

St. Paul Regional Office — St. Paul, MN

Revised August 2015

Grass Seed Pilot

Minnesota

Crop Insured

All grass seed is insurable if:

- Produced under a grass seed production contract;
- You have a share;
- An adequate stand is present; and
- Grown in the county 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 one year. The stand must be replaced each year.

This fact sheet applies only to the available Common Crop Insurance policy plans of insurance. Contact a crop insurance agent for further explanation.

Counties Available

See actuarial documents at <http://webapp.rma.usda.gov/apps/actuarialinformationbrowser2016/CropCriteria.aspx>

for insurable counties. The crop may be insurable in other counties by written agreement if specific criteria are met. Contact an insurance agent for more details.

Causes of Loss

You are protected against the following:

- Adverse weather conditions such as natural perils of 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;
- Plant disease and insects, but not damage due to insufficient or improper application of pest or disease control measures; or
- Wildlife.

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.

Reporting Requirements

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

Important Dates

Sales Closing	September 30, 2015
Cancellation	September 30, 2015
Contract Change	June 30, 2016
Acreage Reporting	July 15, 2016
Premium Billing	August 15, 2016
End of Insurance Period	October 15, 2016
Production Reporting	July 15, 2016

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.

Production Guarantee - Number of pounds guaranteed per unit. Multiply your APH yield per acre by the coverage level percentage you select by the number of acres in the unit.

Coverage Levels and Premium Subsidies

Grass seed may be insured at the coverage levels shown in the following table. 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. 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 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.

Item	Unit	Percent					
Cov. Level		50	55	60	65	70	75
Subsidy	BU	67	64	64	59	59	55
	OU	67	64	64	59	59	55
	EU	80	80	80	80	80	77

BU - Basic Unit OU - Optional Unit EU - Enterprise Unit

Price Election

Price of compensation per pound in case of loss:

Kentucky bluegrass.....\$0.88 per finished pound
Perennial ryegrass..... \$0.57 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 (BU) - A basic unit includes all of your insurable grass seed acreage in the county by share arrangement. Premium discounts apply.

Optional Unit (OU) - 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.

Enterprise Unit (EU) - Generally, all the insured crop acreage in a county. Premium discounts apply.

Insurance Plans

APH is the only insurance plan available for grass

seed. The production guarantee is based on your yield history.

Supplemental Coverage Option

The Supplemental Coverage Option (SCO) is a new crop insurance option that provides additional coverage for a portion of your underlying crop insurance policy deductible. For further information see the SCO Fact Sheet at: www.rma.usda.gov/news/currentissues/farmbill/2014NationalSupplementalCoverageOption.pdf.

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, a fixed contract price of \$0.90 per pound, and basic unit coverage.

300	Pounds per acre APH yield
x 0.75	Coverage level
225	Pound guarantee
- 175	Clean seed produced
50	Pounds per acre loss
x \$0.90	Price Election
\$45.00	Gross indemnity
- \$13.00	Premium per acre (varies by county)
\$32.00	Net indemnity per acre

Quality Adjustment Example:

Grass seed may fail to meet the quality standards of the production contract due to insurable causes. Assume 100 percent of established price of \$0.88 per pound and damaged production price of \$0.75 per pound.

100	Pounds damaged production
x 0.85	Quality adjustment factor (.75/.88)
85	Pounds adjusted damaged production
225	Pounds guarantee
- 85	Pounds adjusted damaged production
140	Pounds per acre loss
x \$0.88	Price election
\$123.20	Gross indemnity
- \$13.00	Premium per acre (varies by county)
\$110.20	Net indemnity per acre

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

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 website at <http://www.rma.usda.gov/tools/agent.html>

Contact Us

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