

United States Department of Agriculture Risk Management Agency

February 2009

# 2009 COMMODITY INSURANCE FACT SHEET

# Onions Michigan

#### **Crop Insured**

The crop insured will be onions planted for harvest as storage (dry) onions, excluding green (bunch) or seed onions, chives, garlic, leeks, and scallions.

# **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.

# **Excluded Causes of Loss**

Production loss that occurs after the end of the insurance period including, but not limited to, losses that occur after onions have been placed in storage.

#### **Insurance Period**

Coverage begins on each unit or part of a unit when the onions are planted and ends at the earliest of: (1) total destruction of the onions on the unit; (2) fourteen days after lifting or digging of the onions; (3) removal of the onions from the field; (4) final adjustment of a loss on a unit; or (5) October 15.

# **Reporting Requirements**

Acreage Report—You must report to your insurance provider all acreage of the insured crop in the county in which you have a share, the practice, and your share at the time of planting.

# **Important Dates**

Sales Closing	February 1
Final Planting	May 15
Acreage Report	July 15
Cancellation	February 1

#### **Definitions**

**Production Guarantees** - Number of hundredweight (cwt) guaranteed per acre, determined by multiplying your average yield per acre times the coverage level percentage you elect. Yields are based on actual production history (APH) records reported to your insurance provider.

#### **Coverage Levels and Premium Subsidies**

The onion policy guarantees a certain amount of production, depending on the level of coverage selected. Crop insurance premiums are subsidized as shown below. For example, if you select the 75-percent coverage level, the premium subsidy is 55 percent and your premium share is 45 percent of the base premium.

ltem	Percent					
Coverage Level	50	55	60	65	70	75
Premium Subsidy	67	64	64	59	59	55
Your Share	33	36	36	41	41	45

The total cost for CAT coverage will be an administrative fee of \$300 per crop per county, regardless of the acreage. All other coverage levels require a \$30.00 administrative fee.

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.

# **Price Elections**

Price at which you are compensated per cwt in the event of a loss, based on the percentage of established price you have selected. Price election percentage choices for this crop year are 55 percent to 100 percent of the price shown below.

#### **Established Price:**

\$7.70 per cwt

# **Replant Provisions**

A replanting payment is available if we determine it is practical to replant on a unit and our appraisal does not exceed 90 percent of your final stage guarantee, and you replant at least 20 acres or 20 percent of the unit. The replanting payment will be the lesser of 7 percent of the final stage production guarantee or 18 cwt multiplied by your price election, multiplied by your share. Replant payments are **not available** on the Catastrophic Risk Protection Endorsement.

# Late and Prevented Planting

These provisions provide protection on eligible acreage that is planted late or that cannot be planted by the final planting date or within the 25 day lateplanting period. Prevented planting coverage will be 45 percent of the production guarantee for timely planted acreage. Please consult your crop insurance provider for further details

# Loss Example

A loss occurs when the crop value falls below the guaranteed cwt amount as a result of damage from a covered cause of loss. This example assumes the 65-percent coverage level, a 100-percent price election of \$7.70, an average APH yield of 300 cwt per acre with .667 share.

#### **APH** yield x coverage level x unit acres production x price election x share

300	cwt APH yield
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X	.65	Coverage level
	195	cwt per acre guarantee
Х	100	Acres

- 19,500 cwt unit guarantee
- 16,500 cwt production
  - 3,000 cwt loss
  - <u>x \$7.70</u> Price election
  - \$23,100 Unit indemnity
  - <u>x .667</u> Share
  - **\$15,408** Final indemnity

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