



United States Department of Agriculture  
Risk Management Agency

December 2010

## 2011 COMMODITY INSURANCE FACT SHEET

# Grain Sorghum

## Colorado

### Crop Insured

The crop insured will be all the grain sorghum grown in the county on insurable acreage, for which premium rates are provided, in which you have a share, and planted for harvest as grain. Contact a crop insurance agent for more details.

### Counties Available

Grain sorghum insurance is available in the following counties: Adams, Baca, Bent, Cheyenne, Crowley, Kiowa, Kit Carson, Las Animas, Lincoln, Logan, Morgan, Otero, Phillips, Prowers, Pueblo, Sedgwick, Washington, and Yuma.

Coverage in other counties may also be available by individual written agreement if certain criteria are met, including records for at least three years of production history.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
Failure of irrigation water supply<sup>2</sup>  
Fire<sup>3</sup>  
Insects<sup>4</sup>  
Plant disease<sup>4</sup>  
Wildlife

<sup>1</sup>Such as hail, freeze, excess wind, excess rain, and drought.

<sup>2</sup>If due to an insured cause of loss within the insurance period.

<sup>3</sup>If due to natural causes.

<sup>4</sup>Only if effective control measures do not exist for such infestation.

### Insurance Period

Coverage begins when the grain sorghum is planted and ends the earliest of: (1) total destruction of the crop, (2) abandonment of the crop, (3) completion of harvest, (4) final adjustment of a loss, (5) December 10, 2011.

### Reporting Requirements

**Acreage Report**—You must give a report of all your grain sorghum acreage in the county by the acreage reporting date.

### Important Dates

Sales Closing/Cancellation Date ..... March 15, 2011  
Earliest Planting Date<sup>1</sup> ..... May 1, 2011  
Final Planting Date<sup>2</sup> ..... June 15, 2011  
Acreage Report Date ..... July 15, 2011  
Premium Billing ..... October 1, 2011  
End of Insurance ..... December 10, 2011

<sup>1</sup>Excludes Baca, Bent, and Prowers counties, which have an Earliest Planting Date of April 16.

<sup>2</sup>Excludes Baca, Bent, Kiowa, and Prowers counties, which have a Final Planting Date of June 20.

### Definitions

**APH Yield** — Actual production history (APH) yield used to determine the production guarantee. The APH yield is based on up to 10 years of actual, assigned yields, adjusted and/or unadjusted transitional yields.

**Unit** — The insurable acreage used to determine the APH yield, the production guarantee, and any indemnity.

### Coverage Levels and Premium Subsidies

Grain sorghum may be insured at the coverage levels shown. Crop insurance premiums are subsidized as shown.

Coverage Level		0.50	0.55	0.60	0.65	0.70	0.75	0.80 <sup>1</sup>	0.85 <sup>1</sup>
Subsidy Factors	Enterprise Unit	0.80	0.80	0.80	0.80	0.80	0.77	0.68	0.53
	Basic Unit	0.67	0.64	0.64	0.59	0.59	0.55	0.48	0.38
	Optional unit	0.67	0.64	0.64	0.59	0.59	0.55	0.48	0.38
	Whole Farm Unit <sup>2</sup>	0.80	0.80	0.80	0.80	0.80	0.80	0.71	0.56

If you select the 0.75 coverage level and enterprise units, your coverage will be 75 percent of your approved APH yield, the premium subsidy is 77 percent, and your premium share is 33 percent of the base premium.

<sup>1</sup>Where applicable.

<sup>2</sup>Not available for Yield Protection Plan

## Catastrophic Coverage

Catastrophic coverage (CAT) is available at 50 percent of your APH yield and 55 percent of the price election. The total cost for CAT coverage will be an administrative fee of \$300 per crop per county, regardless of the acreage. Administrative fees, in addition to premium costs, for coverage levels above CAT are \$30 per crop per county. Available for Yield Protection Plan only.

## Price Elections

Prices are calculated in accordance with the Commodity Exchange Price Provisions. Colorado grain sorghum prices are based on the December futures market price for corn. The projected price discovery period is February 1 through February 28. The harvest price discovery period is October 1 through October 31. The price percentage relationship between grain sorghum and corn, as determined by RMA, and rounded to the nearest whole cent, will be available in the Price Discovery Reporting application on RMA's Web site. These prices will be released no later than three business days following the end of the price discovery period. Depending on the insurance plan, these prices will be used for compensation per pound in case of loss. Contact your agent or for more information see: <http://www.rma.usda.gov/tools/pricediscovery.html>

## Insurance Units

**Basic Unit:** A basic unit includes all of your insurable grain sorghum acreage in the county by share arrangement. Premiums are reduced 10 percent for a basic unit.

**Optional Unit:** If a basic unit consists of two or more sections of land, and certain record keeping requirements are met, you may apply for optional units by section. The 10-percent premium discount will not apply.

**Enterprise Unit:** Generally, all the insured crop acreage in a county. Premium discounts apply.

**Whole Farm Unit:** Generally, all the insured crops in the county that are covered by the insurance plan. Premium discounts apply (Not available under the Yield Protection Plan).

## Plans of Insurance

### Common Crop Insurance Policy

Crops previously covered under APH, CRC, IP, and RA have both Yield Protection and Revenue Protection under the new Common Crop Insurance Policy Basic Provisions (11br).

- **Yield Protection Plan** is a plan of insurance that only provides protection against a production loss and is available only for crops for which revenue protection is available.

- **Revenue Protection Plan** is plan of insurance that provides protection against loss of revenue due to a production loss, price decline or increase, or a combination of both.
- **Harvest price exclusion** - Revenue protection with the use of the harvest price excluded when determining your revenue protection guarantee. This election is continuous unless canceled by the cancellation date.

## Replant Provisions (not available under catastrophic coverage)

A replanting payment is allowed only if the crop is damaged by a covered cause of loss to the extent that the remaining stand will not produce at least 90 percent of your bushel guarantee and it is practical to replant. The maximum replanting payment will be the lesser of 20 percent of the bushel guarantee, or 7 bushels times your price election. No replanting payment will be made on acreage initially planted prior to the earliest planting date.

## Late and Prevented Planting

These provisions provide protection on acreage that is planted after the final planting date or that cannot be planted at all. Please consult a crop insurance agent for details.

## Loss Example

Under yield protection a loss occurs when the bushels of grain sorghum produced for the unit fall below the production guarantee as a result of damage from a covered cause of loss. Under revenue protection a 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. This example assumes a 70 bushel per acre APH yield, 75-percent coverage level, 100 percent of the price, a projected price of \$3.50, a harvested price of \$3.00, and basic unit coverage.

<u>Yield Protection</u>		<u>Revenue Protection</u>	
70	APH yield bushels/acre	70	
x .75	Coverage level	x .75	
52.5	Bushel guarantee	52.5	
x \$3.50	Projected price	x \$3.50	
\$183.75	Insurance guarantee	\$183.75	
40	Bushels per acre produced	40	
x \$3.50	Price used to determine production	x \$3.00	
\$140.00	Value of production	\$120.00	
\$183.75	Insurance guarantee	\$183.75	
- \$140.00	Value of production	- \$120.00	
\$44.00	Gross indemnity*	\$64.00	

\*Figures shown on a per acre basis; guarantees and losses are paid on a unit basis. See policy provisions.

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