



United States Department of Agriculture  
Risk Management Agency

January 2006

## 2006 COMMODITY INSURANCE FACT SHEET

# Potatoes

## Minnesota

### Crop Insured

The crop insured will be all the potatoes you have in the county planted with certified seed on insurable acreage, for which premium rates are provided, in which you have a share, and planted for harvest as certified seed or human consumption. Other potatoes are not insurable unless a written agreement provides for such insurance.

### Counties Available

Potatoes are insurable in 28 counties in Minnesota. In counties where premium rates are not published, potatoes 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, but not frost or freeze damage after the designated frost/freeze date.

<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 later of the date we accept your application or the date when the potatoes are 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 15, 2006 or, (5) abandonment of the crop.

### Reporting Requirements

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

### Important Dates

Sales Closing/Cancellation Date.....	March 15
Final Planting Date (North).....	June 10
Final Planting Date (South) .....	May 31
Acreage Reporting Date.....	June 30
Premium Billing Date.....	October 1
Frost/freeze coverage ends (most counties)...	October 7
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 hundredweight (cwt) 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

Potatoes may be insured at the coverage levels shown in the table. 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

Price of compensation per cwt. in case of loss:  
Established price: \$5.40 per hundredweight (cwt.)

## Insurance Units

**Basic Unit:** A basic unit includes all of your insurable potato 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.

## Plans of Insurance

APH is the only plan of insurance available for potatoes. The production guarantee is based on your individual yield history.

## 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.

## Options

- Available under the Northern Potato Crop Provisions
- Not available under catastrophic coverage

**Quality Endorsement:** Provides supplemental coverage for potatoes in the event they grade less than U.S. No. 2.\*

**Certified Seed Endorsement:** Provides supplemental coverage for potatoes in the event they do not pass certification.\*

**Storage Coverage Endorsement:** Provides supplemental coverage for 60 days for potatoes in storage.\*

**Processing Quality Endorsement:** Provides supplemental coverage for potatoes that are rejected by the processor. The quality endorsement and a processor contract must be in effect before this endorsement can be purchased.\*

\*Additional premium is charged if this endorsement is selected.

## Loss Example

A loss occurs when the hundredweight of potatoes produced for the unit falls below the production guarantee as a result of damage from a covered cause of loss. This example assumes 400 cwt. per acre APH yield, 65-percent coverage level, 100 percent of the established price, and basic unit coverage.

$$\begin{array}{r}
 400 \text{ cwt. per acre APH yield} \\
 \times .65 \text{ coverage level} \\
 \hline
 260 \text{ cwt. guarantee*} \\
 - 100 \text{ cwt. per acre actually produced} \\
 \hline
 160 \text{ cwt. per acre loss} \\
 \times \$5.40 \text{ price election} \\
 \hline
 \$864.00 \text{ gross indemnity*} \\
 - \$40.00 \text{ estimated premium per acre (varies)} \\
 \hline
 \$824.00 \text{ net indemnity*}
 \end{array}$$

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

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