



United States Department of Agriculture  
Risk Management Agency

February 2006

## 2006 COMMODITY INSURANCE FACT SHEET

# Forage Seeding

## Michigan

### Crop Insured

The crop insured will be all the current year **spring\*** planted perennial alfalfa, alfalfa grass mixtures (more than 25 percent of the ground cover is alfalfa), birdsfoot trefoil, or birdsfoot trefoil grass mixtures (more than 25 percent of the ground cover is birdsfoot trefoil) you have in the county in which you have a share. Acreage planted with the intention of grazing is not insurable.

\* Fall planted may be insurable through a written agreement.

### Counties Available

This insurance coverage is available in Bay, Clinton, Iosco, Isabella, Ogemaw, Osceola, Sanilac, and Shiawassee counties.

### Causes of Loss

Adverse weather conditions  
Earthquake  
Failure of irrigation water supply, if applicable, due to an unavoidable cause of loss occurring within the insurance period.  
Fire  
Insects\*  
Plant disease\*  
Volcanic eruption  
Wildlife

All specified causes of loss must be due to a naturally occurring event.  
\*But not damage due to insufficient or improper application of pest or disease control measures.

### Insurance Period

Forage seeding insurance will end at the earliest of: (1) total destruction of the insured crop, (2) the initial harvest of the unit, (3) final adjustment of a loss, (4) abandonment of the insured crop, (5) the date grazing commences on the insured crop, or (6) May 21.

### Important Dates

Sales Closing ..... March 15  
Final Planting ..... May 25  
Acreage Report ..... July 15  
Premium Billing ..... October 1  
Insurance Begins ..... Planting  
Insurance Ends\* ..... May 21, 2007

\*At harvest if done after August 15 of the seeding year.

### Definitions

**Dollar Plan of Insurance.** This plan offers the producer the opportunity to select one of several dollar amounts of insurance per acre. The available coverage elections and the rates are indicated on the actuarial table.

**Normal Stand.** A population of live plants per square foot that meets the minimum required number of plants as shown in the special provisions.

**Unit.** The insurable acreage used to determine the dollar guarantee and any indemnity (loss payment).

### Amount of Insurance

Shown below are maximum dollar amounts of coverage per acre available at each coverage level for crop year 2006 based on \$176 reference maximum amount. Lesser dollar amounts of coverage are also available at the 55 percent to 75-percent levels of coverage.

Coverage Level (Percentages)	CAT	50	55	60	65	70	75
Michigan	\$49	\$88	\$97	\$106	\$114	\$123	\$132

## Premium and Administrative Fees

These fees are charged in addition to the insurance premium. USDA subsidizes the insurance premium. Catastrophic (CAT) Coverage: \$100/crop/county. (No insurance premium is charged for CAT coverage.) Additional Coverage: \$30/crop/county.

## Replant Provisions

The replant payment provision of the forage seeding crop provisions are not applicable to Michigan.

## Late and Prevented Planting

The late and prevented planting provisions of the basic provisions are not applicable.

## Loss Example

A loss occurs when the crop value falls below the guaranteed dollar amount as a result of damage from a covered cause of loss. Example assumes one basic unit at 65-percent level of coverage and 100 planted acres with 30 acres fully established and 70 acres at 50 percent stand\*.

Liability:

100	Acres
<u>x \$114</u>	Amount of insurance per acre
\$11,400	

Total Established Stand:

30	Acres
<u>x \$114</u>	Insurance per acre
\$3,420	

Amount of Loss:

\$11,400	Liability
<u>-\$3,420</u>	Value-to-count
\$7,980	

Net Indemnity to Grower:

\$7,980	
<u>- \$500</u>	Estimated premium
\$7,480	

\*The amount of indemnity on any spring planted acreage will be reduced 50 percent if the stand is less than 75 percent but more than 55 percent of a normal stand. A stand less than 55 percent will be indemnified at 100 percent.

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