



United States Department of Agriculture  
Risk Management Agency

January 2011

## 2011 COMMODITY INSURANCE FACT SHEET

# Hybrid Sorghum Seed Kansas

### Crop Insured

The crop insured will be all the female parent sorghum plants grown in the county on irrigated insurable acreage for which premium rates are provided, in which you have a share, and grown under a hybrid sorghum seed processor contract executed by the acreage reporting date to be harvested as commercial hybrid sorghum seed.

### Counties Available

Hybrid sorghum seed insurance is available in these 2 counties in Kansas: Lane and Scott. In counties where premium rates are not published, hybrid sorghum seed may be insurable by written agreement.

### Causes of Loss

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

<sup>1</sup>Including hail, frost, freeze, excess precipitation and drought. Loss due to frost or freeze after October 10 is not an insured cause of loss.

<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>But not damage due to insufficient or improper application of pest or disease control measures.

### Insurance Period

Insurance coverage begins on the date when the female and male parent plants are planted, and will end at the earliest of: (1) total destruction of the crop, (2) harvest of the crop, (3) abandonment of the crop, (4) final adjustment of a loss, (5) November 30, 2011.

### Reporting Requirements

**Acreage Report** — You must report all of your hybrid sorghum seed acreage in the county to your crop insurance agent by the Acreage Reporting Date.

### Important Dates

Sales Closing/Cancellation Date ..... March 15, 2011  
Final Planting Date..... June 25, 2011  
Acreage Report Date ..... July 15, 2011  
Premium Billing Date ..... October 1, 2011  
End of Insurance..... November 30, 2011

### Definitions

**Adjusted Yield** — An amount determined by multiplying the county yield by the coverage level factor.

**Amount of Insurance** (dollars per acre) — A dollar amount determined by multiplying the adjusted yield by the price election for hybrid sorghum seed minus any guaranteed payment (not to exceed the total compensation in the processor contract).

**Approved Yield** — An amount RMA determines to be representative of the expected yield of the female parent when grown under a specific production practice based on records provided by the seed company and the credibility of the records.

**Dollar Value per Bushel** — An amount that determines the value of any seed production to count. It is determined by dividing the amount of insurance per acre by the result of multiplying the approved yield by the coverage level percentage selected.

**Type** — Grain sorghum, forage sorghum, or sorghum processor contract and report the amount, if any, of sudan parent plants.

### Coverage Levels and Premium Subsidies

Instead of guaranteeing an amount of production, the policy guarantees a dollar amount of coverage, depending on the level of coverage selected (see table). Crop insurance premiums are subsidized as shown. 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.

Subsidy Factor		Percent					
Coverage Level	CAT	0.50	0.55	0.60	0.65	0.70	0.75
Basic Unit	1.000	0.67	0.64	0.64	0.59	0.59	0.55
Optional Unit		0.67	0.64	0.64	0.59	0.59	0.55

The amount of insurance per acre formula will be the factor listed below by specific coverage level times the county yield established by RMA minus the minimum payment (in bushels) provided by the seed company times the selected price election.

Premium							
Coverage Level	CAT	0.50	0.55	0.60	0.65	0.70	0.75
Coverage Level Factor		.667	.733	.800	.867	.933	1.000

## Catastrophic Coverage

Catastrophic coverage (CAT) is available at the adjusted yield (county yield times the 50 percent coverage level factor) times 55 percent of the price for field corn. 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.

## Price Elections

The price used to calculate your premium or indemnity. The established price for hybrid sorghum seed is \$4.90/bushel.

## Insurance Units

**Basic Unit:** If the processor contract specifies the number of acres to be planted, a basic unit consists of all your insurable hybrid sorghum seed acreage in the county by share arrangement. If the processor contract specifies the amount of production to be delivered, a basic unit consists of all acreage planted to the insured crop in the county that will be used to fulfill contracts with each processor. There will be no more than one basic unit for all production contracted with each processor contract. Premiums are reduced by 10 percent for a basic unit.

**Optional Unit:** Optional units will not be established.

## Plans of Insurance

**Yield-based Dollar Plan (YDO)** — Dollar guarantee with production to count (\$) based on variable dollars per bushel depending on the approved yield for the variety.

## Replant Provisions

No replanting payment is available. If either the male or female parent plants are damaged before the final planting date and it was practical to replant and it was not replanted, the acreage will not be insured. It will not be considered practical to replant unless production from the replanted acreage can be delivered under the terms of the hybrid sorghum seed processor contract, or the seed company agrees that it will accept the production from the replanted acreage.

## Late and Prevented Planting

Prevented planting applies to the female and male parent plants. The male parent plants must be planted in accordance with the requirements of the hybrid sorghum seed processor contract to be considered planted. Your prevented planting coverage will be 60 percent of your amount of insurance for timely planted acreage. If you have limited or additional levels of coverage and pay an additional premium, you may increase your prevented planting coverage to a level specified in the actuarial documents.

Late planting provisions provide protection on acreage that is planted after the final planting date. Please consult a crop insurance agent for details.

## Loss Example

A loss occurs when the value of the hybrid sorghum seed falls below the guaranteed dollar amount as a result of damage from a covered cause of loss. This example assumes a county yield of 85 bushels per acre, 75-percent coverage level, 100 percent established price of \$4.90 per bushel, and an approved yield of 80 bushels, and basic unit coverage.

85	bushels
x \$4.90	price election
\$417.00	amount of insurance/acre
- \$242.00	production to count (seed <sup>1</sup> and non-seed <sup>2</sup> )
<b>\$175.00</b>	<b>gross indemnity*</b>

$$(20 \text{ bu.} \times \$6.95/\text{bu.}^1) + (20 \text{ bu.} \times \$5.17/\text{bu.}^2) = \$242.00$$

$$^1\$6.95 \text{ seed price/bu.} = [\$417.00 / (80 \text{ bu.} \times 0.75)]$$

$$^2\$5.17 = \text{local market price for non-seed prod.}$$

\*Figures shown on a per acre basis; guarantees and losses paid are on a unit basis. See your local agent for example calculation details.

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