

United States Department of Agriculture Risk Management Agency

April 2008

2008 COMMODITY INSURANCE FACT SHEET

Forage Production

Crop Insured

Grown during one or more years after the year of establishment

Alfalfa is defined as:

- A pure stand of perennial alfalfa (including alfalfa seeded with a cover crop or nurse crop);
- Adequate stand requirements of 4 to 8 plants per sq.ft. depending on age;
- Age up to and including 8 years old.

Alfalfa grass mixture is defined as:

- Mixture of perennial alfalfa and perennial grasses;
- At least 1.2 living alfalfa plants per square foot;
- No maximum age limitations;
- Includes all alfalfa stands all alfalfa stands the ninth and succeeding years after year of establishment.

Causes of Loss

Adverse weather conditions¹ Failure of irrigation water supply² Fire³ Insects⁴ Plant disease⁴ Wildlife⁵

¹Natural perils such as hail, frost, freeze, wind, drought, and excess moisture. ²If caused by an insured peril during the insurance period. ³Unless weeds and undergrowth are not controlled or unmulched pruning debris is not removed. ⁴But not damage due to insufficient or improper application of control measures. ⁵Unless wildlife control measures have not been taken.

Important Dates

Sales Closing	October 31
Acreage Report Due	November 15

Counties Available

Carson City	Churchill	Clark
Douglas	Elko	Eureka
Esmeralda	Humboldt	Lander

Lincoln	Lyon
Nye	Pershing
Washoe	White Pine

Mineral Storey

Crop may be insurable in other counties by written agreement if specific criteria are met. Contact an agent for more details.

Insurance Period

Insurance attaches on acreage with an adequate stand on the later of the date we accept your application or Spring Seeded April 15 Fall Seeded and Established Stand October 16

Insurance ends the earliest of:

- total destruction,
- removal from the windrow or the field for each cutting,
- final adjustment of a loss,
- date grazing commences on the forage crop,
- abandonment of the forage crop or
- October 15

Coverage Levels and Premium Subsidies

The guarantee is :

- Measured in tons of air-dried alfalfa or alfalfa grass depending on the type.
- Based on the grower's past production.

Producers choose:

- Coverage levels from 50 to 75 percent of approved average yield; and
- 55 to 100 percent of a price announced by USDA.
- Catastrophic risk protection (CAT) coverage guarantees 50 percent of their approved average yield will be valued at 55 percent of the announced price.

Price Election, Price used to calculate your premium and indemnity: **\$116**

This fact sheet gives only a general overview of the crop insurance program and is not a complete policy. For further information and an evaluation of your risk management needs, contact a crop insurance agent.

Cost of Crop Insurance

CAT coverage:

- Pay an application fee of \$100
- 100 percent of the premiums subsidized.

Higher coverage levels:

- Pay an application fee of \$30 and
- Premiums are subsidized at lower rates

For more detailed information about the amounts of coverage and premiums, please contact a crop insurance agent.

Loss Example

A claim can be filed whenever production falls short of the guarantee selected by the insured. The amount of a loss is determined by multiplying the production shortfall by the pre-selected price.

Based on actual production history (APH) yield of 6 tons per acre, 65-percent coverage level on 100 acres of forage, selected price of \$116 per ton, irrigated, and one basic unit, 100-percent share.

- 6 Tons per acre average yield (APH)
- <u>x .65</u> Coverage level
 - 3.9 Tons per acre guarantee
- 2.9 Tons per acre loss
- x \$ 116 Price election
 - \$336 Gross indemnity per acre

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Where to Purchase Crop Insurance

All multi-peril crop insurance, including CAT coverage insurance policies are available from private insurance agents. A list of crop insurance agents is available on the RMA Web site at: <u>http://www3.rma.usda.gov/tools/agents/</u>

Regional Contact for RMA

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