

## St. Paul Regional Office — St. Paul, MN

2014 Crop Year  
Revised August 2013

# Grass Seed Pilot

## Minnesota

### Crop Insured

All grass seed is insurable if grown in a county on insurable acreage, for which premium rates are provided by the actuarial documents and:

- That is produced under a grass seed production contract;
- In which you have a share;
- That has an adequate stand; and
- That is grown on insurable acreage.

Acreage of Kentucky Bluegrass may be insured for as long as the crop meets the requirements for insurability contained in the crop provisions. Perennial Ryegrass acreage may only be insured for 1 year. The stand must be replaced each year.

### Counties Available

Grass seed is insurable in Kittson, Lake of the Woods, Marshall, and Roseau counties. Grass seed is not insurable in other counties.

### Causes of Loss

- Adverse weather conditions such as natural perils such as hail, frost, freeze, wind, drought, and excess moisture
- Failure of irrigation water supply, if caused by an insured peril during the insurance period
- Fire, if due to natural causes
- Insects, but not damage due to insufficient or improper application of pest or disease control measures
- Plant disease, but not damage due to insufficient or improper application of pest or disease control measures
- Wildlife

### Reporting Requirements

**Acreage Report** - You must give a report to your insurance agent of all your cultivated grass seed acreage in the county by the acreage reporting date.

### Insurance Period

Kentucky bluegrass coverage begins on May 22 of the second calendar year after planting and on October 16 following the end of the insurance period for all

subsequent years the special provisions allow coverage. Perennial ryegrass coverage begins on May 22 of the calendar year after planting and may only be insured for 1 year.

### Important Dates

Sales Closing Date .....September 30, 2013  
Cancellation Date .....September 30, 2013  
Contract Changes Date ..... June 30, 2014  
Acreage Reporting Date ..... July 15, 2014  
Premium Billing Date ..... August 15, 2014  
End of Insurance Date .....October 15, 2014  
Production Reporting Date ..... June 30, 2015

### 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).

**Adequate Stand** - A population of live plants per acre of the insured type whose leaf area covers an average of at least 75 percent of the acreage planted to that type.

**Clean Seed** - Grass seed which has been conditioned.

**Grass Seed Production Contract** - A written agreement between you and the buyer, signed by both parties on or before the acreage reporting date containing at a minimum:

- Promise to plant;
- Buyer's promise to buy; and
- A fixed price, or a method to determine such price compiled by a third party that will be paid to you for at least 50 percent of the production stated in the contract.

**Local Market Price** - The lesser of the price election or the amount you would be paid for clean seed, as stated in your grass seed production contract.

**Production Guarantee** - Number of pounds guaranteed per unit. Multiply your APH yield (per acre) by the coverage level and by the acres in the unit.

## Coverage Levels and Premium Subsidies

Grass seed may be insured at the coverage levels shown in the table below. Crop insurance premiums are subsidized as shown. For example if you choose 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.

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

Catastrophic Risk Protection (CAT) coverage is available at 50 percent of your APH yield and 55 percent of the established price election. The total cost for CAT coverage is an administrative fee of \$300 per crop per county, regardless of the acreage. Administrative fees and premium costs for coverage levels above CAT are \$30 per crop per county.

## Price Election

Price of compensation per pound in case of loss.

Kentucky bluegrass.....	\$0.77 per finished pound
Perennial ryegrass.....	\$0.51 per finished pound

The price election may be the Grass Seed Production Contract price, up to the limit of 120 percent of the amount contained in the special provisions, or in an addendum, provided the Grass Seed Production Contract price is determined before the acreage reporting date.

## Unit Division

**Basic Unit** - Generally, all the insured crop acreage in a county by share. Premiums are reduced by 10 percent for a basic unit. A separate basic unit may be established for each type of grass seed.

**Optional Unit** -If a basic unit consists of two or more sections of land, and certain recordkeeping requirements are met, you may apply for optional units by section. The 10-percent premium discount will not apply.

## Insurance Plans

APH is the only insurance plan available for grass seed. The production guarantee is based on your yield history. Only basic and optional units are available.

## Late and Prevented Planting

Late and prevented planting are not available with this policy.

## Loss Example

A loss occurs when the pounds of grass seed produced for the unit fall below the production guarantee due to damage

from a covered cause of loss. Assume Kentucky bluegrass with an APH yield of 300 pounds, 75-percent coverage level, and 100 percent of established price.

300	Pounds per acre APH yield
x 0.75	Coverage level
225	Pound guarantee
- 100	Clean seed produced
125	Pounds per acre loss
x \$0.77	Price election
\$96.25	Gross indemnity
- \$15.50	Premium per acre (varies by county)
<b>\$80.75</b>	<b>Net indemnity per acre</b>

## Quality Standards Example

Grass seed may fail to meet the quality standards of the production contract due to insurable causes. Assume a local market price of \$0.85 per pound and damaged production price of \$0.70 per pound.

100	Pounds damaged production
x 0.82	Quality adjustment factor (.70/.85)
82	Pounds adjusted damaged production
225	Pounds guarantee
- 82	Pounds adjusted damaged production
143	Pounds per acre loss
x \$0.77	Price election
\$110.11	Gross indemnity
- \$15.50	Premium per acre (varies by county)
<b>\$94.61</b>	<b>Net indemnity per acre</b>

Figures shown per acre and guarantees and losses paid by unit. See policy provisions or talk to your insurance agent for more information.

## Where to Buy Crop Insurance

All multi-peril crop insurance, including CAT policies, are available from private insurance agents. A list of crop insurance agents is available at all USDA Service Centers and on the RMA web site at: [www3.rma.usda.gov/apps/agents/](http://www3.rma.usda.gov/apps/agents/)

## Contact Us

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