January 16, 2019

INFORMATIONAL MEMORANDUM: PM-19-005

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

FROM:    Richard H. Flournoy  
          Deputy Administrator

SUBJECT: 2019 Crop Year (CY) Common Crop Insurance Policy and Margin Protection Projected Prices and Volatility Factors

Common Crop Insurance Policy ¹

The 2019 CY projected prices shown below are approved for the Yield Protection, Revenue Protection and Revenue Protection with Harvest Price Exclusion plans of insurance. The 2019 CY volatility factors shown below are approved for the Revenue Protection and Revenue Protection with Harvest Price Exclusion plans of insurance. The projected prices and volatility factors apply to policies with a January 31 sales closing date and are applicable for the crops, types, practices and states indicated below:

<table>
<thead>
<tr>
<th>Crop/Type/Practice/State</th>
<th>Exchange</th>
<th>Contract</th>
<th>Projected Price</th>
<th>Volatility Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corn</strong></td>
<td>CBOT</td>
<td>September Corn</td>
<td>$3.96/bu.</td>
<td>0.14</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Corn – Organic Practice</strong>²</td>
<td>CBOT</td>
<td>September Corn</td>
<td>$9.12/bu.</td>
<td>0.14</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cotton</strong></td>
<td>ICE</td>
<td>December Cotton</td>
<td>$0.74/lb.</td>
<td>0.14</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cotton – Organic Practice</strong>²</td>
<td>ICE</td>
<td>December Cotton</td>
<td>$1.16/lb.</td>
<td>0.14</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

² For the 2019 CY, organic coverage is not available in all counties covered by the January 31 sales closing date.

Continued...
2019 CY **Common Crop Insurance Policy** and **Margin Protection** Projected Prices and Volatility Factors

...Continued

**Common Crop Insurance Policy**

<table>
<thead>
<tr>
<th>Crop/Type/Practice/State</th>
<th>Exchange</th>
<th>Contract</th>
<th>Projected Price</th>
<th>Volatility Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grain Sorghum</strong></td>
<td>CBOT</td>
<td>September Corn</td>
<td>$3.90/bu.</td>
<td>0.14</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grain Sorghum – Organic Practice</strong></td>
<td>CBOT</td>
<td>September Corn</td>
<td>$8.26/bu.</td>
<td>0.14</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Peanuts – Runner Type</strong></td>
<td>CBOT/ICE</td>
<td>December Wheat, Cotton, Soybean Oil &amp; Soybean Meal</td>
<td>$0.2067/lb.</td>
<td>0.12</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Peanuts – Spanish Type</strong></td>
<td>CBOT/ICE</td>
<td>December Wheat, Cotton, Soybean Oil &amp; Soybean Meal</td>
<td>$0.2707/lb.</td>
<td>0.12</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rice – Long Grain Type</strong></td>
<td>CBOT</td>
<td>September Rice</td>
<td>$0.108/lb.</td>
<td>0.13</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rice – Medium &amp; Short Grain Types</strong></td>
<td>CBOT</td>
<td>September Rice</td>
<td>$0.119/lb.</td>
<td>0.13</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rice – Long Grain Type; Organic Practice</strong></td>
<td>CBOT</td>
<td>September Rice</td>
<td>$0.145/lb.</td>
<td>0.13</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rice – Medium &amp; Short Grain Types; Organic Practice</strong></td>
<td>CBOT</td>
<td>September Rice</td>
<td>$0.159/lb.</td>
<td>0.13</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Soybeans</strong></td>
<td>CBOT</td>
<td>November Soybeans</td>
<td>$9.46/bu.</td>
<td>0.12</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Soybeans – Organic Practice</strong></td>
<td>CBOT</td>
<td>November Soybeans</td>
<td>Not available</td>
<td></td>
</tr>
</tbody>
</table>

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

2 **For the 2019 CY, organic coverage is not available in all counties covered by the January 31 sales closing date.**

3 **For the 2019 CY, organic coverage is not available for soybeans in counties covered by the January 31 sales closing date.**

Continued...
2019 CY Common Crop Insurance Policy and Margin Protection Projected Prices and Volatility Factors

...Continued

Common Crop Insurance Policy

<table>
<thead>
<tr>
<th>Crop/Type/Practice/State</th>
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<th>Projected Price</th>
<th>Volatility Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunflowers – Oil Type</td>
<td>CBOT</td>
<td>July Soybean Oil</td>
<td>$0.154/lb.</td>
<td>0.09</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sunflowers – Oil Type; Organic Practice</td>
<td>CBOT</td>
<td>July Soybean Oil</td>
<td>$0.276/lb.</td>
<td>0.09</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sunflowers – Confectionary Type; All Practices</td>
<td>CBOT</td>
<td>July Soybean Oil</td>
<td>$0.212/lb.</td>
<td>0.09</td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Margin Protection

The following 2019 CY margin projected prices and volatility factors are approved for the Margin Protection plan of insurance. 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:

https://webapp.rma.usda.gov/apps/actuarialinformationbrowser/

Please see the following web page on RMA’s public website for program details:


<table>
<thead>
<tr>
<th>Crop/Type</th>
<th>Exchange</th>
<th>Contract</th>
<th>Margin Projected Price</th>
<th>Volatility Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice – Long Grain Type &amp; No Type Specified Texas</td>
<td>CBOT</td>
<td>September Rice</td>
<td>$0.108/lb.</td>
<td>0.13</td>
</tr>
<tr>
<td>Rice – Medium &amp; Short Grain Types Texas</td>
<td>CBOT</td>
<td>September Rice</td>
<td>$0.119/lb.</td>
<td>0.13</td>
</tr>
</tbody>
</table>

DISPOSAL DATE

December 31, 2019