United States Department of Agriculture
Risk Management Agency

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2012 COMMODITY INSURANCE FACT SHEET

# Forage Seeding

## Iowa, Minnesota, and Wisconsin

### Crop Insured

The crop insured will be all the current year spring planted perennial alfalfa, alfalfa grass mixtures (at least 25 percent of the ground cover is alfalfa), or red clover you have in the county in which you have a share. Acreage planted with the intention of grazing is not insurable. Acreage planted with a nurse crop will not be insurable unless the nurse crop is planted at a rate of no more than 50 percent of the normal planting rate. Contact a crop insurance agent for further explanation.

### Causes of Loss

Adverse weather conditions[1]
Failure of irrigation water supply[2]
Fire[3]
Insects[4]
Plant disease[4]
Wildlife

[1]Such as hail, frost, freeze, drought, and excess precipitation.
[2]If caused by an insured cause of loss.
[3]If due to natural causes.
[4]But not damage due to insufficient or improper application of pest or disease control measures.

### Insurance Period

Coverage begins when the forage seeding is planted and ends the earliest of: (1) total destruction of the crop, (2) the first harvest of the unit after the late harvest date specified in the special provisions for your county, (3) final adjustment of a loss, (4) abandonment of the crop, (5) the date grazing commences on the crop, or (6) May 21, 2013.

### Reporting Requirements

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

### Important Dates

Sales Closing/Cancellation Date ..... March 15
Final Planting Date ..... Varies by County
Acreage Reporting Date ..... July 15
Premium Billing Date ..... August 15

### Definitions

**Dollar Plan of Insurance** —This plan offers the producer the opportunity to select one of several dollar amounts of insurance per acre. The available coverage elections and the rates are indicated on the actuarial table.

**Normal Stand** — A population of live plants per square foot that meets the minimum required number of plants as shown in the special provisions

**Unit** — The insurable acreage used to determine the dollar guarantee and any indemnity (loss payment).

### Coverage Levels and Premium Subsidies

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

| Coverage Levels | CAT | 50% | 55% | 60% | 65% | 70% | 75% | 80% | 85% |
|---|---|---|---|---|---|---|---|---|---|
| $ Amount of Coverage | $78 | $141 | $155 | $169 | $183 | $197 | $211 | $225 | $238 |

| Item | Percent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Coverage Level | 50 | 55 | 60 | 65 | 70 | 75 | 80 | 85 |
| Premium Subsidy | 67 | 64 | 64 | 59 | 59 | 55 | 48 | 38 |
| Your Prem. Share | 33 | 36 | 36 | 41 | 41 | 45 | 52 | 62 |

*This fact sheet gives only a general overview of the crop insurance program and is not a complete policy. For further information and an evaluation of your risk management needs, contact a crop insurance agent.*

## Insurance Units

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

## Loss Example

A loss occurs when the crop value falls below the guaranteed dollar amount as a result of damage from a covered cause of loss. This example assumes one basic unit at 65-percent level of coverage and 100 planted acres, with 30 acres having a fully established stand and 70 acres at 50 percent stand.*

Liability
100 acres **x** $183 amount of ins. per acre = $18,300

Total Established Stand
30 acres established **x** $183 ins. per acre = $5,490

Amount of Loss
$18,300 liability – $5,490 = $12,810

Net Indemnity
$12,810 – $938 (estimated premium) = $11,872

* The amount of indemnity on any spring planted acreage will be reduced 50 percent if the stand is less than 75 percent but more than 55 percent of a normal stand. A stand of 55 percent or less will be indemnified at 100 percent.

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