



United States Department of Agriculture  
Risk Management Agency

December 2008

## 2009 COMMODITY INSURANCE FACT SHEET

# Grain Sorghum - Crop Revenue Coverage Alabama, Florida, Georgia, South Carolina

### Crop Insured

Grain sorghum may be insured under the Crop Revenue Coverage (CRC) plan of insurance if it is planted on insurable acreage and it is a combine-type hybrid grown from hybrid seed and it is not of a type that is used for both grain and forage.

CRC provides protection against a decline in market prices as well as a shortfall in production. The guarantee is in dollars. A loss situation occurs when the dollar value of your production falls below your dollar guarantee. CRC offers protection whether prices rise or fall:

- In most years when the price usually declines as harvest approaches, you are guaranteed a pre-determined amount of income per acre.
- In a year of rising prices, a production shortfall would be compensated at the higher market-based harvest price. This is critical if any lost production must be replaced at higher market prices for on-farm feeding or to fulfill delivery on a forward contract.

### Counties Available

More than one insurance plan is offered for grain sorghum in some locations. Contact your crop insurance agent for more details on plans offered in your state and county.

### Insurance Period

Coverage begins when the crop is planted and ends at the earliest of:

- 1) Total destruction of the crop;
- 2) Harvest of the unit;
- 3) Final adjustment of a loss;
- 4) Abandonment of the crop; or
- 5) December 10.

### Causes of Loss

Adverse weather conditions  
 Earthquake  
 Failure of irrigation water supply<sup>1</sup>  
 Fire  
 Harvest price less than base price  
 Insects<sup>2</sup>  
 Plant disease<sup>3</sup>  
 Volcanic eruption  
 Wildlife

<sup>1</sup>If caused by an insured peril during the insurance period. <sup>2</sup>But not damage due to insufficient or improper application of pest control measures. <sup>3</sup>But not damage due to insufficient or improper application of disease control measures.

### Reporting Requirements

**Acreage Report** -You must timely report all acres of the crop in which you have a share.

**Notice of Loss**— (1) Protect the crop from further damage by providing sufficient care; (2) notify your agent within 72 hours of your initial discovery of damage; and (3) leave representative samples intact of unharvested crop at least 10 feet wide and extending the entire length of each field of the damaged unit if damage is discovered within 15 days or during harvest.

### Important Dates

Sales Closing.....	February 28
Final Planting.....	June 10
Acreage Reporting.....	June 30
Premium Billing.....	October 1
Cancellation/Termination.....	February 28

### Definitions

**Approved Yield**—The average of the actual production history (APH) yields, assigned or adjusted yields, or unadjusted transitional yields that is calculated and approved by your verifier.

**Base Price**—The price that determines the minimum guarantee and premium is a percentage, set by FCIC each year, of the corn base price.

**Harvest Price**—The price used to calculate revenue and harvest guarantee is a percentage, set by FCIC each year, of the corn harvest price.

**Minimum Guarantee**—The guaranteed minimum dollar protection is the approved APH yield x base price x coverage level percentage.

**Harvest Guarantee**—Approved APH yield x harvest price x coverage level.

**Final Guarantee**—The higher of the minimum or the harvest guarantee. (Note: Your premium will not increase if final guarantee is higher than the minimum guarantee.)

**Calculated Revenue**—Value of your production calculated as bushels produced x harvest price.

**Indemnity**—Final guarantee - calculated revenue.

**Price Elections**—Price election for base price and harvest price are posted on the RMA Web site at: <http://www3.rma.usda.gov/apps/pricesinquiry/>.

## Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your approved APH yield. Crop insurance premiums are subsidized as shown in the following table. For example, if you select the 65-percent coverage level, your premium share would be 41 percent of the base premium (100 percent - 59 percent subsidy = 41 percent).

Coverage Level %	50	55	60	65	70	75
Premium Subsidy %	67	64	64	59	59	55
Enterprise Unit Subsidy %	80	80	80	80	80	77

Catastrophic (CAT) coverage is fixed at 50 percent of your average yield and 55 percent of the price election. CAT is 100 percent subsidized with no premium cost to you. There is, however, an administrative fee of \$300 per crop per county, regardless of the acreage.

## Insurance Units

Your insurable acreage is grouped into a unit based on one of the following unit arrangements:

**Basic Units:** A basic insurance unit includes all of your sorghum acreage in the county, including cash rented land, in which you have 100-percent share. Sorghum grown shares with another entity would be a separate basic unit. Premiums are reduced by 10 percent if you insure under basic units.

**Optional Units:** If a basic unit consists of two or more farm serial numbers (FSN) and certain record-keeping criteria are met, you may select optional units by FSN. The 10-percent basic unit premium discount will not apply.

**Enterprise Unit:** An enterprise unit combines all your grain sorghum in the county into one county-wide unit, regardless of ownership, share, or rental arrangement. A premium discount will apply, based upon the number of insured acres. You must qualify for two or more basic/optional units to be eligible. Beginning in the 2009 crop year, enterprise units will receive an increased premium subsidy.

## Loss Example

This example assumes an approved APH yield of 60 bushels per acre, a base price of \$4.48, a harvest price of \$5.14, 20 bushels per acre production-to-count, and 75-percent coverage level.

60	Bushels per acre approved APH yield
x .75	Coverage level
45	Bushels per acre guarantee basis
x 4.48	Base price per bushel
\$ 201.60	Minimum guarantee per acre

If harvest price is less than base price, harvest guarantee does not enter indemnity calculation. If harvest price is greater than base price, it is used for final guarantee. Harvest guarantee = \$231.30 (45 bushels per acre x .65 x \$5.14)

\$ 231.30	Final guarantee per acre
- \$ 102.80	Calculated revenue (20 bushels per acre produced x \$5.14 harvest price)
<b>\$ 128.50</b>	<b>Indemnity per acre</b>

## Download Copies from the Web

Visit our online publications/fact sheets page at: [http://www.rma.usda.gov/aboutrma/fields/ga\\_rso/](http://www.rma.usda.gov/aboutrma/fields/ga_rso/)

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's Target Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.