



United States Department of Agriculture
Risk Management Agency

January 2006

2006 COMMODITY INSURANCE FACT SHEET

Forage Production

Maryland

Crop Insured

The insured forage crop may be either a stand of:

- **Pure alfalfa**
- **Alfalfa and perennial grasses** in which 60 percent or more is alfalfa; or
- **Mixed alfalfa and perennial grasses** in which alfalfa comprises more than 25 percent but less than 60 percent of the ground cover.

The crop must have been grown during one or more years after the year of establishment.

The policy will **not insure** any acreage that:

- Does not have an adequate stand* at the beginning of the insurance period; or
- Is grown with a non-forage crop.

* An adequate stand requires the following minimum living alfalfa plants per square foot after the year of establishment:

	<u>First Year</u>	<u>Second Year</u>	<u>Third & Later Years</u>
Alfalfa	9	6	4.5
Alfalfa-Grass Mixture	6	4	3

Causes of Loss

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

¹Such as hail, freeze, winterkill, drought, wind, excess precipitation.

²If caused by insured peril during the insurance period.

³Unless insufficient or improper application of control measures.

Note: This policy does not insure against damage that occurs after removal from the windrow.

Insurance Period

Coverage begins on October 16, 2005, for acreage seeded during the Fall of 2004 and on May 22, 2006,

for acreage seeded during the Spring of 2005, if there is an adequate stand as of those dates. Insurance will end the earliest of: (1) total destruction of the forage crop, (2) removal from the windrow or the field for each cutting, (3) abandonment of the forage crop, (4) the date grazing commences on the forage crop, (5) final adjustment of a loss, (6) October 15, 2006.

Reporting Requirements

Acreage Report—By the acreage reporting date, you must report to your agent all acres of forage production in which you have a share.

Important Dates

Sales Closing September 30, 2005
 Acreage Report Date..... November 15, 2005

Definitions

Adequate Stand—A population of live forage plants that equals or exceeds the minimum required number of plants per square foot as shown in the Special Provisions.

Air-dry Forage—Forage that has dried in windrows by natural means to less than 13 percent moisture before being put into stacks or bales.

Windrow—Forage that is cut and placed in a row.

Year of Establishment—The period between seeding and when the forage crop has developed an adequate stand. Insurance during the year of establishment may be available under the forage seeding policy. Insurance under this policy does not attach until after the year of establishment. The year of establishment is determined by the date of seeding.

The year of establishment for spring planted forage is designated by the calendar year in which seeding occurred. The year of establishment for fall planted forage is designated by the calendar year after the year in which the crop was planted.

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); (3) Leave representative samples intact for each field of the damaged unit.

Coverage Levels and Premium Subsidies

Amount of Insurance

Insurance is provided against a decline in your average APH yield due to the perils named in the Causes of Loss section.

Coverage levels range from 50 to 75 percent of your average yield and are subsidized as shown in the table below.

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 average yield and 55 percent of the price election. CAT is 100 percent subsidized with no premium cost to you except for an administrative fee of \$100, regardless of the acreage.

Price Elections

	Established Price	CAT Price
Maryland	\$145	\$79.75

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—A basic insurance unit includes all of the insured crop acreage in the county by share arrangement. For example, the crop acreage on your own farm (including land cash rented) would be one basic unit, while other acreage on shares with someone else would be a second basic unit. Premiums are reduced 10 percent for a basic unit.

Optional Unit—If a basic unit consists of two or more Farm Serial Numbers (FSN) and certain record-keeping criteria are met, you may apply for optional units by FSN. The 10 percent basic unit premium discount will not apply.

Group Risk Plan

A Group Risk Plan (GRP) of insurance is available in Maryland. GRP coverage is based on the average yield of the entire county rather than an individual's actual yields. Coverage levels up to 90 percent of the expected county yield can be obtained at rates significantly less than those for standard crop insurance. This lower-cost plan of coverage may best appeal to growers whose yields track directly with county yields or those who do not wish to furnish their individual yield records. Sales closing date for GRP is **November 30, 2005**.

Loss Example

This example assumes an average yield of 3.0 tons per acre and coverage level of 65 percent.

3.0	Tons per acre average yield (APH)
x .65	Coverage level
1.95	Tons per acre guarantee
- .95	Tons per acre produced
1.00	Ton per acre loss
x \$145	Price election
\$145	Indemnity per acre
- \$6	Estimated premium per acre
\$139	Net indemnity per acre

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