



United States Department of Agriculture
Risk Management Agency

Aug 2011

2011 COMMODITY INSURANCE FACT SHEET

Grain Sorghum

Alabama, Florida, Georgia, South Carolina

Crop Insured

The crop insured will be all the grain sorghum in the county for which a premium rate is provided by actuarial documents:

- In which you have a share;
- That is planted for harvest as grain;
- That is combine-type hybrid grain sorghum grown from hybrid seed; and
- That is not a dual-purpose type of grain sorghum used for both grain and forage (unless allowed through a written agreement of insurance.)

Grain sorghum previously covered under the Crop Revenue Coverage plan will be converted to Revenue Protection. See your crop insurance agent for additional details.

Yield and Revenue Protection Insurance

One policy provides the choice of three plans:

Yield Protection: Insurance coverage providing protection only against a production loss.

Revenue Protection: Insurance coverage providing protection against loss of revenue due to a production loss, price decline/increase, or a combination of both.

Revenue Protection with Harvest Price Exclusion: Insurance coverage providing protection only against loss of revenue due to a production loss, price decline, or a combination of both.

Causes of Loss

Adverse weather conditions	Plant disease ³
Failure of irrigation water supply ¹	Price change ⁴
Fire	Volcanic eruption
Earthquake	Wildlife
Insects ²	

¹If caused by an insured peril during the insurance period.

²But not damage due to insufficient or improper application of pest control measures. ³But not damage due to insufficient or improper application of disease control measures. ⁴For Revenue Protection, a change in the harvest price from the projected price.

Counties Available

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 insured crop;
- 3) final adjustment of a loss;
- 4) abandonment of the crop; or
- 5) December 10.

Important Dates

Sales Closing.....	February 28
Final Planting.....(Dates differ by state and county)	
Acreage Reporting.....	June 30
Premium Billing.....	October 01
Cancellation/Termination.....	February 28

Reporting Requirements

Acreage Report- You must report to your insurance agent by the acreage reporting date all acres of the crop in which you have a share.

Notice of Loss- In the event 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; (3) leave representative samples intact for each field in the damaged unit until the earlier of our inspection or 15 days after harvest of the balance of the unit is completed and written notice of loss given to us.

Prices

Commodity Exchange Price Provisions (CEPP) contains information necessary to derive the projected price and the harvest price for the insured crop.

Projected Price – Determined from the Chicago Board of Trade (CBOT) average daily settlement price of the December futures contract for corn for the period of January 15 – February 14 in accordance with the Commodity Exchange Price Provisions (CEPP). Projected price is used to calculate your premium and any prevented planting payment.

Harvest Price – Determined from the CBOT average daily settlement price of the December futures contract for corn for the period of August 1 – August 31 in accordance with CEPP.

For more information consult your agent or see :

<http://webapp.rma.usda.gov/apps/ActuarialInformationBrowser/>

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.

Harvest Price Exclusion—Revenue protection with use of harvest price excluded when determining the revenue guarantee. (Note: Harvest price is not excluded for determining value of production in loss determination.)

Production Guarantee—Number of bushels determined by multiplying your approved yield per acre by the coverage level percentage you elect.

Revenue Protection Guarantee—For revenue protection only, amount determined by multiplying the production guarantee by the greater of the projected price or the harvest price. If the harvest price exclusion is elected, the production guarantee is only multiplied by the projected price.

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your approved yield. For example, an approved yield of 40 bushels per acre would result in a guarantee of 26 bushels per acre at the 65-percent coverage level. Crop insurance premiums are subsidized as shown in the following table. Your share of the premium will be 100 percent minus the subsidy amount. For example, if you select the 75-percent coverage level, the premium subsidy is 55 percent for basic or optional units for basic or optional units. Your

premium share is 45 percent of the base premium for basic or optional units ($100-55 = 45\%$), 23 percent for an enterprise unit ($100-77=23\%$), or 20 percent for a whole farm unit ($100-80=20\%$).

Coverage Level %	50	55	60	65	70	75
Percent Premium Subsidy						
Basic/Optional Unit	67	64	64	59	59	55
Enterprise Unit	80	80	80	80	80	77
Whole Farm Unit	80	80	80	80	80	80

Catastrophic (CAT) coverage is fixed at 50 percent of your average yield and 55 percent of the projected price. 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

Basic Units: A basic insurance unit includes all your insurable grain sorghum acreage in the county in which you have 100-percent share and includes any cash-rented land. If you also grew grain sorghum on shares with another entity, that acreage would be a separate basic unit. A 10-percent premium discount applies. Consult your agent for more details.

Optional Units: A basic unit may be divided into two or more optional units by FSA farm serial number (FSN), irrigated and non-irrigated acreage, or organic practice. No premium discount applies. Consult your agent for more details.

Enterprise Unit: All insurable grain sorghum in the county in which you have a share. To qualify for an enterprise unit, you must:

- insure under yield or revenue protection; and
- have at least two FSN which each have the lesser of 20 acres or 20 percent of the insured crop acreage in the enterprise unit; or
- have one FSN with at least 660 planted acres.

A variable premium discount and increased premium subsidy apply. Consult your agent for more details.

Whole Farm Unit: Available for Revenue Protection policies only. A variable premium discount applies. You will be required to pay separate administrative fees for each crop included in the whole-farm unit. Consult your agent for more details.

Prevented Planting

Prevented planting coverage will be 60 percent of your production guarantee for timely planted acreage. Consult a crop insurance agent for details on increasing this coverage.

Replant Provision

The replanting payment is allowed if the grain sorghum is damaged by an insurable cause of loss to the extent that the remaining stand will not produce at least 90 percent of the production guarantee and it is practical to replant. The amount of the replanting payment per acre will be the lesser of 20 percent of the production guarantee or seven bushels, multiplied by the projected price for the crop, multiplied by the percent share.

Loss Example

Yield protection loss occurs when grain sorghum production for the unit falls below the production guarantee as a result of damage from a covered cause of loss. Revenue protection loss occurs when the value of production to count is less than the revenue protection guarantee due to a production loss and/or a loss of revenue. The example assumes the insured has a 100-percent share, 70-percent coverage level, a \$5.79 projected price, and a one-acre basic unit. The grain sorghum is non-irrigated with an approved APH yield of 40 bushels per acre. The production to count is 20 bushels per acre due to an insurable cause of loss and the harvest price is \$4.63 per bushel.

Yield Protection		Revenue Protection
40	Bushels/Acre APH yield	40
x .70	Coverage Level	x .70
<u>28</u>	Bushels/Acre Guarantee	<u>28</u>
x \$ 5.79	Projected Price	x \$ 5.79
<u>\$ 162.12</u>	Insurance Guarantee	<u>\$ 162.12</u>
20	Bushels Produced	20
x \$ 5.79	Projected or Harvest Price	x \$ 4.63
<u>\$ 115.80</u>	Production to Count Value**	<u>\$ 92.64</u>
\$ 162.12	Insurance Guarantee*	\$ 162.12
- \$ 115.80	Production to Count Value**	- \$ 92.64
<u>\$ 46.32</u>	Indemnity/Acre	<u>\$ 69.48</u>

* For Revenue Protection, the insurance guarantee is equal to the production guarantee multiplied by the greater of the projected price or the harvest price.

** For Revenue Protection, the production to count value is equal to the production to count multiplied by the harvest price.

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