



United States Department of Agriculture  
Risk Management Agency

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## 2006 COMMODITY INSURANCE FACT SHEET

# Grain Sorghum

## Iowa, Minnesota, and Wisconsin

### 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. Grain sorghum will be insurable when it is grown from hybrid seed and is not a dual-purpose type (grown for grain or forage).

### Counties Available

Grain sorghum is insurable in 32 counties in Iowa, only Brown county in Minnesota, and only Rock and Waukesha counties in Wisconsin. In counties where premium rates are not published, grain sorghum may be insurable by written agreement.

### 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>Including hail, frost, freeze, drought, and excess precipitation.

<sup>2</sup>If caused by an insured cause of loss.

<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 will begin on the date the grain sorghum is planted, and will end at the earliest of: (1) total destruction of the crop, (2) harvest of the unit, (3) final adjustment of a loss, (4) December 10, 2006 or, (5) abandonment of the crop.

### 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  
Earliest Planting Date (MN) ..... April 25

Final Planting Date (MN) ..... May 25  
Earliest Planting Date (IA) ..... April 16  
Earliest Planting Date (WI) ..... April 26  
Final Planting Date (IA, WI) ..... June 10  
Acreage Reporting Date (IA, MN) ..... June 30  
Acreage Reporting Date (WI) ..... July 15  
Premium Billing Date ..... October 1  
Production Reporting Date ..... April 29

### 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 and/or assigned yields.

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

**Production Guarantee** — Number of bushels guaranteed per unit. Multiply your APH yield per acre  $\times$  the coverage level percentage you select  $\times$  the number of acres in the unit.

**High Risk Land (HRL)** — Land designated on a map in the actuarial documents with a high risk rate classification, requiring a higher premium rate due to higher risk.

**HRL Exclusion Option** — An agreement to exclude from crop insurance coverage **all** high risk land by crop and county, as signed on our form by the sales closing date. Catastrophic coverage is still available when this option is in effect.

### Coverage Levels and Premium Subsidies

Grain sorghum may be insured at the coverage levels shown in the table below. Crop insurance premiums are subsidized as shown. For example if you select the 75-percent coverage level, your coverage will be 75 percent of your approved APH yield, the premium subsidy is 55 percent, and your premium share is 45 percent of the base premium. Catastrophic coverage (CAT) is available at 50 percent of your APH yield and 55 percent of the established price election. The total cost for CAT coverage will be an administrative

fee of \$100 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.

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

### Price Election (APH plan)

Price of compensation per bushel in case of loss:  
Established price: \$1.95 per bushel

### 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 to optional units.

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

### Plans of Insurance

**Actual Production History (APH)** – Production guarantee based on your **individual** yield history. Optional and basic units are available.

**Crop Revenue Coverage (CRC)** – APH plus price protection with optional, basic and enterprise units.

### Replant Provisions

(Not available under catastrophic coverage)

A replanting payment is allowed if your grain sorghum 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. Please consult a crop insurance agent for details.

### Loss Example

A loss occurs when the bushels of grain sorghum produced for the unit falls below the production guarantee as a result of damage from a covered cause of loss. This example assumes a 55 bushels per acre APH yield, 65-percent coverage level, 100 percent of the established price, and basic unit coverage.

### APH Example

55 bushels per acre APH yield  
 $\times .65$  coverage level  
 35.8 bushels guarantee\*  
 $- 15.0$  bushels per acre actually produced  
 20.8 bushels per acre loss  
 $\times \$1.95$  price election  
 \$ 40.56 gross indemnity\*  
 $- \$4.00$  estimated premium per acre (varies)  
**\$36.56 net indemnity\***

### Revenue Product Example

35.8 bushels\* (see above)  
 $\times \$2.00$  base price (est.-announced in March)  
 \$71.60 guarantee\*  
 15 bushels per acre actually produced  
 $\times \$1.90$  harvest price (est.-announced in Dec.)  
 \$28.50 revenue  
 \$43.10 gross indemnity (\$71.60-28.50=\$43.10)\*  
 $- \$5.00$  estimated premium (varies by county)  
**\$38.10 net indemnity\***

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

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