



United States Department of Agriculture  
Risk Management Agency

January 2006

## 2006 COMMODITY INSURANCE FACT SHEET

# Canola

## Minnesota

### Crop Insured

The crop insured will be all the canola grown in the county on insurable acreage, for which premium rates are provided, in which you have a share, and planted for harvest as seed.

### Counties Available

Canola is insurable in 29 counties in Minnesota. In counties where premium rates are not published, canola 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 during 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 will begin on the date the canola 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) October 31, 2006 or, (5) abandonment of the crop.

### Reporting Requirements

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

### Important Dates

Sales Closing/Cancellation Date..... March 15  
Earliest Planting Date ..... April 16  
Final Planting Date..... May 31  
Acreage Reporting Date ..... June 30

Premium Billing Date..... October 1

Production Reporting Date..... April 29

### Definitions

**APH Yield** — Actual production hHistory (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 pounds guaranteed per unit. Multiply your APH yield per acre  $\times$  the coverage level percentage you select  $\times$  the number of acres in the unit.

### Coverage Levels and Premium Subsidies

Canola 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 Elections (APH plan)

Price of compensation per pound in case of loss:

Established price: \$0.0965 per pound.

## Insurance Units

**Basic Unit:** A basic unit includes all of your insurable canola 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:** All of the insured crop acreage in a county. Premium discounts apply.

**Whole Farm Unit:** All of the insured crops in the county that are covered by the insurance plan. Premium discounts apply.

## Plans of Insurance

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

**Revenue Assurance (RA)** — APH plus price protection with optional, basic, enterprise, and whole farm units.

## Replant Provisions

(not available under catastrophic coverage)

A replanting payment is allowed if your canola crop is damaged by an insurable cause of loss to the extent that most producers producing the crop on similarly situated acreage in the area would not continue to care for the crop, and it is practical to replant. The maximum payment will be the lesser of 20 percent of the production guarantee or 175 pounds, 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

**APH Example:** A loss occurs when the pounds of canola produced for the unit fall below the production guarantee as a result of damage from a covered cause of loss. This example assumes a 1500 pound per acre APH yield, 65-percent coverage level, 100 percent established price, and basic unit coverage.

$$\begin{array}{r} 1500 \text{ pounds per acre APH yield} \\ \times .65 \text{ coverage level} \\ \hline 975 \text{ pounds guarantee*} \\ - 200 \text{ pounds per acre actually produced} \\ \hline 775 \text{ pounds per acre loss} \\ \times \$0.0965 \text{ price election} \\ \hline \$74.79 \text{ gross indemnity*} \\ - \$4.00 \text{ estimated premium per acre (varies)} \\ \hline \text{\$70.79 net indemnity*} \end{array}$$

## Revenue Product Example:

$$\begin{array}{r} 975 \text{ pounds* (see APH example)} \\ \times \$0.115 \text{ projected harvest price (est. - announced in March)} \\ \hline \$112.13 \text{ guarantee*} \\ 200 \text{ pounds per acre actually produced} \\ \times \$0.100 \text{ fall harvest price (est. - announced in Oct.)} \\ \hline \$20.00 \text{ revenue} \\ \$ 92.13 \text{ gross indemnity } (\$112.13 - 20.00 = \$92.13) \\ - \$4.50 \text{ estimated premium (varies by county)} \\ \hline \text{\$ 87.63 net indemnity*} \end{array}$$

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

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