

## **PM-19-065**

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Date

November 25, 2019

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Richard H. Flournoy, Deputy Administrator /s/ John W. Underwood for 11/25/2019

Subject

2020 Crop Year Organic Rice Price Factor, Organic Cotton Price Premium, Popcorn Price Factors, and Peanut Maximum Contract Price Factors

## **Background**

### **Organic Rice Price Factor**

The Risk Management Agency (RMA) offers distinct organic practice rice prices. The definitions and specifications for the organic practice rice prices are provided in the 'Commodity Exchange Price Provisions (CEPP) Section II: Rice' document.

The following 2020 CY organic practice price factor will be applied to the conventional practice rice prices, in accordance with the CEPP, to derive the organic practice rice prices:

- Organic Practice Rice Price Factor 1.34

### **Organic Cotton Price Premium**

The 'Commodity Exchange Price Provisions (CEPP) Section II: Cotton' document authorizes RMA to derive organic practice cotton prices.

The following 2020 CY organic practice price premium will be added to the conventional practice cotton prices, in accordance with the CEPP, to derive the organic practice cotton prices:

- Organic Practice Cotton Price Premium \$ 0.38 per pound

### **Popcorn Price Factors**

The Popcorn Revenue Coverage (Pilot) Crop Provisions specify that projected and harvest prices shall be the “price for grain type corn determined in accordance with the [CEPP] multiplied by a factor...” The factor converts the conventional per bushel corn price into a per pound popcorn price for the following plans of insurance: Area Yield Protection; Supplemental Coverage Option (SCO) Yield Protection; Revenue Protection; Area Revenue Protection; SCO Revenue Protection; Revenue Protection with Harvest Price Exclusion (HPE); Area Revenue Protection with HPE; and SCO Revenue Protection with HPE. The Special Provisions of Insurance contain similar language for the projected price for Yield Protection. The following conversion factor is applicable for the 2020 CY:

- Popcorn Conversion Price Factor 0.0430

RMA offers distinct organic practice prices for popcorn. An organic popcorn factor converts conventional per bushel corn prices into per pound organic popcorn prices for the same plans of insurance specified above. The following conversion factor is applicable for the 2020 CY:

- Organic Practice Popcorn Conversion Price Factor 0.0619

### **Peanut Maximum Contract Price Factors**

For the 2020 CY, the Maximum Contract Price Factors (MCPF) for peanuts changed. Previously, the MCPF for all peanut types was 1.2 times the price election. The following factors are applicable for the 2020 CY:

- Conventional Practice Peanuts All Types 1.45
- Organic (Transitional) Peanuts All Types 1.45
- Organic (Certified) Peanuts Valencia 3.50
- Organic (Certified) Peanuts All Other Types 2.50

### **DISPOSAL DATE:**

December 31, 2021