



United States Department of Agriculture
Risk Management Agency

January 2006

2006 COMMODITY INSURANCE FACT SHEET

Mustard

Pilot Program—Montana and North Dakota

Crop Insured

The **mustard** crop insured will be all mustard in the county for which a premium rate is provided by the actuarial document in which the insured has a share; that is planted for harvest as seed to be processed into products for human consumption; that is grown under and in accordance with the requirements of a processor contract executed on or before the acreage reporting date and is not excluded from the processor contract at any time during the crop year; and that is not, unless allowed by the special provisions or written agreement: interplanted with another crop or planted into an established grass or legume; or planted following the harvest of any other crop in the same crop year.

Counties Available

Montana: Daniels, McCone, Richland, Roosevelt, Sheridan, and Valley Counties.

North Dakota: Adams, Billings, Bottineau, Burke, Cavalier, Divide, Dunn, Golden Valley, Hettinger, McLean, Mountrail, Nelson, Ramsey, Renville, Slope, Stark, Towner, Ward, and Williams Counties.

Causes of Loss

Adverse weather conditions¹
Failure of irrigation water supply²
Fire
Insects³
Plant disease³
Wildlife

¹Includes excessive moisture that prevents timely harvesting and abnormal temperatures that result in bypassed acreage because too much acreage was ready for harvest than could be feasibly harvested, or the processing of such production was beyond the capacity of the processor.

²If caused by an insured cause of loss.

³But not due to insufficient or improper application of control measures.

Insurance Period

Insurance attaches on the later of the date we accept your application or the date the insured crop is planted and ends the earliest of: 1) total destruction of the crop, 2) October 31., 3) harvest, 4) abandonment of the crop, or 5) final adjustment of a loss.

Reporting Requirements

Acreage Report—You must report all acreage of your mustard both insured and uninsured. Additionally, copies of all applicable processor contracts must be provided to your agent on or before the acreage reporting date.

Important Dates

Sales Closing	March 15
Final Planting Date	See County Actuarial
Acreage Reporting Date	June 30
Cancellation & Termination Date	March 15

Duties in the Event of Damage or Loss

- (1) Protect the crop from further damage by providing sufficient care;
- (2) Notify your agent within 72 hours of your initial discovery of damage (but not later than 15 days after the end of the insurance period)

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your average yield. For example, an average yield of 700 pounds per acre would result in a guarantee of 525 pounds per acre at the 75-percent coverage level. Crop insurance premiums are subsidized as shown in the following table. For example, if you select the

75-percent coverage level, your premium share would be 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 (CAT) coverage is fixed at 50 percent of your average yield and 55 percent of the price election. The cost for CAT coverage is an administrative fee of \$100, regardless of the acreage.

Price Elections

The **base contract price** in U.S. dollars will be used to determine your price election. You may also elect a percentage less than 100 percent of the base contract price stated in the processor contract.

Insurance Units

Your insurable acreage will be grouped into one or more units in order to establish the approved yield, calculate a guarantee, and determine any indemnity.

Basic Unit: For processor contracts that don't specify an amount of production to be delivered, a basic unit includes all of your mustard acreage in the county by share arrangement. For processor contracts that do specify an amount of production to be delivered, a basic unit includes all of your mustard acreage in the county by processor contract. Premiums are reduced by 10 percent for a basic unit.

Optional Unit: An optional unit includes all the insured crop acreage in a section by share and by type and practice. The 10-percent discount will not apply.

Replant Provisions

A replanting payment is allowed if the crop is damaged by an insurable cause of loss to the extent that the remaining stand will not produce at least 90 percent of the production guarantee for the acreage and it is practical to replant.

Prevented Planting

Coverage is available at 60 percent of the production guarantee for timely planted acreage. When paying an additional premium, limited or additional levels of coverage may increase the prevented planting payment to a level specified in the applicable county actuarial document.

Loss Example

Assuming: a 75-percent production coverage level, a 100-percent price election (contract price of \$0.15 per pound), an average yield of 700 pounds per acre (yellow type, non-irrigated) actual production history (APH), and 100 acres insured:

700	Pound per acre (APH)
x 75%	Coverage level
525	Pound per acre guarantee
x 100	Acres
52,500	Pound unit guarantee
x \$ 0.15	Price election
\$ 7,875	Guarantee value
21,000	Pounds harvested production
x \$ 0.15	Price coverage
\$ 3,150	Harvested value
\$7,875 - \$3,150 = \$4,725 Loss (Indemnity Due)	

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