Illinois that have premiums over \$25 per acre. Much of this difference in premiums is due to differences in yield risk.

Overall, 2011 premiums are estimated to be 70% higher in 2011 than in 2010. Increases vary across counties. Counties with the lowest increases are in central Illinois. The five counties with the lowest increases are Moultrie (36%), Douglas (38%), DeKalb (41%), and McLean (42%) Counties. Somewhat surprisingly, counties with the largest increases also are in or near central Illinois. The five counties with the largest increases are LaSalle (103%), Putnam (105%), Bureau (108%), Christian (108%), and Logan (110%) Counties.

Differences in increases also points to relatively large differences in premiums in adjacent counties. For example, there is a large difference in premiums between the central Illinois counties of McLean, DeWitt, and Macon and counties immediately to the west. McLean, Dewitt, and Macon Counties have premiums in the \$12 to \$13 per acre ranges while Tazewell, Logan, Sangamon, and Christian Counties have premium costs in the \$19 to \$21 per acre range. These differences suggest that farmers in different counties may make different crop insurance decisions.

### Coverage Level, Harvest Price Exclusion, and Unit Choice Impacts on Premiums

Estimated premiums for corn in McLean County Illinois are shown in Table 1 for a farm with a 180 bushel APH yield, a \$5.70 base price, and a .33 volatility. RP premiums differ across coverage levels, whether the harvest price exclusion is chosen, and unit choice.

**Table 1. Estimated 2011 Revenue Protection Premium, Corn, McLean County, Illinois.<sup>1</sup>**

Coverage Level	Revenue Protection			Revenue Protection with Harvest Price Exclusion		
	Enterprise <sup>1</sup>	Basic <sup>2</sup>	Optional	Enterprise <sup>1</sup>	Basic <sup>2</sup>	Optional
	\$ per Acre			\$ per Acre		
50%	0.96	1.91	2.11	0.64	1.38	1.58
55%	1.47	3.43	3.70	0.82	2.27	2.54
60%	2.26	5.40	5.72	1.15	3.41	3.72
65%	3.11	9.35	9.77	1.78	5.94	6.36
70%	4.54	13.91	14.38	2.63	8.97	9.44
75%	6.98	21.94	22.51	4.31	14.13	14.70
80%	12.78	34.93	35.67	8.25	22.42	23.17
85%	24.58	55.08	56.10	15.90	35.06	36.08

<sup>1</sup> Based on a 180 bushel APH yield, a \$5.70 projected price and a .33 volatility.

<sup>2</sup> Based on 400 acres in the enterprise unit.

<sup>3</sup> Based on 400 acres in the basic unit.

For RP at the enterprise level, premiums range from \$.96 per acre for a 50% coverage level up to a \$24.58 premium at the 85% coverage level. A 90% premium increase occurs from the 80% to the 85% coverage level. Estimated premiums are \$12.78 at the 80% coverage level and \$24.58 at the 85% coverage level. This large increase is due to increased chances of losses and because the risk subsidy decreases from the 80% coverage level to the 85% coverage level.

RP allows the guarantee to increase if the harvest price is above the projected price. The COMBO product also has a product that does not have the guarantee increase provision in it called Revenue Protection with Harvest Price Exclusion (RP with exclusion). Premiums for RP with exclusion are roughly 60% of the premiums for RP. At the 80% coverage level in enterprise units for example, the RP with exclusion product has a \$8.25 premium, 64% of the RP premium of \$12.78 per acre.

