United States Department of Agriculture
Risk Management Agency

February 2009

2009 COMMODITY INSURANCE FACT SHEET

Grain Sorghum—Crop Revenue Coverage

North Carolina

Crop Revenue Coverage (CRC) provides revenue protection against a decline in market prices as well as a shortfall in production. The CRC guarantee is in dollars. A loss occurs when the dollar value of your production falls below your CRC dollar guarantee. CRC provides protection whether prices rise or fall:

- In a year of rising prices, production shortfalls are compensated at the higher market-based harvest price. This is important if lost production must be replaced at higher market prices for on-farm feeding or to fulfill delivery on a forward contract
- In years of falling prices, your minimum guarantee ensures that you will receive a predetermined amount of income per acre, regardless of yields or prices.

Counties Available

Grain sorghum CRC insurance is readily available in most North Carolina counties. Acreage in other counties may be insured if specific criteria are met. Consult a crop insurance agent for details.

Causes of Loss

Adverse weather conditions[1]
Failure of irrigation water supply[2]
Fire
Harvest price less than base price
Insects[3]
Plant disease[3]
Wildlife

[1]Natural perils such as hail, drought, and excess precipitation. [2]If caused by an insured peril during the insurance period. [3]But not damage due to insufficient or improper application of recommended control measures.

Insurance Period

Coverage usually begins when the insured crop is planted and ends the earliest of: (1) destruction of the crop, (2) harvest of the crop, (3) abandonment of the crop, (4) final adjustment of a claim, (5) December 10, 2009.

Reporting Requirements

You must notify your agent or insurance company representative within 72 hours of discovery of any damage to your crop.

- If crop damage is initially discovered during harvest, you must notify your agent immediately and leave representative samples of the unharvested crop at least 10 feet wide and extending the entire length of the field.
- If you expect a revenue loss on the unit, you must give notice no later than 45 days after the harvest price is released.

Important Dates

Sales Closing	February 28, 2009
Final Planting Date	June 15, 2009
Acreage Report Due	June 30, 2009

Definitions

Coverage Level— Levels of protection available are from 50 to 75 percent of your approved average yield.

Base Price—The price used to calculate the minimum guarantee and premium, based on the September Chicago Board of Trade (CBOT) futures average daily price during the period December 15, 2008 – January 14, 2009.

Minimum Guarantee — The guaranteed minimum dollar protection is the average yield X base price X coverage level percent:

> Example: 60 bushels per acre X $3.00 X 75 percent = $135 per acre minimum guarantee

Harvest Price—The price used to determine calculated revenue and harvest guarantee is based on the September CBOT futures average daily price during the month of August 2009.

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.

Harvest Guarantee—Average yield X harvest price X coverage level:

Example: 60 bushels per acre X $2.60 X 75 percent = $117 per acre harvest guarantee

Calculated Revenue—Value of your production determined by bushels produced X harvest price:

Example: 20 bushels per acre produced X $2.60 = $52 per acre harvest guarantee

Note: The actual price you receive for selling your crop is **not** a factor in CRC calculations.

Final Guarantee — Higher of the minimum or harvest guarantee.

Note: Your premium will **not** increase if final guarantee is higher than the minimum guarantee.

Indemnity: Final guarantee – calculated revenue:

Example: $135 – $52 = $83 per acre indemnity

Price Elections

YEAR	BASE PRICE*	HARVEST PRICE**
2009	NA	NA
2008	4.48	5.14
2007	3.55	3.12
2006	2.14	2.07

* Published on or after January 15 of the crop year.
** Published on or after September 1 of the crop year.
NA-Not available at this time.

Price elections will be posted on the RMA Web site:
http://www3.rma.usda.gov/apps/pricesinquiry/

Insurance Units

Your insurable acreage is grouped into a unit based on your selection of one of the following unit arrangements.

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

Optional Units: If a basic unit consists of two or more farm serial numbers (FSN) and certain record-keeping criteria are met, you may select optional units by FSN. The 10-percent basic unit premium discount will not apply.

Enterprise Unit: An enterprise unit combines all your grain sorghum in the county into one county-wide unit, regardless of ownership, share, or rental arrangement. A varying premium discount will apply, based upon the number of insured acres. You must qualify for two or more basic/optional units in order to be eligible for an enterprise unit.

Loss Example

This example assumes an average yield of 60 bushels per acre, base price of $3.00, harvest price of $2.60, production-to-count of 20 bushels per acre, one basic unit, and 75-percent coverage level.

60	Bushels per acre approved yield
x .75	Coverage level
45	Bushels per acre guarantee basis
x 3.00	Base price per bushel
$135	Minimum guarantee per acre

When the harvest price is announced in September, a harvest guarantee is calculated. The final guarantee is the higher of the minimum or harvest guarantee.

Harvest guarantee = $117 (45 bushels per acre X $2.60 harvest price)

$135	Final guarantee per acre (higher of minimum or harvest guarantee)
– 52	Calculated revenue (20 bushels per acre produced X $2.60 harvest price)
83	Indemnity per acre
– 11	Estimated premium per acre (varies)
$72	**Net indemnity per acre**

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