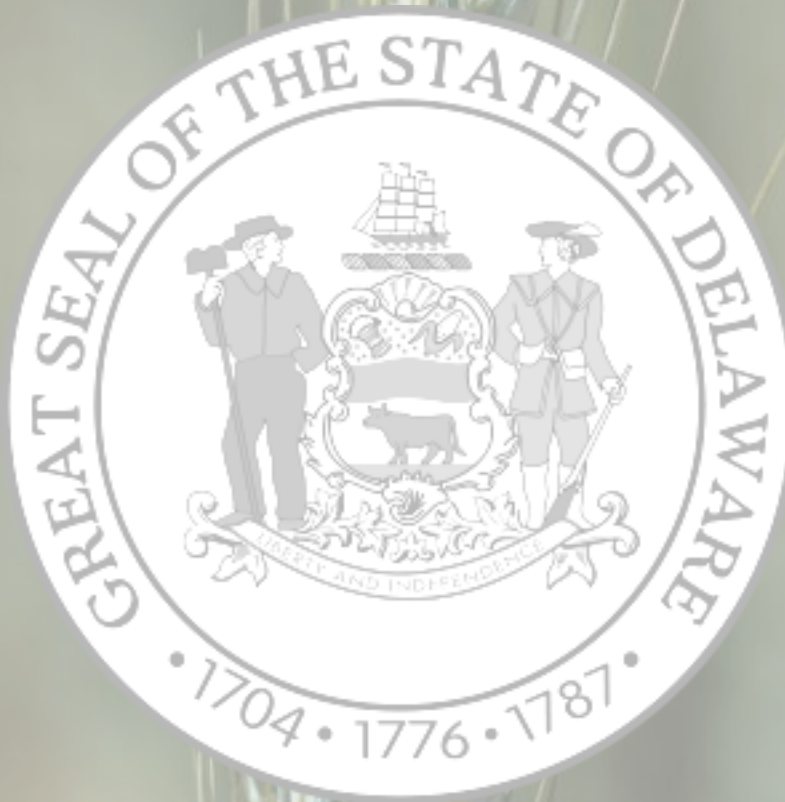


# Guide to Crop Insurance for Delaware Producers 2011 Update



*Produced by the Delaware Department of Agriculture in partnership with the Risk Management Agency*



STATE OF DELAWARE  
DEPARTMENT OF AGRICULTURE  
2320 SOUTH DUPONT HIGHWAY  
DOVER, DELAWARE 19901

TELEPHONE (302) 698-4500  
DE ONLY (800) 282-8685  
FAX (302) 697-6287

W. EDWIN KEE, JR.  
SECRETARY



Dear Friends,

Insuring crops has become a common practice for Delaware farmers over the last decade. Healthy risk management strategies have been utilized statewide as a means of keeping First State agriculture moving forward. The Delaware Department of Agriculture has supported the initiative to educate farmers on their crop insurance options and, with the partnership of the USDA's Risk Management Agency, has issued this update to 2010's *Guide to Crop Insurance for Delaware Producers*.

This year's update is significant because of substantial changes to the Federal Crop Insurance program for grain crops brought about in the fall of 2010. It is important that farmers across the state understand these changes and how they affect their operations.

Crop Revenue Coverage (CRC) and the Multiple Peril Crop Insurance (MPCI) method of yield coverage, two popular policies for grains in Delaware, have been replaced and improved. They have been combined along with another revenue insurance plan. Producers can choose any of the 3 insurance plans by checking the appropriate box on the application (Catastrophic coverage, or CAT, is still available through Yield Protection). The improvements include common terminology, common projected prices based on Board of Trade futures prices and 3 insurance unit options for each plan that can reduce premium costs by up to 50%.

Those who had CRC or MPCI in the previous year will have their policies automatically switched over and renewed, unless the producer cancels the policy. The deadline for enrollment of to make policy changes is 3/15 for most spring planted crops.

Examples of how each of these features work are located throughout this manual update, but here is a brief demonstration of how each works:

- **Yield Protection** - Insures crop yields based on the producers actual production history multiplied by the level of coverage. Yield losses are paid using the

Projected Price (established based on an February monthly average from the Chicago Board of Trade (CBOT)).

- **Revenue Protection** - Convert Yields to Revenue Protection based on CBOT average prices. Covers revenue losses due to yield and/or price fluctuations and uses the greater of the projected price or the harvest price to calculate the guarantee.
- **Revenue Protection with Harvest Price Exclusion** – functions the same as Revenue Protection, except the harvest price is not factored into the guarantee.

With these policies, producers can divide their operations into **Basic**, **Optional**, or **Enterprise** farm units. Farmers should speak with their crop insurance agents in order to customize their policies to best suit their farm. If you do not have a crop insurance agent, visit [www.rma.usda.gov/tools/agent.html](http://www.rma.usda.gov/tools/agent.html) for an online listing.

Bear in mind as well that purchasing crop insurance, besides being a sound risk management strategy on its own, also can make an operation eligible for the Farm Service Agency's **Supplemental Revenue Assistance Payments (SURE)** program for disaster relief. Eligibility hinges on all crops in an operation being insured (unless they contribute less than 5% to the total revenue of the farm). For those who grow crops that are not individually insurable in the State of Delaware, the **Noninsured Crop Disaster Assistance Program** can be used to procure SURE eligibility.

Another method of insuring crops without individual policies is to use Whole Farm Coverage, found in the **Adjusted Gross Revenue-Lite** policy. Those who grow popular, but uninsurable, crops, such as strawberries, watermelons, cucumbers, and/or spinach, or generate revenue from livestock or animal products can cover their operations with AGR-Lite.

Please take the time to sit with your family or business partners and go over this 2011 update for the *Guide to Crop Insurance for Delaware Producers* and discuss your risk management strategy. If you did not receive a copy of the guide in 2010, call (877)-673-2767 to have one arranged for you. Again, the deadline for enrollment of to make policy changes is 3/15 for most spring planted crops.

Thank You,



Ed Kee,  
Delaware Secretary of Agriculture





## Delaware Fifteen Year Crop Insurance History

Year	Policies Earning Premium	Net Acres Insured	Liability	Gross Premium	Losses	Loss Ratio
1995	1,410	255,012	16,428,548	900,188	1,100,117	1.22
1996	936	160,142	15,527,672	786,877	209,570	0.27
1997	992	207,478	19,590,819	988,780	1,143,993	1.16
1998	744	167,150	19,560,524	1,101,402	616,767	0.56
1999	868	190,882	21,826,595	1,226,239	1,933,211	1.63
2000	1,002	235,079	25,932,201	1,445,508	152,576	0.11
2001	964	237,182	29,982,239	1,767,467	344,724	0.20
2002	1,001	244,091	35,166,840	2,208,209	7,508,618	3.40
2003	1,134	256,045	43,166,161	4,362,614	3,710,168	0.85
2004	1,241	273,812	52,578,047	4,946,485	1,116,547	0.23
2005	1,170	263,056	45,132,163	4,574,914	2,696,847	0.59
2006	1,149	265,550	48,350,849	5,565,371	1,538,128	0.28
2007	1,165	272,341	76,005,710	8,781,989	17,465,781	1.99
2008	1,322	308,121	104,807,643	13,546,391	14,922,912	1.10
2009	1,570	344,778	97,343,097	12,461,740	3,559,797	0.29

\* 2009 numbers are incomplete

**NOTE:** To see detailed information on the above 15 Year Crop Insurance History by County, go to RMA's Summary of Business Application at: <http://www3.rma.usda.gov/apps/sob/> and then click on the "Run Application" button. Select the State/County tab and then select the appropriate Year and State to get a listing by County. Select the desired output type – Web Output, Formatted Print, or Download Data to Excel.



Risk Management Agency/USDA

# Delaware Crop Insurance Facts

November 2010

Risk Management Agency  
Raleigh Regional Office

The Risk Management Agency offers a **federally subsidized crop insurance program** through private insurance companies. Crop insurance covers disasters such as drought, hail, frost, hurricanes, excessive moisture, fire, insects, plant disease and wildlife damage. This fact sheet only highlights certain features about various crop insurance programs and is not intended to be all-inclusive. You may contact your local crop insurance agent, or visit our website at <http://www.rma.usda.gov>, for more specific information about crop insurance in your area.

## What Programs Are Insurable?

<u>Sales Closing Date</u>	<u>Crop</u>
May 1	Nursery
September 30	Barley (Fall) Wheat (Fall)
January 31	Adjusted Gross Revenue Potatoes
February 15	Green Peas
March 15	Adjusted Gross Revenue-Lite Corn Grain Sorghum Processing Beans Processing Sweet Corn Processing Tomatoes Soybeans
Continuous	Livestock Gross Margin Dairy

Sales closing dates are in place as the deadline to purchase an insurance plan for a particular crop. An application must be submitted to a crop insurance company representative by this date or else the insurance policy will not attach and your crop losses will not be covered.

## What If I Have A Crop That Is Not Listed As Insurable?

You may still be eligible to request crop insurance through a *written agreement*. The written agreement is a document designed to provide crop insurance in counties without an established program for the crop or an organic crop. See your crop insurance agent regarding documentation requirements. **Note: Written Agreements are not issued for pilot crops or catastrophic (CAT) policies.**

## Are Other Crops Being Considered?

Yes! The RMA is consistently developing new programs. Our agency is working with contractors, universities and researchers to identify local farmer needs and develop new crop programs. Delaware currently has a pilot crop program for Adjusted Gross Revenue. Crops usually stay in a pilot program until the insurance plan is deemed fundamentally sound. Check with your insurance agent to see if a pilot crop is available in your county.

## How Much Does It Cost?

A \$300 administrative fee, per crop per county, will apply for a CAT insurance plan. The premium on CAT coverage is paid by the Federal government. Catastrophic coverage pays 55 percent of the established price of the commodity on crop losses in excess of 50 percent. Limited resource farmers may have this fee waived. CAT coverage is not available on written agreements or crop revenue coverage. Check with your crop insurance agent to see if you qualify as a limited-resource farmer or for CAT availability.

## Are Higher Coverage Levels Available?

Yes. The cost for buy-up levels of insurance coverage is a \$30 administrative fee, per crop per county, plus the premium. Simply select the amount of your Actual Production History (APH) yield you wish to insure; from 50 to 75 percent (for some crops in some areas, up to 85 percent).



## Are There Other Types of Insurance Plans?

Yes. The agency offers different insurance plans.

**Adjusted Gross Revenue:** This is a whole-farm insurance program providing insurance coverage for multiple agricultural commodities under one insurance product using income tax information from your operation. A farm report is created to determine coverage eligibility. Covered farm revenue includes income from most crops and agricultural commodities. A limited amount of income (not to exceed 35%) from livestock, animal products, and aquaculture products raised in a controlled environment may be covered. Under this plan, you can also cover revenue generated from commodities that are currently uninsurable (such as forage, fruit, and vegetable crops).

**Adjusted Gross Revenue-Lite:** This program is a streamlined whole-farm revenue protection package that may be used as a stand-alone coverage or in addition to other individual crop insurance policies (except AGR). It allows you to insure a portion of the revenue generated from crops, animals (such as chickens, dairy cows, hogs, and sheep) and animal products (such as eggs, milk, meat, and wool). Under this plan, you can also cover revenue generated from commodities that are currently uninsurable (such as forage, fruit, and vegetable crops).

### **Livestock Gross Margin Dairy:**

This plan provides protection against unexpected declines in gross margin (market value of milk minus feed costs). It uses adjusted futures prices to determine the expected gross margin and the actual gross margin. Adjustments to futures prices are state-and-month specific basis levels.

**Revenue Protection:** These policies insure producers against yield losses from most natural causes plus revenue losses caused by a change in the harvest price from the projected price. The producer selects amount of average yield he or she wishes to insure; from 50-75 percent (in some areas to 85 percent). The projected and harvest prices are 100 percent of the amounts determined in accordance with the Commodity Exchange Price Provisions and are based on daily settlement prices

for certain futures contracts. The amount of insurance protection is based on the greater of the projected price or the harvest price multiplied times the selected yield coverage. If the harvested plus any appraised production multiplied by the harvest price is less than the amount of insurance protection, the producer is paid an indemnity based on the difference. This plan covers crops such as barley, corn, cotton, grain sorghum, soybeans, and wheat.

### **Revenue Protection with Harvest Price Exclusion:**

These policies insure producers in the same manner as Revenue Protection policies, without an adjustment in insurance coverage if the harvest price is greater than the projected price. If the harvested plus any appraised production multiplied by harvest price is less than the amount of insurance protection, the producer is paid an indemnity based on the difference. This plan covers crops such as barley, corn, cotton, grain sorghum, soybeans, and wheat.

**Yield Protection:** These policies insure producers in the same manner as APH policies, except a projected price is used to determine insurance coverage. The projected price is determined in accordance with the Commodity Exchange Price Provisions and is based on daily settlement prices for certain futures contracts. The producer selects the percent of the projected price he or she wants to insure, between 55 and 100 percent. This plan covers crops such as barley, corn, cotton, grain sorghum, soybeans, and wheat.

## Who Can I Contact For More Information?

The Raleigh Regional Office services Delaware. Crop specialists are available to answer specific questions. Call or write the USDA/Risk Management Agency, Raleigh Regional Office, 4405 Bland Road, Suite 160, Raleigh, North Carolina 27609, telephone (919) 875-4880.

### **Visit the RMA Web Site**

For the latest crop insurance and agricultural risk management information, visit our website at

<http://www.rma.usda.gov>



## Delaware Insurance Companies Offering Crop Insurance

The following companies have standard reinsurance agreement contracts with the Federal government and are authorized to sell USDA's crop insurance programs. To find an insurance agent in your State contact:

Company	Company
<p><b>Ace Property and Casualty Insurance Company</b>                      (Rain and Hail L.L.C.)                      9200 Northpark Drive, Suite 300                      Johnston, Iowa 50131-3006  <i>Toll-Free:</i> 1-800-585-9624  <i>Phone:</i> 515-559-1200  <i>Fax:</i> 515-559-1101  <a href="http://www.rainhail.com">http://www.rainhail.com</a></p>	<p><b>John Deere Insurance Company</b>                      (John Deere Risk Protection, Inc.)                      6400 NW 86<sup>th</sup> Street, P.O. Box 6680                      Johnston, Iowa 50131-6680  <i>Toll-Free:</i> 1-866-404-9057  <i>Phone:</i> 515-267-4601  <i>Fax:</i> 515-267-4600/800-598-8299  <a href="http://www.johndeereriskprotection.com">http://www.johndeereriskprotection.com</a></p>
<p><b>American Agri-Business Insurance Company</b>                      (ARMtech Insurance Services, Inc.)                      7101 82<sup>nd</sup> Street                      Lubbock, Texas 79424  <i>Toll-Free:</i> 1-800-335-0120  <i>Phone:</i> 806-473-0333  <i>Fax:</i> 806-473-0334  <a href="http://www.armt.com">http://www.armt.com</a></p>	<p><b>Rural Community Insurance Company</b>                      (Rural Community Insurance Services)                      3501 Thurston Avenue                      Anoka, Minnesota 55303-1060  <i>Toll-Free:</i> 1-800-451-3836  <i>Phone:</i> 763-323-2280  <i>Fax:</i> 763-427-1591  <a href="http://www.rcis.com">http://www.rcis.com</a></p>



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# Proven Yields and Insurance Units for Crop Insurance

*Ag Decision Maker*

File A1-55

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**T**he first step in developing a crop risk management program for a farm is to establish the proven yield and unit structure. The actual production history yield (APH) is used to set the guarantees under all of the Federal Crop Insurance Corporation (FCIC)-backed insurance plans except for the Group Risk Plan (GRP) and Group Risk Income Protection (GRIP). True risk protection must be based on the farm's production potential. Providing historical yield records is the most realistic method of estimating it.

## Actual Production History

Proving an APH yield requires records for a minimum of four years and a maximum of ten years for each insurance unit. Information used to prove crop yields includes sale receipts, farm or commercial storage records, and feed consumption records. The records must be for continuous years, starting with the most recent year and continuing back in time. Once a missing year is reached, no history prior to that date may be used. For example, if a producer has nine years of production records spanning a ten-year period, only the years after the missing one are counted. It is not allowed to drop a yield from one year because of poor production in that year. An exception is made if the crop being insured was not planted in a certain year. In that case, a zero acreage report is submitted and continuous records are maintained even without data for that year. This is important for growers who rotate crops and those who have summer fallow acres that are normally not planted to the same crop continuously.

## Transition Yields

If at least four successive years of records are not available, a transition or T yield for each missing year must be substituted. Each county has a different T yield. It is based on the 10-year historical county average yield. Growers with no records are assigned 65 percent of the T yield as their APH yield (see the example). Growers with a record for one year

receive 80 percent of the T yield for the other three years. With two records, they receive 90 percent of the T yield, and with three records, they receive 100 percent of the T yield for the one remaining year needed to calculate the APH. Once each year has been assigned a yield, the APH is just a simple average of the four yields.

If only a few years of yield records exist, the APH yield may be considerably below the actual expected yield because of the reduced T yields. In that case, buying a GRP and GRIP policy may be a good strategy, since GRP and GRIP guarantees are based on county yields rather than individual farm yields. This could provide a higher level of protection while the farm builds records to establish a realistic APH yield.

A new farmer or one who has never planted the crop to be insured will receive 100 percent of the T yield for the APH. If he/she continues to plant the crop for four years, the T yields will be replaced with the actual production each year. New producers who have previously been closely associated with farming a particular unit, such as children taking over a family farm, can use the previous operator's records to establish an APH yield.

Once four years or more of production history are available, the APH is the simple average of all of the yearly reported yields. The four years of history will eventually build to ten years. After ten years of history are reached, the APH becomes a moving ten-year average yield. As each new year of production history is added, the oldest record is dropped out of the calculation.

## Cup and Floor

When a new yield record is added to the APH history, the APH has a cup of 10 percent, that is, the proven yield is not allowed to decline by more than 10 percent in one year.

The APH also has a floor equal to 70 percent of the T yield for growers with only a one-year record. Growers with two to four years of yield records have a floor equal to 75 percent of the T yield, while growers with five or more yield records have an 80 percent of T yield floor. This prevents a year in which a producer has a severe crop failure from having a disproportionately large influence on the APH yield, especially when only a few years of yield records are available.

Producers also can request that a low yield for a particular year be replaced with a yield equal to 60 percent of the county T yield. In effect, this becomes the minimum reported yield. This adjustment can be requested for any past year used to calculate the APH yield.

Although the APH yield is usually just a simple average of the production history for each insurance unit, a grower who enters farming, adds new land, plants a new crop, produces a bumper crop, or has a crop failure can cause one or more of the special provisions to be implemented. Therefore, it is a good idea to establish the APH for each insurance unit with a licensed crop insurance agent long before the sign-up date. Even for the catastrophic level of coverage, an APH value for each farm unit is needed.

### Insurance Units

Each parcel of land that is insured independently of

other parcels is called a unit. One farming operation may have several insurance units. It is possible to be hailed out on one unit and receive an indemnity payment, while other units on the same farm produce a record crop. Consequently, many farmers like to divide their land into as many units as possible. Of course, this may result in higher premiums on each one.

### Basic Units

Producers can designate a basic unit for all tracts of land they own and/or cash rent within a county. They also receive one basic unit for all of the land they share rent with a different landlord. For example, if a crop is planted on land rented under a crop share lease with Mr. Smith, a crop share lease with Mrs. Jones, and a cash rent lease with Black, Inc., and the remaining crop land is owned, the acreage would qualify as three basic units (see example). There would be one basic unit with each crop share owner, and one basic unit for the cash rented and owned land combined. Each crop share landowner can also insure his/her own interest in the crop as a separate unit.

Each different crop also creates a separate unit, and tracts of land in different counties must be insured as separate units. Each crop can have a different type of policy and level of coverage, and could receive an indemnity payment independent of the other units. Separate production records must be kept for each

#### Example 1. Calculating an APH Yield

This is how the APH yield would be calculated for a farm in a county with a transitional T yield of 120 bushels of corn.

	4 Years of records	3 Years of records	2 Years of records	1 Year of records	No records
Year 1	145 bu.	120 bu. x 100% = 120 bu	120 bu. x 90% = 108 bu.	120 bu. x 80% = 96 bu.	120 bu. x 65% = 78 bu.
Year 2	98 bu.	98 bu.	120 bu. x 90% = 108 bu..	120 bu. x 80% = 96 bu.	120 bu. x 65% = 78 bu
Year 3	117 bu.	117 bu.	117 bu.	120 bu. x 80% = 96 bu.	120 bu. x 65% = 78 bu.
Year 4	138 bu.	138 bu.	138 bu.	138 bu.	120 bu. x 65% = 78 bu.
APH yield	124.5 bu.	118.25 bu.	117.75 bu.	106.5 bu.	78.0 bu.

basic unit. Insuring all acres as basic units entitles producers to a 10 percent discount on their premiums.

**Optional Units**

If the four farms discussed above were all owned or rented under a cash lease, they would qualify for only one basic unit for each crop. However, if the four farms were located in four different township sections, or had four different FSA farm serial numbers, the operator could elect to insure them as four separate optional units, with separate policies. Separate actual production history (APH) records must be reported for each optional unit and the operator would not receive the 10 percent premium discount.

Optional units may also be designated when a crop is being grown under distinctly different farming practices. For example, a grower with both irrigated and dryland acres of the same crop may qualify for optional units. There must be an obvious break between the irrigated and dry land acres, however. Other special farming practices may qualify acres to be insured as separate units.

**Enterprise Units**

An enterprise unit combines all acres of a single crop within a county in which the policyholder has a financial interest into a single unit, regardless of whether they are owned or rented, or how many landlords are involved. For example, corn-soybean growers could have just two enterprise units for all their land, a corn enterprise unit and a soybean enterprise unit. To be an enterprise unit, one or more basic units (two or more for CRC) located in two or more separate township sections, or with two or more different FSA farm serial numbers, must be combined. In addition, at least two of the sections or farm numbers must each have at least 20 acres or 20 percent of the insured crop acres in them.

Since the enterprise units are usually larger than basic units or optional units, it is less likely that the average yield will be low enough to trigger an indemnity payment in a given year. Consequently, premiums are usually lower for enterprise units.

In addition, they receive the same dollar subsidy as basic units, which results in a higher percent subsidy (see table).

Actual Production History (APH) policies offer enterprise units as an option, while Income Protection (IP) offers only enterprise units. Revenue Assurance (RA) provides a premium discount for selecting enterprise units. The discount is based on the number of township sections included in the acres used to form the enterprise unit.

Crop Revenue Coverage (CRC) also offers a premium discount for enterprise units on land that would normally qualify for more than one basic unit. The CRC enterprise premium discount is based on the number of acres in the enterprise unit, that is, more acres will qualify for a larger discount.

**Whole Farm Unit**

Growers who are willing to combine both their corn and soybean acres into a single insurance unit can gain an additional premium discount. This is called a whole farm unit. The amount of the discount will depend on the proportion of the total acres planted to each crop. Growers planting an equal number of corn and soybean acres qualify for the largest whole farm unit premium discount. Whole farm units are available only for Revenue Assurance (RA).

All producers should check with an informed crop insurance representative when making decisions about insurance units for their crops.

Coverage level	RA and CRC subsidy rate	New rate for Enterprise Units	New rate for Whole Farm Units
60%	64%	80%	not available
65%	59%	80%	80%
70%	59%	80%	80%
75%	55%	77%	80%
80%	48%	68%	71%
85%	38%	53%	56%

**Example: Insurance units**

<p><u>Farm A</u> owned</p> <p><b>Township Section 1</b></p>	<p><u>Farm B</u> 50 - 50 crop share lease from Smith</p>	<p><u>Farm D</u> cash rent lease from Jones</p>	<p><b>Township Section 2</b></p>
	<p><u>Farm C</u> cash rent lease from Smith</p>	<p><u>Farm E</u> 50 - 50 crop share lease from Smith</p>	
<p><u>Farm F</u> owned</p>		<p><u>Farm G</u> 60 - 40 crop share lease from Black</p>	
<p><b>Township Section 12</b></p>		<p><b>Township Section 11</b></p>	

**Example: Farms A, B, C, D, E, F, and G are all farmed by the same operator, and planted to the same crop.**

**Basic units**

This operation would qualify for 3 basic units.

- Unit 1 includes Farms A, C, D, and F (all owned or cash rented).
- Unit 2 includes Farms B and E (both crop share rented from Smith).
- Unit 3 includes Farm G (crop share rented from Black).

**Optional units**

This operation would qualify for 6 optional units.

- Unit 1 includes Farms A and C (owned or cash rented in Section 1).
- Unit 2 includes Farm B (crop share rented in Section 1).

- Unit 3 includes Farm D (cash rented in Section 2).
- Unit 4 includes Farm E (crop share rented in Section 2).
- Unit 5 includes Farm F (owned in Section 12).
- Unit 6 includes Farm G (crop share rented in Section 11).

**Enterprise units**

This operation would qualify for one enterprise unit, including all the farms shown. If more than one crop was being grown, or if some farms were located in a different county, additional enterprise units could be designated.

**Whole farm unit**

If both corn and soybeans were being grown on the farms shown, all acres could be combined into a single whole farm unit. Additional whole farm units could be designated in other counties.

**... and justice for all**

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Independence Avenue, SW, Washington, DC 20250-9410 or call 202-720-5964.

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File: Economics 1-2

Prepared by William Edwards,  
extension economist  
(515) 294-6161,  
wedwards@iastate.edu

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[www.extension.iastate.edu/store](http://www.extension.iastate.edu/store)



United States Department of Agriculture  
Risk Management Agency

January 2011

## 2011 COMMODITY INSURANCE FACT SHEET

# Corn

CT, DE, MA, MD, ME, NH, NJ, NY, NC, PA, RI, VT, VA, WV

### Crop Insured

The crop insured will be all corn grown in the county on insurable acreage, for which premium rates are provided either as for grain or silage, in which you have a share. Corn for grain or silage may be covered with yield protection or revenue protection. RMA will set the silage harvest price equal to the projected price. Corn as grain previously covered under the Crop Revenue Coverage, Indexed Income Protection, and Revenue Assurance plans will be converted to Revenue protection.

- **Yield Protection Plan** provides protection against production losses.
- **Revenue Protection Plan** provides protection against loss of revenue due to a production loss, price decline or increase, or a combination of both.
- **Revenue Protection with Harvest Price Exclusion Plan** provides protection against loss. Revenue caused by price decrease, low yield or a combination of both based on the projected price only.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
 Failure of irrigation water supply<sup>2</sup>  
 Fire<sup>3</sup>  
 Insects<sup>4</sup>  
 Plant disease<sup>4</sup>  
 Wildlife

<sup>1</sup>Including hail, frost, freeze, drought, and excess precipitation. <sup>2</sup>If due to an insured cause of loss within the insurance period. <sup>3</sup>If due to natural causes. <sup>4</sup>But not damage due to insufficient or improper applications of pest or disease control measures.

### Counties Available

Coverage for corn is available in all counties.

### Insurance Period

Insurance coverage begins on the later of the date we accept your application or the date when the crop is planted, and will end at the earliest of: (1) total destruction of the crop; (2) harvest of the unit; (3) final adjustment of a loss; (4) abandonment of the crop or (5) October 20 for silage and December 10 for grain.

### Important Dates

Sales Closing Date - NC .....February 28, 2011  
 Acreage Reporting Date - NC .....July 15, 2011  
 Sales Closing Date - Other<sup>1</sup> ..... March 15, 2011  
 Acreage Reporting Date<sup>1</sup> .....July 15, 2011

<sup>1</sup> CT, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VT, VA, WV

### Reporting Requirements

You must file a report of planted acreage to your crop insurance agent by the acreage reporting date established for your county. Since acreage reporting dates vary by crop and county, consult your agent or for more information see: <http://www.rma.usda.gov/tools/>

### 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

The premium subsidy percentages and available coverage levels are shown below. Your share of the premium will be 100 percent minus the subsidy amount.

Coverage Levels	Percent Premium Subsidy		
	Optional/ Basic Unit	Enterprise Unit	Whole Farm Unit
50	67	80	80
55	64	80	80
60	64	80	80
65	59	80	80
70	59	80	80
75	55	77	80
80*	48	68	71
85*	38	53	56

\*Where applicable.

For example, if you select the 75 percent coverage level, your coverage will be 75 percent of your approved APH yield and the premium subsidy is 55 percent. Your premium share is 45 percent of the base premium (100-55 = 45%) for optional and basic units or 23 percent for enterprise units (100-77=23%). Catastrophic coverage (CAT) is available at 50 percent of your APH yield and 55 percent of the price election. The total cost for CAT coverage will be an administrative fee of \$300 per crop per county, regardless of the number of acres. For coverage levels above CAT, the administrative fee is \$30 per crop per county in addition to the premium cost.

## Price Elections

Prices for corn are based on futures market prices. Projected prices are generally available 15 days prior to the sales closing date. The harvest price is generally available at the end of the month when most of the crop is harvested. Consult your agent or for more information see:

<http://webapp.rma.usda.gov/apps/ActuarialInformationBrowser/Default.aspx>

## Insurance Units

**Basic Unit:** A basic unit includes all of your insurable corn acreage in the county by crop by share arrangement. Premiums are reduced for a basic unit.

**Optional Unit:** If a basic unit consists of two or more FSA farm serial numbers and certain record keeping requirements are met, you may qualify for optional units. The 10 percent premium discount will not apply.

**Enterprise Unit:** Generally, all the insured acreage of the crop in a county. Premium discounts and additional subsidy apply.

**Whole Farm Unit:** Generally, all the insured crops in the county that are covered by the insurance plan. Premium discounts and additional subsidy apply. Does not apply to Yield Protection Plan.

## Late and Prevented Planting

These provisions provide protection on acreage planted after the final planting date or that cannot be planted. Please consult a crop insurance agent for details.

## Loss Example

Under yield protection a loss occurs when the bushels of corn produced for the unit fall below the production guarantee as a result of damage from a covered cause of loss. Under revenue protection a loss occurs when the value of production to count is less than the revenue protection guarantee due to a production loss and/or a loss of revenue. This example assumes a 90 bushels/acre APH yield, 75 percent coverage level, \$5.29 projected price, \$4.49 harvest price, and 40 bushels produced.

<u>Yield Protection</u>		<u>Revenue Protection</u>	
90	APH yield bushels/acre	90	
x <u>.75</u>	x Coverage level	x <u>.75</u>	
67.50	Bushels guarantee	67.50	
<u>\$5.29</u>	x Projected Price	<u>\$5.29</u>	
\$357.08	Value of Insurance Guarantee	\$357.08	
40	Bushels produced	40	
<u>\$5.29</u>	x Price election	<u>\$4.49</u>	
	- Value of production to Count		
\$211.60		\$179.60	
<b>\$145.48</b>	<b>Indemnity per acre</b>	<b>\$177.48</b>	

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United States Department of Agriculture  
Risk Management Agency

January 2011

## 2011 COMMODITY INSURANCE FACT SHEET

# Processing Sweet Corn Delaware

### Crop Insured

Processing sweet corn grown under the requirements of a processor contract executed on or before July 15, and not excluded from the contract at any time during the year, may be insurable. Sweet corn interplanted with another crop or planted into an established grass or legume will not be insurable.

### Counties Available

Processing sweet corn is insurable in all counties.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
Failure of irrigation water supply<sup>2</sup>  
Fire  
Insects<sup>3</sup>  
Plant disease<sup>3</sup>

<sup>1</sup>Includes 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. <sup>2</sup>If due to insurable causes. <sup>3</sup>Not due to insufficient or improper application of control measures.

Note: This policy does not cover any loss of production due to bypassed acreage because of the breakdown or non-operation of equipment or facilities, or your failure to follow the requirements contained in the processor contract.

### Insurance Period

Coverage usually begins when the sweet corn is planted and ends the earliest of: (1) destruction of the crop, (2) abandonment of the crop, (3) completion of harvest, (4) the date the sweet corn should have been harvested but was not harvested, (5) final adjustment of a claim, (6) the date the sweet corn should have been harvested but was not harvested, (7) the date sufficient production is harvested that fulfills an amount stipulated by contract, or (8) September 2011.

### Reporting Requirements

**Acreage Report**— An acreage report is due to your agent no later than July 15 for all your sweet corn acreage in the county, including a copy of your processor contract.

**Production Report**— A production report for the previous crop year is due to your agent before April 30. A yield will be assigned if this information is not timely provided.

### Important Dates

Sales Closing ..... March 15, 2011  
Final Planting Date..... June 30, 2011  
Acreage Report Date ..... July 15, 2011

### Definitions

**Average APH Yield**—Your average yield per acre based on your actual production history (APH), county yields, or other adjusted yields if appropriate.

**Bypassed Acreage**— Land on which production is ready for harvest but the processor elects not to accept production from the acreage.

**Harvest**— Removal of the ears from the stalk for the purpose of delivery to the processor.

**Price Election**— The price used to calculate your premium and any indemnity (see next page).

**Production Guarantee**— Number of tons guaranteed per acre determined by multiplying your average APH yield (based on your yields) by the coverage level percentage you select.

## Duties in the Event of Damage or Loss

- If crop damage occurs, give notice within 72 hours of initial discovery of damage, or immediately if damage is first discovered during harvest.
- If crop is totally destroyed or harvest is prematurely discontinued, give notice within 48 hours.
- If you previously gave notice of damage, you must also provide notice at least 15 days prior to harvest if you intend to claim an indemnity.
- For any acreage that will not be harvested, give notice within 3 days after date harvest should have started.

## Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your average yield and are subsidized as shown below. For example, an average yield of 5 tons per acre results in a guarantee of 3 tons per acre at the 60-percent coverage level.

	Percent							
Coverage Level	50	55	60	65	70	75	80	85
Premium Subsidy	67	64	64	59	59	55	48	38
Premium Share	33	36	36	41	41	45	52	62

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 \$300, regardless of the acreage.

## Price Election

**\$93** per ton

Price elections are posted on the RMA Web site at:

<http://webapp.rma.usda.gov/apps/ActuarialInformationBrowser/Default.aspx>

## Prevented Planting

This provision provides a coverage amount of 40 percent of your production guarantee on acreage that cannot be planted by the final planting date as a result of an insurable cause. Certain restrictions and criteria will apply. Contact an agent for more details.

## Late Planting

A late planting period is not applicable to processing sweet corn.

## Loss Example

This example assumes a 65-percent coverage level, an average yield of 5 tons per acre, non-irrigated, and basic units.

5	Tons per acre average yield (APH)
<u>x .65</u>	Coverage level
3.3	Tons per acre guarantee
<u>- 1</u>	Ton per acre produced
2.3	Tons per acre loss
<u>x \$93</u>	Price election
\$214	Indemnity per acre
<u>- \$3</u>	Estimated premium cost to producer
<b>\$211</b>	<b>Net indemnity per acre</b>

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United States Department of Agriculture  
Risk Management Agency

January 2011

## 2011 COMMODITY INSURANCE FACT SHEET

# Soybeans

DE, MD, NJ, NY, NC, PA, VT, VA, WV

### Crop Insured

The crop insured will be all soybeans grown in the county on insurable acreage, for which premium rates are provided, in which you have a share, and is planted for harvest as grain that is a combine-type hybrid. Soybeans may be covered with yield protection or revenue protection. Soybeans previously covered under the Crop Revenue Coverage, Indexed Income Protection, and Revenue Assurance plans will be converted to Revenue protection.

- **Yield Protection Plan** provides protection against production losses.
- **Revenue Protection Plan** provides protection against loss of revenue due to a production loss, price decline or increase, or a combination of both.
- **Revenue Protection with Harvest Price Exclusion Plan** provides protection against loss. Revenue caused by price decrease, low yield or a combination of both based on the projected price only.

### Other Plans of Insurance

**Group Risk Plan (GRP)** provides protection against widespread loss of production based on county average yields.

**Group Risk Income Protection (GRIP)** is similar to GRP but factors in price to place the coverage in revenue terms. A projected price and harvest price is determined from the futures market.

**GRP and GRIP** are area based coverage plans and do not provide protection for losses on an individual farm basis. Available only for selected counties in North Carolina.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
 Failure of irrigation water supply<sup>2</sup>  
 Fire<sup>3</sup>  
 Insects<sup>4</sup>  
 Plant disease<sup>4</sup>  
 Wildlife

<sup>1</sup>Including hail, frost, freeze, drought, and excess precipitation. <sup>2</sup>If due to

an insured cause of loss within the insurance period. <sup>3</sup>If due to natural causes. <sup>4</sup>But not damage due to insufficient or improper applications of pest or disease control measures.

### Counties Available

Coverage for soybeans is available in certain counties. Contact your local agent to determine availability in your county.

### Insurance Period

Insurance coverage begins on the later of the date we accept your application or the date when the crop is planted, and will end at the earliest of: (1) total destruction of the crop; (2) harvest of the unit; (3) final adjustment of a loss; (4) abandonment of the crop or (5) December 10.

### Important Dates

Sales Closing Date - NC	February 28, 2011
Acreage Reporting Date - NC	July 15, 2011
Sales Closing Date - Other <sup>1</sup>	March 15, 2011
Acreage Reporting Date <sup>1</sup>	July 15, 2011

<sup>1</sup> DE, MD, NJ, NY, PA, VT, VA, WV.

### Reporting Requirements

You must file a report of planted acreage to your crop insurance agent by the acreage reporting date established for your county. Since acreage reporting dates vary by crop and county, consult your agent or for more information see: <http://www.rma.usda.gov/tools/>

### 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

The premium subsidy percentages and available coverage levels are shown below. Your share of the premium will be 100 percent minus the subsidy amount.

Coverage Levels	Percent Premium Subsidy		
	Optional/Basic Unit	Enterprise Unit	Whole Farm Unit
50	67	80	80
55	64	80	80
60	64	80	80
65	59	80	80
70	59	80	80
75	55	77	80
80*	48	68	71
85*	38	53	56

\*Where applicable.

For example, if you select the 75 percent coverage level, your coverage will be 75 percent of your approved APH yield and the premium subsidy is 55 percent. Your premium share is 45 percent of the base premium (100-55 = 45%) for optional and basic units or 23 percent for enterprise units (100-77=23%). Catastrophic coverage (CAT) is available at 50 percent of your APH yield and 55 percent of the price election. The total cost for CAT coverage will be an administrative fee of \$300 per crop per county, regardless of the number of acres. For coverage levels above CAT, the administrative fee is \$30 per crop per county in addition to the premium cost.

## Price Elections

Prices for soybeans are based on futures market prices. Projected prices are generally available 15 days prior to the sales closing date. The harvest price is generally available at the end of the month when most of the crop is harvested. Consult your agent or for more information see:

<http://webapp.rma.usda.gov/apps/ActuarialInformationBrowser/Default.aspx>

## Insurance Units

**Basic Unit:** A basic unit includes all of your insurable soybeans acreage in the county by crop by share arrangement. Premiums are reduced for a basic unit.

**Optional Unit:** If a basic unit consists of two or more FSA farm serial numbers and certain record keeping requirements are met, you may qualify for optional units. The 10 percent premium discount will not apply.

**Enterprise Unit:** Generally, all the insured acreage of the crop in a county. Premium discounts and additional subsidy apply.

**Whole Farm Unit:** Generally, all the insured crops in the county that are covered by the insurance plan. Premium discounts and additional subsidy apply. Does not apply to Yield Protection Plan.

## Late and Prevented Planting

These provisions provide protection on acreage planted after the final planting date or that cannot be planted. Please consult a crop insurance agent for details.

## Loss Example

Under yield protection a loss occurs when the bushels of soybeans produced for the unit fall below the production guarantee as a result of damage from a covered cause of loss. Under revenue protection a loss occurs when the value of production to count is less than the revenue protection guarantee due to a production loss and/or a loss of revenue. This example assumes a 30 bushels/acre APH yield, 70 percent coverage level, \$9.16 projected price, \$8.56 harvest price, and 10 bushels produced.

<u>Yield Protection</u>		<u>Revenue Protection</u>	
30	APH yield bushels/acre	30	
x .70	x Coverage level	x .70	
21	Bushels guarantee	21	
\$9.16	x Projected Price	\$9.16	
\$192.36	Value of Insurance Guarantee	\$192.36	
10	Bushels produced	10	
\$9.16	x Price election	\$8.56	
	- Value of production to Count	\$ 85.60	
\$ 91.60			
<b>\$100.76</b>	<b>Net indemnity per acre</b>	<b>\$106.76</b>	

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United States Department of Agriculture  
Risk Management Agency

January 2011

## 2011 COMMODITY INSURANCE FACT SHEET

# Processing Beans

## Delaware

### Crop Insured

This policy covers processing beans (snaps and limas) grown under the requirements of a processor contract executed by the acreage reporting date and that are not excluded from the contract at any time during the year.

Note: Lima beans following snap beans harvested in the same crop year will not be insurable.

### Counties Available

Processing beans are insurable in Kent and Sussex counties. Processing beans may be insurable in other counties if specific criteria are met. Contact a crop insurance agent for more details.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
Failure of irrigation water supply<sup>2</sup>  
Fire  
Insects<sup>3</sup>  
Plant disease<sup>3</sup>  
Wildlife

<sup>1</sup>Includes excessive moisture that prevents timely harvesting and abnormal temperatures that result in bypassed acreage because too much acreage was ready for harvest that could be feasibly harvested, or the processing of such production was beyond the capacity of the processor. <sup>2</sup>If due to insurable causes. <sup>3</sup>Does not cover damage resulting from an insufficient or improper application of pest or disease control measures.

**Note:** This policy does not cover insect or disease damage on any snap bean acreage that follows a crop of snap beans, lima beans or green peas harvested within the same crop year.

### Insurance Period

Coverage begins at planting except acreage planted before **April 20th** for snap beans or **May 10th** for lima beans **will not** be covered. Insurance will end at the earliest of: (1) the date the processing beans were destroyed, abandoned, harvested, or should

have been harvested but were not harvested, (2) the date you harvest sufficient production to fulfill your processor contract (if the contract stipulates a specific amount of production to be delivered), (3) final adjustment of a loss, or (4) October 15th.

### Reporting Requirements

**Acreage Report**—By the acreage reporting date, you must report to your agent all acres of processing beans in which you have a share, and provide a copy of all your processor contracts.

### Important Dates

#### Snap Beans:

Sales Closing ..... March 15, 2011  
Initial Planting Date ..... April 20, 2011  
Final Planting Date ..... August 10, 2011  
Acreage Report Due ..... August 15, 2011  
End of Insurance ..... October 15, 2011

#### Lima Beans:

Sales Closing ..... March 15, 2011  
Initial Planting Date ..... May 10, 2011  
Final Planting Date ..... July 10, 2011  
Acreage Report Due ..... July 15, 2011  
End of Insurance ..... October 15, 2011

**Note:** Lima Bean varieties: M-15, Cypress, and C-elite Select only, will have a final planting date of July 20 and the acreage reporting date will be July 25.

## Definitions

**Base Contract Price**—The price stipulated in the processor contract for the grade factor or sieve size that is designated in the special provisions, if applicable, without regard to discounts or incentives that may apply.

**Bypassed Acreage**—Land on which production is ready for harvest but the processor elects not to accept such production so it is not harvested.

**Good Farming Practices**—The cultural practices generally in use in the county for the crop to make normal progress toward maturity and produce at least the yield used to determine the production guarantee and are those required by the bean processor contract with the processing company, and recognized by the Cooperative State Research, Education, and Extension Service as compatible with agronomic and weather conditions in the county.

**Production Guarantee**— Number of tons guaranteed per acre determined by multiplying your average yield per acre (based on your records) times the coverage level you elect.

## 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; and (3) leave representative samples intact for each field of the damaged unit.

## Price Elections

Price used to calculate your premium or indemnity:

Limas—\$405 per ton	Italian—\$195 per ton
Wax—\$195 per ton	Petite—\$195 per ton
Green and Other Unlisted Types—\$195 per ton	

Price elections will be posted on the RMA Web site at: <http://webapp.rma.usda.gov/apps/ActuarialInformationBrowser/Default.aspx>

## 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 (for example, an average snap bean yield of 2 tons per acre would result in a guarantee of 1.5 tons per acre at the 75-percent coverage level) and are subsidized as shown

in the following table.

For example, if you selected 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. CAT is 100-percent subsidized with no premium cost to you except for an administrative fee of \$300, regardless of the acreage.

## Loss Example

These examples apply to Sussex county, Map Area 3.

2.5*	Average yield per acre (tons)	1.2**
x .65	Coverage level	x .65
1.6	Tons per acre guarantee	.8
- .5	Tons per acre produced	- .3
1.1	Tons per acre loss	.5
x \$195	Price election	x \$405
\$215	Gross indemnity per acre	\$203
- 15	Estimated premium (varies)	- 14
<b>\$200</b>	<b>Net indemnity per acre</b>	<b>\$189</b>

\*Snap beans (dual planting period, non-irrigated).

\*\*Lima beans (late, non-irrigated).

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United States Department of Agriculture  
Risk Management Agency

January 2011

## 2011 COMMODITY INSURANCE FACT SHEET

# Processing Tomatoes

## Delaware

### Crop Insured

The policy insures tomatoes planted for harvest as **processing tomatoes** that are grown under a processor contract executed by August 20 of the crop year and that are not excluded from the contract. The policy **does not cover** acreage on which tomatoes were:

- Grown in either of the previous 2 years
- Inter-planted with another crop; or
- Planted into an established grass or legume.

### Counties Available

Processing tomatoes are insurable in Kent and Sussex counties. Processing tomatoes may be insurable in New Castle county if certain criteria are met. Contact a crop insurance agent for details.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
 Failure of irrigation water supply<sup>2</sup>  
 Fire (only if due to natural causes)  
 Insects<sup>3</sup>  
 Plant disease<sup>3</sup>  
 Wildlife

<sup>1</sup>Includes 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. <sup>2</sup>If caused by an insured cause of loss. <sup>3</sup>But not due to insufficient or improper application of control measures.

### Insurance Period

Coverage begins when the tomatoes are planted and ends at the earlier of: (1) harvest of sufficient production to fulfill your contract; (2) the date the tomatoes should have been harvested but were not; (3) abandonment of the crop; (4) harvest completion; (5) final adjustment of a claim, or (6) October 10.

Note: Any acreage of tomatoes damaged to the extent that most producers in the area would not normally further care for the tomatoes will be deemed to have been destroyed even though you may continue to care for your crop.

### Reporting Requirements

**Acreage Report**—You must report all acreage of your processing tomatoes, both insured and uninsured, and provide a copy of all processor contracts to your agent by the acreage reporting date.

### Important Dates

Sales Closing .....	March 15, 2011
Final Planting Date.....	June 15, 2011
Acreage Report Date .....	July 15, 2011

### Definitions

**Production Guarantee**— Number of **tons** guaranteed per acre determined by multiplying your average yield per acre (based on your records) times the coverage level you elect.

**Price Election**—The price used to calculate your premium or indemnity:

\$87 per ton

Prices are posted on the RMA Web site at:

<http://www3.rma.usda.gov/apps/pricesinquiry/>

### 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); and (3) leave representative samples intact for each field of the damaged unit.

## Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your historical average yield. For example, let's say your average yield is 12 tons per acre. At the 75-percent coverage level, your guarantee would be 9 tons per acre and your premium share would be 45 percent of the base premium, 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 your average yield and 55 percent of the price election. The cost for CAT coverage is an administrative fee of \$300, regardless of the acreage.

## Stage Guarantee

Once you have decided on your price election, the amount of the price election used to determine an indemnity for processing tomatoes depends on the stage of the plant. Stages are determined on a per acre basis:

Stage	Interval	Percent of Price Election
1	From planting until first fruit set	50
2	From first fruit set until harvest	80
3	Harvested acreage	100

## Replanting Payment

A replanting payment may be allowed if the crop is damaged by an insurable cause of loss and the acreage to be replanted has sustained a loss in excess of 50 percent of the plant stand.

## 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 unit includes all of your processing tomato acreage in the county. Premiums are reduced by 10 percent for a basic unit.

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

**Note:** Regardless of unit structure, however, no indemnity will be paid for any loss of production on any unit if your production is sufficient to fulfill the processor contracts forming the basis for your guarantee.

## Production to Count

Production on which we do not pay a claim for loss is called production-to-count. This includes appraised production, usable harvested production, and any harvested production delivered to the processor that does not meet the quality requirements of the contract because it was not timely delivered. Once harvest begins on any acreage covered by a processor contract that specifies the number of tons to be delivered, the total indemnity payable will be limited to an amount based on the lesser of the guaranteed tons or the tons remaining unfulfilled under the processor contract.

## Loss Example

This example assumes a 75-percent coverage level, an average yield of 12 tons per acre, non-irrigated practice, and one basic unit.

$$\begin{array}{r}
 12 \text{ Tons per acre average yield (APH)} \\
 \times .75 \text{ Coverage level} \\
 \hline
 9 \text{ Tons per acre guarantee} \\
 - 3 \text{ Tons per acre produced} \\
 \hline
 6 \text{ Tons per acre loss} \\
 \times \$87 \text{ Price election} \\
 \hline
 \$522 \text{ Indemnity per acre} \\
 - \$58 \text{ Estimated premium cost to producer} \\
 \hline
 \mathbf{\$464 \text{ Net indemnity per acre}}
 \end{array}$$

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United States Department of Agriculture  
Risk Management Agency

January 2011

## 2011 COMMODITY INSURANCE FACT SHEET

# Grain Sorghum

## DE, MD, NJ, NY, NC, PA, VA

### Crop Insured

The crop insured will be all grain sorghum grown in the county on insurable acreage, for which premium rates are provided, in which you have a share, and is planted for harvest as grain that is a combine-type hybrid. Dual purpose types of grain sorghum (for example, used for both grain and forage) are not insurable. Grain sorghum may be covered with yield protection or revenue protection. Grain sorghum previously covered under the Crop Revenue Coverage plan will be converted to Revenue protection.

- **Yield Protection Plan** provides protection against production losses.
- **Revenue Protection Plan** provides protection against loss of revenue due to a production loss, price decline or increase, or a combination of both.
- **Revenue Protection with Harvest Price Exclusion Plan** provides protection against loss. Revenue caused by price decrease, low yield or a combination of both based on the projected price only.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
 Failure of irrigation water supply<sup>2</sup>  
 Fire<sup>3</sup>  
 Insects<sup>4</sup>  
 Plant disease<sup>4</sup>  
 Wildlife

<sup>1</sup>Including hail, frost, freeze, drought, and excess precipitation. <sup>2</sup>If due to an insured cause of loss within the insurance period. <sup>3</sup>If due to natural causes. <sup>4</sup>But not damage due to insufficient or improper applications of pest or disease control measures.

### Counties Available

Coverage for grain sorghum is available in certain counties. Contact your local agent to determine availability in your county.

### Insurance Period

Insurance coverage begins on the later of the date we accept your application or the date when the crop is planted, and will end at the earliest of: (1) total destruction of the crop; (2) harvest of the unit; (3) final adjustment of a loss; (4) abandonment of the crop or (5) December 10.

### Important Dates

Sales Closing Date - NC .....	February 28, 2011
Acreage Reporting Date - NC .....	June 30, 2011
Sales Closing Date - Other <sup>1</sup> .....	March 15, 2011
Acreage Reporting Date <sup>1</sup> .....	July 15, 2011

<sup>1</sup> DE, MD, NJ, NY, PA, VA.

### Reporting Requirements

You must file a report of planted acreage to your crop insurance agent by the acreage reporting date established for your county. Since acreage reporting dates vary by crop and county, consult your agent or for more information see: <http://www.rma.usda.gov/tools/>

### 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

The premium subsidy percentages and available coverage levels are shown below. Your share of the premium will be 100 percent minus the subsidy amount.

\*Where applicable.

Coverage Levels	Percent Premium Subsidy		
	Optional/ Basic Unit	Enterprise Unit	Whole Farm Unit
50	67	80	80
55	64	80	80
60	64	80	80
65	59	80	80
70	59	80	80
75	55	77	80
80*	48	68	71
85*	38	53	56

For example, if you select the 75 percent coverage level, your coverage will be 75 percent of your approved APH yield and the premium subsidy is 55 percent. Your premium share is 45 percent of the base premium (100-55 = 45%) for optional and basic units or 23 percent for enterprise units (100-77=23%). Catastrophic coverage (CAT) is available at 50 percent of your APH yield and 55 percent of the price election. The total cost for CAT coverage will be an administrative fee of \$300 per crop per county, regardless of the number of acres. For coverage levels above CAT, the administrative fee is \$30 per crop per county in addition to the premium cost.

## Price Elections

Prices for grain sorghum are based on futures market prices. Projected prices are generally available 15 days prior to the sales closing date. The harvest price is generally available at the end of the month when most of the crop is harvested. Consult your agent or for more information see:

<http://webapp.rma.usda.gov/apps/ActuarialInformationBrowser/Default.aspx>

## Insurance Units

**Basic Unit:** A basic unit includes all of your insurable grain sorghum acreage in the county by crop by share arrangement. Premiums are reduced 10 percent for a basic unit.

**Optional Unit:** If a basic unit consists of two or more FSA farm serial numbers and certain record keeping requirements are met, you may qualify for optional units. The 10 percent premium discount will not apply.

**Enterprise Unit:** Generally, all the insured acreage of the crop in a county. Premium discounts and additional subsidy apply.

**Whole Farm Unit:** Generally, all the insured crops in the county that are covered by the insurance plan. Premium discounts and additional subsidy apply. Does not apply to Yield Protection Plan.

## Late and Prevented Planting

These provisions provide protection on acreage planted after the final planting date or that cannot be planted. Please consult a crop insurance agent for details.

## Loss Example

Under yield protection a loss occurs when the bushels of grain sorghum produced for the unit fall below the production guarantee as a result of damage from a covered cause of loss. Under revenue protection a loss occurs when the value of production to count is less than the revenue protection guarantee due to a production loss and/or a loss of revenue. This example assumes a 60 bushels/acre APH yield, 75 percent coverage level, \$5.29 projected price, \$4.49 harvest price, and 15 bushels produced.

### Yield Protection

60	APH yield bushels/acre	60
x .75	x Coverage level	x .75
45	Bushels guarantee	45
\$5.29	x Projected Price	\$5.29
\$238.05	Value of Insurance Guarantee	\$238.05
15	Bushels produced	15
\$5.29	x Price election	\$4.49
	- Value of production to Count	\$ 67.35
<b>\$ 79.35</b>	<b>Net indemnity per acre</b>	<b>\$170.70</b>

### Revenue Protection

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United States Department of Agriculture  
Risk Management Agency

October 2009

## 2010 COMMODITY INSURANCE FACT SHEET

# Wheat—Crop Revenue Coverage Delaware

### Crop Insured

Wheat grown for grain may be insured under the crop revenue coverage (CRC) plan of insurance if planted on insurable acreage located in a county with applicable actuarial documents. Any wheat acreage that is inter-planted with another crop or planted into an established grass or legume is not insurable. CRC provides protection against a decline in market prices as well as a shortfall in production. The guarantee is in dollars and a loss situation occurs when the dollar value of your production falls below your guarantee. CRC offers protection if prices rise or fall:

- In most years when the price usually declines as harvest approaches, you are guaranteed a pre-determined amount of income per acre
- In a year of rising prices, a production shortfall would be compensated at the higher market-based harvest price. This is critical if any lost production must be replaced at higher market prices to fulfill delivery on a forward contract.

### Counties Available

Wheat CRC is available in all Delaware counties.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
 Failure of irrigation water supply<sup>2</sup>  
 Fire  
 Harvest price is less than base price  
 Insects<sup>3</sup>  
 Plant disease<sup>3</sup>  
 Wildlife

<sup>1</sup>Natural perils such as hail, drought, and excess precipitation. <sup>2</sup>If caused by an insured peril during the insurance period. <sup>3</sup>But not damage due to insufficient or improper applications of control measures.

### Insurance Period

Coverage begins when the wheat is planted and ends at the earliest of: (1) total destruction of the crop, (2) harvest, (3) abandonment of the crop, (4) final adjustment of a claim, (5) July 31 of the harvest year.

### Reporting Requirements

Notify your agent within 72 hours of discovery of any damage to your wheat crop. If crop damage is first discovered during or within 15 days of harvest, notify your agent immediately and leave representative samples of the unharvested crop for inspection. The samples must be at least 10 feet wide and extend the entire length of the field. If you expect a revenue loss on the unit, give notice no later than 45 days after the harvest price is released.

### Important Dates

Sales Closing .....	September 30, 2009
Final Planting Date.....	November 15, 2009
Acreage Report Due .....	November 30, 2009
End of Insurance.....	July 31, 2010

### Definitions

**Average APH Yield**—Your average yield per acre based on your actual production history (APH), county yields, or other adjusted yields if appropriate.

**Base Price**—The price that determines your minimum guarantee and premium is based on the average daily price of Chicago Board of Trade (CBOT) July soft red winter wheat futures contracts during the period August 15 — September 14 of the year the crop is planted.

**Coverage Level**—You select a percentage (from 50 percent to 85 percent) that will be used to determine your minimum guarantee in dollars per acre.

**Minimum Guarantee** — The minimum number of dollars guaranteed per acre determined as follows:

Average APH yield X base price X coverage level.  
 Example: 60 bushels per acre X \$8.58 X .75 =  
 386 per acre minimum guarantee

**Harvest Price** — This price (at harvest time), used to determine harvest guarantee and calculated revenue, is based on the average daily price of CBOT July soft red winter wheat futures contracts during June of the harvest year.

**Harvest Guarantee** — Average APH yield X harvest price X coverage level

Example: 60 bushels per acre X \$5.80 X .75 = \$261 per acre harvest guarantee

**Calculated Revenue** — Value of your actual wheat production determined as follows:

Bushels of production X harvest price.

Example: 20 bushels per acre produced X \$5.80 = \$116 per acre calculated revenue

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

**Final Guarantee** — The larger of the minimum or harvest guarantee.

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

**Indemnity** — Final guarantee – calculated revenue

Example: \$386 – \$116 = \$270

## Price Elections

Year	Base Price*	Harvest Price**
2010	\$*	\$**
2009	\$8.58	\$5.80
2008	\$5.93	\$7.93

\* Available after September 14 each year.

\*\* Available after June 30 of the harvest year.

Price elections are posted on the RMA Web site at:

<http://www3.rma.usda.gov/apps/pricesinquiry/>

## Insurance Units

Insurable acreage is grouped into one or more units based on your selection of one of the following:

**Basic Unit:** A basic insurance unit includes all your wheat acreage in the county by share arrangement. Premiums are reduced 10 percent for basic units.

**Optional Units:** If qualified, you may further divide a basic unit into optional units by farm serial number or irrigated/non-irrigated land. The 10-percent basic unit premium discount will not apply.

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

## Loss Example

This example assumes an average yield of 60 bushels per acre, base price of \$8.58, harvest price of \$5.80, basic units, 75-percent coverage level.

60	Bushels per acre average APH yield
x .75	Coverage level
45	Bushels per acre guarantee basis
x 8.58	Base price per bushel
\$386	Minimum guarantee per acre

After the harvest price is announced in early July, a harvest guarantee will be calculated. The final guarantee becomes the higher of the minimum guarantee or the harvest guarantee.

\$261	Harvest guarantee per acre (45 bushels X \$5.80 harvest price)
\$386	Final guarantee per acre (higher of minimum or harvest guarantee)
- 116	Calculated revenue (20 bushels per acre produced X \$5.80 harvest price)
270	Indemnity per acre
- 11	Estimated premium per acre
\$259	Net indemnity per acre

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United States Department of Agriculture  
Risk Management Agency

March 2010

## 2010 COMMODITY INSURANCE FACT SHEET

# Green Peas

## Delaware

### Crop Insured

The crop insured will be **shell type** and **pod type green peas**, grown under the requirements of a processor contract executed by May 15 and not excluded from the contract at any time during the crop year. Unless allowed by the special provisions or by written agreement, the policy **does not insure** any acreage that is:

- Interplanted with another crop
- Planted into an established grass or legume
- Planted as a nurse crop.

### Counties Available

Green peas are insurable in Kent, New Castle, and Sussex counties.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
 Failure of irrigation water supply<sup>2</sup>  
 Fire  
 Insects<sup>3</sup>  
 Plant disease<sup>4</sup>  
 Wildlife

<sup>1</sup>Including excessive moisture that prevents timely harvest 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 production was beyond the capacity of the processor. <sup>2</sup>If due to an insurable cause. <sup>3</sup>Not damage due to insufficient or improper application of pest control measures. <sup>4</sup>Only on acreage not planted to peas the previous crop year.

Note: This policy **does not cover** any loss of production due to bypassed acreage because of the breakdown or non-operation of equipment or facilities; or failure to follow requirements as specified in the processor contract.

### Insurance Period

Coverage usually begins when the peas are planted and ends at the earliest of: (1) destruction of the crop, (2) the date the green peas should have been harvested but were not, (3) abandonment of the crop, (4) completion of harvest, (5) the date you harvest

sufficient production to fulfill your contract if a specific amount is so stipulated, (6) final adjustment of a loss, or (7) September 15 (September 30 if you provided notice that crop will be harvested as dry peas).

### Reporting Requirements

**Acreage Report**— By the acreage reporting date, you must report to your agent all acres of green peas in which you have a share, and provide a copy of all your processor contracts.

### Important Dates

Sales Closing .....	February 15, 2010
Final Planting Date.....	April 30, 2010
Acreage Report Date .....	May 15, 2010

### Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your average yield (for example, an average yield of 3500 pounds per acre would result in a 2275 pounds per acre guarantee at the 65-percent coverage level) and are subsidized as shown in the table below.

As an example, if you selected 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. CAT is 100 percent subsidized with no premium cost to you except for an administrative fee of \$300, regardless of the acreage.

## Definitions

**Bypassed Acreage**—Land on which production is ready for harvest but the processor elects not to accept such production so it is not harvested.

**Good Farming Practices**—The cultural practices generally in use in the county for the crop to make normal progress toward maturity and produce at least the yield used to determine the production guarantee and are those required by the green pea processor contract with the processing company, and recognized by the Cooperative State Research, Education, and Extension Service as compatible with agronomic and weather conditions in the county.

**Green Peas**—Shell type and pod type peas that are grown under a processor contract to be canned or frozen and sold for human consumption.

**Nurse Crop (companion crop)** - A crop planted into the same acreage as another crop, that is intended to be harvested separately, and which is planted to improve growing conditions for the crop which it is grown.

**Price Election**—The price per pound stated in the processor contract (contracted price) for the tenderometer reading, grade factor or sieve size contained in the special provisions.

**Processor Contract**—A written agreement between the producer and a processor, containing at minimum: (a) the producer's commitment to plant and grow green peas, and to deliver the green pea production to the processor; (b) the processor's commitment to purchase all the production stated in the processor contract; and (c) a base contract price. Multiple contracts with the same processor that specify amounts of production will be considered as a single processor contract unless the contracts are for different types of green peas.

## 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; and (3) leave representative samples intact for each field of the damaged unit.

## Loss Example

This example is based on an average yield of 3500 pounds per acre, 65-percent coverage level, contract price of 10 cents per pound, non-irrigated, and basic units.

3500	Pounds per acre average yield
<u>x .65</u>	Coverage level
2275	Pounds per acre guarantee
<u>- 575</u>	Pounds per acre produced
1700	Pounds per acre loss
<u>x .10</u>	Contract price per pound
\$170	Gross indemnity per acre
<u>- 10</u>	Estimated premium per acre
<b>\$160</b>	<b>Net indemnity per acre</b>

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United States Department of Agriculture  
Risk Management Agency

November 2009

## 2010 COMMODITY INSURANCE FACT SHEET

# Potatoes

## Delaware

### Crop Insured

Potatoes planted with certified seed for harvest as either certified seed stock or for human consumption may be insured. The policy does not cover any acreage where potatoes are:

- Inter-planted with another crop
- Planted into an established grass or legume; or
- Planted without following crop rotation requirements specified in the special provisions.

### Counties Available

Potatoes are insurable in Kent and New Castle counties. Potatoes may be insurable in Sussex county if specific criteria are met. Contact a crop insurance agent for details.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
 Failure of irrigation water supply  
 Fire  
 Insects<sup>2</sup>  
 Plant disease<sup>2</sup>  
 Wildlife

<sup>1</sup>Such as hail, frost, freeze, drought, and excess moisture. <sup>2</sup>Only if sufficient and proper control measures are used.

Note: The policy does not insure against loss of production from damage occurring after potatoes are placed in storage.

### Insurance Period

Coverage begins when the potatoes are planted and ends the earliest of: (1) total destruction of the crop, (2) harvest of the crop, (3) final adjustment of a claim, (5) abandonment of the crop, or (6) October 15, 2010.

### Reporting Requirements

**Acreage Report** — You must timely report to your agent all the acres of potatoes in the county in which you have a share.

### Important Dates

Sales Closing.....	December 31, 2009
Final Planting Date .....	May 5, 2010
Acreage Report Date .....	May 15, 2010
End of Insurance.....	October 15, 2010

### Definitions

#### Approved APH (Actual Production History)

**Yield**—A yield based on your actual yields, county average yields, or a combination of both and used to determine your production guarantee.

**Production Guarantee**—Hundredweight (cwt.) guaranteed per acre determined by multiplying your approved APH yield times the coverage level percentage you elect.

**Price Election**—Price used to calculate your premium and indemnity. Price elections are posted on the RMA Web site at:

<http://www3.rma.usda.gov/apps/pricesinquiry/>

### 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); and (3) leave representative samples intact for each field of the damaged unit.

## Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your average yield. An average potato yield of 240 cwt. per acre, for example, would result in a 180 cwt. per acre guarantee at the 75-percent coverage level. Crop insurance premiums are subsidized as shown in the following table. For instance, if you selected the 75-percent coverage level, your premium share would be 45 percent of the base premium:

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 \$300, regardless of the acreage.

## Price Election

\$9.05 per cwt

Price elections are posted on the RMA Web site at:  
<http://www3.rma.usda.gov/apps/pricesinquiry/>

## 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 unit includes all of your potato acreage in the county by share arrangement. Premiums are reduced by 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 apply for optional units by FSN. The 10-percent discount will not apply

## Loss Example

This example assumes an average yield of 240 cwt. per acre, 65-percent coverage level, no options or endorsements, and one basic unit.

240	Cwt. per acre average yield (APH)
x .65	Coverage level percentage
156	Cwt. per acre guarantee
– 56	Cwt. per acre production
100	Cwt. per acre loss
x \$9.05	Price election
\$905	Indemnity per acre
– 60	Estimated premium per acre
<b>\$845</b>	<b>Net indemnity per acre</b>

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# Adjusted Gross Revenue (AGR)

*November 2010*

**Adjusted Gross Revenue (AGR)** crop insurance provides producers with protection against low revenue from natural causes and market fluctuations. The insurance covers income from agricultural commodities, as well as income from animals, animal products, and aquaculture species reared in a controlled environment.

## **Adjusted Gross Revenue:**

- Uses your historical Internal Revenue Service (IRS) tax form (Schedule F or equivalent forms) information and an annual farm report as a base;
- Provides insurance for multiple agricultural commodities in one product;
- Establishes revenue as a common denominator for the production of all agricultural commodities.

## **AGR Timeline**

**Sales Closing Date:** You must buy or cancel your policy on or before January 31.

**Beginning of Insurance:** All existing policies roll over each year if they are not canceled or changed. The insurance attaches each year on January 1. For new policies, insurance coverage will begin 10 days after a properly completed application is received.

**Contract Change Date:** You must make any and all changes to your insurance contract on or before August 31.

**Insurance Year:** Defined as a calendar year in which the sales closing date occurs and includes both calendar-year and fiscal-year filings (corresponding to the policyholder's IRS tax period).

**Claims:** Claims are settled after taxes are filed for the insurance year.

## **Availability**

AGR insurance is available in: California (selected counties), Connecticut, Delaware, Florida (selected counties), Idaho (selected counties), Maine, Maryland (selected counties), Massachusetts, Michigan (selected counties), New Hampshire, New Jersey, New York (selected counties), Oregon (selected counties), Pennsylvania (selected counties), Rhode Island, Vermont, Virginia (selected counties), and Washington (selected counties).

## **Eligibility**

To meet the eligibility criteria for AGR coverage, you must:

- Be a U.S. citizen or resident;
- File a calendar-year or fiscal-year farm tax return;
- Produce agricultural commodities primarily in pilot counties (may include income from contiguous non-pilot counties);
- Have liability not exceeding \$6.5 million;
- Have had same tax entity for 7 years (filed 5 consecutive years of Schedule F tax forms, plus previous year and insurance year) unless a change in tax entity is reviewed and approved by your insurance provider;
- Purchase traditional Federal crop insurance, if available, when more than 50 percent of your expected income is from insurable commodities (when you purchase both AGR and other crop insurance plans, the AGR premium will be reduced); and
- Earn no more than 35 percent of expected allowable income from animals and animal products.

## **Insured Causes of Loss**

Insurance is provided against revenue loss due to any unavoidable natural occurrences during the current or previous insurance year or due to market fluctuations that cause a revenue loss during the current insurance year. No payment will be made for losses due to negligence, mismanagement, or wrongdoing by the policyholder, the policyholder's family, household members, tenants, employees, or contractors; crop abandonment; bypassing of acreage; or other causes listed in the insurance policy.

## **AGR Application Information**

When completing an AGR application, you must submit:

- A history calculation worksheet, including 5 years of allowable income and expense data from IRS tax returns (Schedule F or equivalent forms);
- An annual farm report for the insurance year listing each commodity to be produced, the expected quantity of the commodity to be produced, and the expected price for the commodity;
- Beginning inventories, if applicable; and
- An indication of changes that will result in lower income for the insurance year than the historical average.

## Choosing a Revenue Guarantee

AGR liability (protection) is calculated by multiplying the approved, AGR by the coverage level and payment rate percentage you select from the county Special Provisions of Insurance actuarial document (see table below). Coverage levels and payment rate eligibility vary with the number of commodities you produce. You may select only one coverage amount.

### Available Protection Amounts

Coverage Payment		Minimum # of Commodities*	Maximum Annual Income**
Level	Rate		
65	75	1	\$13,333,333
65	90	1	\$11,111,111
75	75	1	\$11,555,555
75	90	1	\$ 9,629,629
80	75	3	\$10,833,333
80	90	3	\$ 9,027,777

\*Must meet minimum income requirements.

\*\*The Maximum Annual Income represents the maximum approved farm revenue at each coverage level and payment rate to be eligible for AGR due to the \$6.5 million maximum liability allowed.

## Loss Payments

Loss payments are triggered when the adjusted income for the insured year is less than the loss inception point. The loss inception point is calculated by multiplying the approved AGR by the selected coverage level. Once a revenue loss is triggered, you are paid based on the payment rate you selected, either 75 cents or 90 cents for each dollar lost.

## Loss Payment Example

### Assumptions:

- 80-percent coverage level and 90-percent payment rate chosen;
- Approved AGR of \$94,900 and actual revenue from the farm for the year was \$21,000;
- Liability:  $\$94,900 \times 0.80 \times 0.90 = \$68,328$ ; then
- Loss Inception Point:  $\$94,900 \times 0.80 = \$75,920$ .

### Loss Scenario:

\$75,920 - \$21,000 revenue to count = \$54,920 revenue loss; then  
 $\$54,920 \times 0.90$  payment rate = \$49,428 indemnity payment.

**Note:** If your allowable expenses for the current crop year fall below 70 percent of the approved expenses, the approved AGR payments will be reduced.

This summary is for general illustration purposes only. Please contact a private crop insurance agent to learn more about AGR.

## Contact Us

United States Department of Agriculture  
 Risk Management Agency  
 1400 Independence Ave., SW, Stop 0801  
 Washington, D.C. 20250-0801  
**Telephone:** (202) 690-2803  
**Fax:** (202) 690-2818  
**Web site:** <http://www.rma.usda.gov>  
**E-mail:** [rma.cco@rma.usda.gov](mailto:rma.cco@rma.usda.gov)

## For More Information

AGR insurance policies are available from private insurance agents. A list of crop insurance agents is available at all USDA Service Centers throughout the United States, or see RMA's online agent locator at: <http://www3.rma.usda.gov/tools/agents/companies/>.

Policy Information: <http://www.rma.usda.gov/policies/agr.html>

Premium Calculator: <http://www3.rma.usda.gov/apps/premcalc>

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# Adjusted Gross Revenue-Lite

November 2010

Program  
Aid  
1907

Adjusted Gross Revenue-Lite (AGR-Lite) is a whole-farm, revenue-protection plan of insurance. The plan provides protection against low revenue due to unavoidable natural disasters and market fluctuations that affect income during the insurance year. Most farm-raised crops, animals, and animal products are eligible for protection.

AGR-Lite can stand alone or be used in conjunction with other Federal crop insurance plans, except Adjusted Gross Revenue (AGR). When producers purchase both AGR-Lite and other Federal crop insurance the AGR-Lite premium will be reduced.

## The AGR-Lite concept:

- Uses a producer's 5-year historical farm average revenue as reported on the IRS tax return (Schedule F or equivalent forms) and an annual farm report as a base to provide a level of guaranteed revenue for the insurance period;
- Provides insurance coverage for multiple agricultural commodities in one insurance product; and
- Establishes revenue as a common denominator for the insurance of all agricultural commodities.

## AGR-Lite Timeline

**Sales Closing Date:** March 15.

**Cancellation and Termination Date:** January 31.

**Contract Change Date:** August 31.

**Year of Insurance:** For the application year, you will not be covered for any losses that occur earlier than 10 days after we receive your properly completed application. For carry-over policies, any unavoidable natural disaster that occurred during the previous or current insurance year is covered.

**Insurance Year:** Defined as a calendar year in which the sales closing date occurs and includes both calendar year and fiscal year filings (corresponding to the producer's IRS tax period).

**Claims:** Claims are settled after taxes are filed for the insurance year.

## Availability

AGR-Lite is available in: Alabama, Alaska (selected counties), Arizona, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Kansas, Maine, Maryland, Massachusetts, Minnesota, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York (selected counties), North Carolina, Oregon, Pennsylvania (except Philadelphia County), Rhode Island, South

Carolina, Tennessee, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

## Producer Eligibility

To be eligible for AGR-Lite coverage, a producer must:

- Be a U.S. citizen or resident;
- File a calendar year or fiscal year farm tax return;
- Produce agricultural commodities primarily in counties where AGR-Lite is available (includes income from contiguous counties);
- Have liability not exceeding \$1 million (less than \$2,051,282 in approved gross income);
- Have had the same tax entity for 7 years (filed 5 consecutive years of Schedule F tax forms, plus previous year and insurance year) unless a change in the tax entity is reviewed and approved by the insurance provider;
- Have no more than 50 percent of total revenue from commodities purchased for resale; and
- Have no more than 83.35 percent of total revenue from potatoes.

## Premium Subsidy

The Government will pay a portion of the premium for the AGR-Lite policy that equals 48 percent, 55 percent, and 59 percent of the total premiums for the coverage levels of 80 percent, 75 percent, and 65 percent, respectively.

## Insured Causes of Loss

Insurance is provided against revenue loss due to any unavoidable natural occurrences during the current or previous insurance year or due to market fluctuations that cause a loss of revenue during the current insurance year. No payment will be made for losses due to negligence, mismanagement, or wrongdoing by the producer, the producer's family, members of the household, tenants, employees, or contractors; crop abandonment; bypassing of acreage; or other uninsurable causes listed in the insurance policy.

## AGR-Lite Application Information

Producers must provide the following information when completing an AGR-Lite application:

- History calculation worksheet, including 5 years of allowable income and expense data from IRS tax returns (Schedule F or equivalent forms);
- An annual farm report for the insurance year listing each commodity to be produced, the expected quantity of the commodity to be produced, and the expected

- price for the commodity; and
- Indication of changes that will result in less income for the insurance year than the historical average.

### Choosing a Revenue Guarantee

Coverage levels and payment rates vary with the number of commodities produced and are selected by the producer (see table below) from the Special Provisions of Insurance. AGR-Lite liability is calculated by multiplying the approved adjusted gross revenue by the selected coverage level and payment rate. The coverage level will determine when indemnity payments begin. The payment rate will determine how much the producer will be paid for each dollar lost under the coverage level. A producer selects one amount of coverage that will cover all commodities.

#### Available Protection Amounts

Coverage Payment		Minimum # of Commodities*	Maximum Annual Income**
Level	Rate		
65	75	1	\$2,051,282
65	90	1	\$1,709,401
75	75	1	\$1,777,777
75	90	1	\$1,481,481
80	75	3	\$1,666,666
80	90	3	\$1,388,888

\*Must meet minimum income requirements. Commodity grouping is available for the 80-percent coverage level.

\*\*The Maximum Annual Income represents the maximum approved farm revenue at each coverage level and payment rate to be eligible for AGR-Lite due to the \$1,000,000 maximum liability allowed.

### Loss Payments

Loss payments are triggered when the adjusted income for the insured year is less than the loss inception point. The loss inception point is calculated by multiplying the approved adjusted gross revenue times the selected coverage level. Once a revenue loss is triggered, the producer is paid based on the payment rate selected, either 75 cents or 90 cents for each dollar lost.

### Loss Payment Example

#### Assumptions:

- 80-percent coverage level and 75-percent payment rate chosen;
- Approved adjusted gross revenue of \$100,000 and actual revenue from the farm for the year was \$70,000;
- Liability:  $\$100,000 \times 0.80 \times 0.75 = \$60,000$ ; then
- Loss Inception Point:  $\$100,000 \times 0.80 = \$80,000$ ;

#### Loss Scenario:

\$80,000 - \$70,000 revenue to count = \$10,000 loss of revenue; then  
 $\$10,000 \times 0.75$  payment rate = \$7,500 indemnity payment.

**Note:** If the producer's allowable expenses for the current crop year fall below 70 percent of the approved expenses, the approved AGR-Lite payments will be reduced.

This summary is for general illustration purposes only. Please contact a private crop insurance agent to learn more about AGR-Lite.

### Contact Us

United States Department of Agriculture  
 Risk Management Agency  
 1400 Independence Ave., SW, Stop 0801  
 Washington, D.C. 20250-0801  
**Telephone:** (202) 690-2803  
**Fax:** (202) 690-2818  
**Web site:** <http://www.rma.usda.gov>  
**E-mail:** [rma.cco@rma.usda.gov](mailto:rma.cco@rma.usda.gov)

### For More Information

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Policies: <http://www.rma.usda.gov/policies/index.html>  
 Draft Manual 13 Requirements: <http://www.rma.usda.gov/data/m13>  
 Premium Calculation: <http://www3.rma.usda.gov/apps/premcalc/>

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# Livestock Gross Margin Insurance

## Dairy Cattle

June 2010

### Livestock Gross Margin

**LGM Dairy Cattle** (LGM Dairy) provides protection to dairy producers when feed costs rise or milk prices drop. Gross margin is the market value of milk minus feed costs. LGM Dairy uses futures prices for corn, soybean meal, and milk to determine the expected gross margin and the actual gross margin.

A **premium subsidy** is not available for this insurance program. The Federal Crop Insurance Corporation pays all administrative subsidies.

The **indemnity** at the end of the 11-month insurance period is the difference (if positive) between the gross margin guarantee and the actual gross margin. The price the producer receives at the local market is not used in these calculations.

### Availability

LGM is available to any producer who owns dairy cattle in Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginian, Washington, West Virginia, Wisconsin, and Wyoming.

### Milk Coverage Availability

Only milk sold for commercial or private sale and primarily intended for final human consumption from dairy cattle fed in the States listed above is eligible for coverage. There is no minimum number of hundredweights a producer can insure. The maximum amount of milk that can be insured is 24 million pounds per crop year.

### Deductibles

Producers can select deductible levels between \$0 and \$1.50 per hundredweight of milk in \$0.10 increments.

### Sales Closing

To enroll, producers must sign up on the **last business Friday** of the month. The producer must also submit an application with a target marketings report for the milk and corn and soybean meal equivalents. Producers may also

choose to use the default values for corn and soybean meal equivalents.

### Prices

Prices for LGM Dairy are based on simple averages of Chicago Mercantile Exchange Group futures contract daily settlement prices, and are **not** based on the prices the producer receives at the market.

### Insurance Months

The insurance period contains the 11 months following the sales closing date. For example, the insurance period for the January 29 sales closing date contains the months of February through December. Coverage begins in the **second month** of the insurance period, so the coverage period for this example is March through December.

### Sales Period

LGM Dairy is sold on the **last business Friday** of each month. The sales period begins as soon as RMA reviews the data submitted by the developer, Iowa Agricultural Insurance Innovations, after the Chicago Mercantile Exchange Group markets close on the last day of the price discovery period. The sales period ends at 8:00 p.m. the following day. If expected milk and feed prices are not available on the RMA Web site, LGM Dairy will not be offered for sale for the insurance period.

### Annual Premium

The premium is due at the time the producer signs up for coverage. LGM premiums depend on each producer's marketing plan, coverage selected, deductible level, and futures and price volatility.

### Cause of Loss

LGM Dairy covers the difference between the gross margin guarantee and the actual gross margin. LGM Dairy does **not** insure against dairy cattle death, unexpected decreases in milk production, or unexpected increases in feed use. Indemnity payments will equal the difference between the gross margin guarantee and the actual total gross margin for the insurance period.

### Advantages

**Convenience:** Producers can sign up for LGM Dairy 12 times each year and insure all of their milk production that they expect to market over a rolling 11-month insurance period.

**Customization:** Can be tailored to any size farm.

**Bundled Option Insurance:** LGM Dairy is similar to buying both a call option to limit higher feed costs and a put option to set a floor on milk prices.

### What LGM Dairy Does Not Cover

- ♦ Risk of dairy cattle death
- ♦ Unexpected production (milk) losses
- ♦ Unexpected increase in feed use
- ♦ Anticipated or multiple-year declines in milk prices
- ♦ Anticipated or multiple-year increases in feed costs

### Definitions

**Actual Marketings:** The total amount of milk a producer sells each month of the insurance period for which there is a proof of sale. Actual marketings are used to verify ownership of milk and determine approved target marketings.

**Deductible:** The portion of the expected gross margin that the producer elects not to insure. Allowable deductible amounts range from \$0 to \$1.50 per hundredweight, in \$0.10 increments. The deductible equals the selected hundredweight deductible multiplied by the sum of target marketings across all months of the insurance period.

**Gross Margin Guarantee:** The gross margin guarantee for an insurance period is the expected total gross margin for an insurance period minus the deductible.

**Loss of Gross Margin:** Market value of milk minus feed costs.

**Marketing Report:** A report the producer submits on the insurance company's form showing actual, monthly marketings of milk insured under this policy. The marketing report must be accompanied by copies of sales receipts that provide records of the actual marketings shown on the marketing report.

**Target Marketings:** The producer's determination of the number hundredweight of milk insured each month during the insurance period. Only the hundredweight of milk in which the producer has a share can be reported.

**Target Marketings Report:** A report that the producer submits on the insurance company's form showing the target marketings for each month.

### For More Information

**LGM Coverage Prices, Rates, and Actual Ending Values:**

[http://www3.rma.usda.gov/apps/livestock\\_reports/](http://www3.rma.usda.gov/apps/livestock_reports/)

**Premium Calculator:**

<http://www.rma.usda.gov/tools/premcalc.html>

### Purchase Locations

All multi-peril crop insurance policies are available from private insurance agents. A list of livestock insurance agents is available on the RMA Web site at:

<http://www3.rma.usda.gov/tools/agents/>

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# FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SERVICE AGENCY

May 2010

## Tree Assistance Program for Orchardists and Nursery Tree Growers (TAP)

### Overview

USDA Farm Service Agency's (FSA) Tree Assistance Program (TAP) provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes and vines damaged by natural disasters occurring on or after Jan. 1, 2008, and before Oct. 1, 2011. TAP was authorized by the 2008 Farm Bill and is funded through the Agricultural Disaster Relief Trust Fund.

### Eligible Tree Types

Eligible trees, bushes and vines are those from which an annual crop is produced for commercial purposes. Nursery trees include ornamental, fruit, nut and Christmas trees produced for commercial sale. Trees used for pulp or timber are ineligible.

### Eligible Producers

To qualify for TAP, orchardists and nursery tree growers must:

- suffer qualifying tree, bush or vine losses in excess of 15 percent (adjusted for normal mortality) from an eligible natural disaster for the individual stand;
- have owned the eligible trees, bushes and vines when the natural disaster occurred; however, eligible growers are not required to own the land on which eligible trees, bushes and vines are planted;

- replace eligible trees, bushes and vines within 12 months from the date the application is approved.

### *Risk Management Purchase Requirement (RMPR)*

Orchardists and nursery tree growers must have obtained a policy or plan of insurance for all crops through either the Federal Crop Insurance Act or FSA's Noninsured Crop Disaster Assistance Program (NAP). There are limited exceptions to this rule. Eligible producers who meet the definition of "Socially Disadvantaged," "Limited Resource," or "Beginning Farmer or Rancher" do not have to meet this requirement.

### *Adjusted Gross Income (AGI)*

For the 2009 and subsequent program years, producers or legal entities whose average nonfarm AGI exceeds \$500,000 are not eligible. For the 2008 program year, producers are not eligible if their average AGI is \$2.5 million or greater, unless 75 percent or more of their AGI is from agriculture.

### Payment Calculation

For tree, bush or vine replacement including replanting and the cost of seedlings, the payment calculation is the lesser of the following:

- 70 percent of the actual cost of the practice, or

- the amount calculated for each practice using the established rates.

For salvaging existing trees, bushes or vines—including the costs of pruning, removal, or other costs—the payment calculation is the lesser of the following:

- 50 percent of the actual cost of the practice, or
- the amount calculated for each practice using the established rates.

### Payment Limitations

For 2009 through 2011 TAP payments, no person or legal entity may receive, directly or indirectly, more than \$100,000 per program year. TAP payments for 2008 are limited per "person" according to payment limitation rules in effect for 2008. The cumulative total quantity of acres planted to trees, bushes or vines for which a producer can receive TAP payments cannot exceed 500 acres during the period of Jan. 1, 2008 and Sept. 30, 2011.

### Signup Period

Orchardists and nursery tree growers may apply to receive TAP benefits at local FSA county offices beginning May 10, 2010, for losses suffered during calendar years 2008 and 2009, and for losses suffered during Jan. 1, 2010, to May 7, 2010.

The following table provides the final dates to submit a TAP application and supporting documentation:

<b>Date of Loss</b>	<b>Final Date to Submit an Application and Supporting Documentation</b>
Calendar Year 2008	July 6, 2010
Calendar Year 2009	July 6, 2010
Jan. 1, 2010 to May 7, 2010	July 6, 2010
May 8, 2010 to Sept. 30, 2011	Within 90 calendar days from the later of the disaster event or the date when the loss of trees, bushes or vines is apparent.

**More information on TAP is available at local FSA county offices and on FSA's website:**  
[www.fsa.usda.gov/tap](http://www.fsa.usda.gov/tap)

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# Prevented Planting Insurance Provisions: Flood

June 2009

## Flood and Prevented Planting

Prevented planting is a failure to plant the insured crop with the proper equipment by the final planting date designated in the insurance policy's Special Provisions or during the late planting period, if applicable. Final planting dates and late planting periods vary by crop and by area. Producers should refer to the policy provisions or contact their crop insurance agent for more information.

The Crop Provisions for each crop specify whether prevented planting is available. Crop insurance policies with prevented planting provisions provide valuable coverage to producers when **flood** prevents planting. Because farming is complex, eligibility for a prevented planting payment must be determined on a case-by-case basis. However, the following provides a general overview.

Prevented planting coverage due to floods, hurricanes, or excess rain that occurs during the insurance period and prevents other producers from planting acreage with similar characteristics, is provided for most crops. Because conditions vary significantly between geographic areas, loss determinations are based on each producer's circumstances. Producers must first contact their crop insurance agent to report a prevented planting loss.

Prevented planting coverage is also provided if a producer is unable to plant because of residual salt in the soil or irrigation water supply as a result of an insured cause of loss (such as hurricane or flood), as long as the event occurs during the prevented planting insurance period. Producers must report and document the cause of loss. Approved insurance providers must determine whether the loss is insurable and may ask producers for additional documentation from agricultural experts to support the prevented planting claim.

The prevented planting guarantee for most crops is 60 percent of the production guarantee for timely planted acreage (65 or 70 percent if available and elected by the sales closing date). For both Crop Revenue Cover-

age and Revenue Assurance policies (with the Fall Harvest Price Option), final prevented planting payments are based on the Fall Harvest Price. There is **no** prevented planting coverage under Group Risk Plan (GRP) or Group Risk Income Protection (GRIP) insurance policies.

## Carryover and New Policyholders

**Producers who had an insurance policy the prior year** (carryover policyholders) are eligible for prevented planting payments if the insured cause of loss occurred after the sales closing date for the previous crop year, provided insurance was in force **continuously** since that date, and all other prevented planting requirements are met. **New** policyholders are eligible for prevented planting payments if the insured cause of loss occurred after the sales closing date for the current crop year, and all other prevented planting requirements are met.

For example, the corn sales closing date for the 2009 crop year is March 15, 2009. An insured cause of loss occurs on or after March 15, 2009. For the 2009 crop year, a new policyholder or a carryover policyholder could be eligible for a prevented planting payment for the 2009 crop year. However, if a cause of loss that prevents planting in 2009 occurred between March 15, 2008, and March 14, 2009, only the carryover policyholder would be eligible for a prevented planting payment.

## If a Producer Is Prevented from Planting by the Final Planting Date

What choices do producers have if they are prevented from planting by the final planting date? Producers may:

- Plant the insured crop during the late planting period, if applicable. The late planting period is generally 25 days after the final planting date but varies by crop and area, as specified in the policy. For most crops, the timely planted production guarantee is reduced 1 percent per day for each day planting is delayed after the final planting date.

- Plant the insured crop after the late planting period (or after the final planting date if a late planting period is not applicable), in which case the insurance guarantee will be the same as the insurance guarantee provided for prevented planting coverage.
- Leave the acreage idle (black dirt) and receive a full prevented planting payment.
- Plant a cover crop and receive a full prevented planting payment (but **do not** hay or graze this cover crop before November 1 or otherwise harvest it at any time), **or**
- Plant another crop (second crop) after the late planting period or after the final planting date if no late planting period is applicable, or hay or graze a cover crop after the end of the late planting period or after the final planting date if no late planting period is applicable but before November 1, or otherwise harvest it at any time, and receive a prevented planting payment equal to 35 percent of the prevented planting guarantee.

### Keep Good Documents

Good documentation is key to receiving prevented planting payments. Producers should work with their approved insurance provider to determine the documentation needed for their specific prevented planting claim.

### Payment Reductions May Not Apply

If a producer meets the double-cropping requirements specified in the policy, the 65-percent payment reduction does **not** apply to a **prevented planting** payment for the first insured crop when: (1) a second crop is planted; or (2) a cover crop is hayed, grazed, or otherwise harvested.

The double-cropping requirements specified in the policy are: (1) the practice of planting two or more crops for harvest in the same crop year on the same acreage is generally recognized by agricultural experts (including organic agricultural experts) for the area; (2) the second or additional crops are customarily planted after the first insured crop for harvest on the same acreage in the same crop year in the area; (3) additional coverage insurance offered under the authority of the Federal Crop Insurance Act is available in the county on the two or more crops that are double cropped; and (4) the producer

provides records showing the number of acres double-cropped in 2 of the last 4 crop years the first insured crop was planted.

### For More Information

Prevented planting handbook:

[http://www.rma.usda.gov/handbooks/25000/2008/08\\_25370-1h.pdf](http://www.rma.usda.gov/handbooks/25000/2008/08_25370-1h.pdf)

Agent locator: <http://www3.rma.usda.gov/apps/agents/>

### Contact Us

USDA/RMA

Mail Stop 0801

1400 Independence Ave., SW

Washington, D.C. 20250-0801

**Web site:** <http://www.rma.usda.gov>

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# Prevented Planting Insurance Provisions: Drought

June 2009

## Drought and Prevented Planting

Prevented planting is a failure to plant an insured crop with the proper equipment by the final planting date designated in the insurance policy's Special Provisions or during the late planting period, if applicable. Final planting dates and late planting periods vary by crop and by area. Producers should refer to the policy provisions or contact their crop insurance agent for more information.

The Crop Provisions for each crop specify whether prevented planting is available. Crop insurance policies with prevented planting provisions provide valuable coverage to producers when **drought** prevents planting on non-irrigated acreage, or results in an inadequate irrigation water supply for irrigated acreage. Because farming is complex, eligibility for a prevented planting payment must be determined on a case-by-case basis. However, the following provides a general overview.

Prevented planting payments may be made when on the final planting date there is not a reasonable expectation of having adequate irrigation water available, and the reduced amount of water is a result of an insured cause of loss (such as drought) that occurred during the insurance period.

The prevented planting guarantee for most crops is 60 percent of the production guarantee for timely planted acreage (65 or 70 percent if available and elected by the sales closing date). For both Crop Revenue Coverage and Revenue Assurance policies (with the Fall Harvest Price Option), final prevented planting payments are based on the Fall Harvest Price. There is **no** prevented planting coverage under Group Risk Plan (GRP) or Group Risk Income Protection (GRIP) insurance policies.

## Carryover and New Policyholders

**Producers who had an insurance policy the prior year** (carryover policyholders) are eligible for prevented planting payments if the insured cause of loss occurred after the sales closing date for the previous crop year, provided insurance was in force

**continuously** since that date, and all other prevented planting requirements are met. **New** policyholders are eligible for prevented planting payments if the insured cause of loss occurred after the sales closing date for the current crop year, and all other prevented planting requirements are met.

For example, the corn sales closing date is March 15, 2009, for the 2009 crop year. An insured cause of loss occurs on or after March 15, 2009. For the 2009 crop year, a new policyholder or a carryover policyholder could be eligible for a prevented planting payment for the 2009 crop year. However, if a cause of loss that prevents planting in 2009 occurred between March 15, 2008, and March 14, 2009, only the carryover policyholder would be eligible for a prevented planting payment.

## Eligibility for Prevented Planting Payments

The key factor in determining eligibility is the amount of irrigation water expected to be available on the final planting date. If you have irrigated crops, you may be eligible for prevented planting payments if:

- **You do not plant** by the final planting date or during the late planting period (if applicable), because there is not a reasonable expectation of having adequate water to carry out a good irrigation practice as a result of an insured cause of loss occurring within the insurance period; or
- **You can plant** only a portion of your irrigated acreage because there is not a reasonable expectation of having adequate water for all of your irrigated acreage. In this case, any remaining acreage you were unable to plant due to lack of irrigation water may be eligible for a prevented planting payment.

## Which Crops Are Covered Under Prevented Planting?

Prevented planting coverage is available for: barley, buckwheat, canola/rapeseed, corn, cotton, ELS cotton, dry beans, dry peas, flax, grain sorghum, green peas, hybrid seed corn, hybrid sorghum seed, millet, mustard, oats, onions, peanuts, popcorn, central and

southern potatoes, northern potatoes, processing sweet corn, processing beans, rice, rye, safflowers, silage sorghum, soybeans, sugar beets, sunflower seeds, and wheat. To find out if your crop can be insured for prevented planting in **your** county, contact your insurance agent.

### Prevented Planting for Irrigated Acreage

Prevented planting payments may be made for irrigated acreage when, on the final planting date (or within the late planting period if the producer elects to plant during such period), there is not a reasonable expectation of having adequate water available due to an insured cause of loss (such as drought) during the insurance period.

### Should I Plant?

Producers should base their decision about whether or not to plant on agronomically sound and well-documented drought management practices. Producers may choose to:

- Plant fewer irrigated acres, based on amount of adequate irrigation water available;
- Plant and report the acreage without adequate water as non-irrigated, if a non-irrigated practice is available for the crop in your county;
- Not plant the acreage if adequate water is not available and claim a prevented planting payment; **or**
- Plant and report the acreage as uninsurable if a non-irrigated practice is not available for the crop in the county.

### Keep Good Documents

Good documentation is key to receiving prevented planting payments. Because prevented planting claims depend on the amount of adequate irrigation water expected for the year ahead, producers should keep all documentation regarding how much water they will receive for the crop year, and any justifications provided for reductions in the allocation. Producers should work with their approved insurance provider to determine what documentation is needed for their specific prevented planting claim. Documentation may also be available from local water authorities including:

- The U.S. Bureau of Reclamation
- The U.S. Army Corps of Engineers

- USDA's Cooperative State Research, Education, and Extension Service
- USDA's Natural Resources Conservation Service

To be eligible for prevented planting, producers must be able to verify a prolonged period of drought. Sources that record and study weather conditions include the National Weather Service's local weather reporting stations.

### Prevented Planting for Non-Irrigated Acreage

To be eligible for prevented planting for non-irrigated acreage due to drought, the area that is prevented from being planted must, on the final planting date (or within the late planting period if the producer elects to plant during such period), have insufficient soil moisture for germination of seed or progress toward crop maturity due to a prolonged period of dry weather. Prolonged precipitation deficiencies must be verifiable using information collected by sources that record and study weather conditions including, but not limited to, the National Weather Service's local weather reporting stations.

### Common Misconceptions

**Misconception:** Prevented planting coverage does not pay you when you incur a loss.

**Fact:** From 2001 through 2008, prevented planting payments totaled over \$2.9 billion nationwide. Amounts paid in any given year depend on actual conditions, but have been as high as \$550 million in 2001.

**Misconception:** Producers are not covered when a drought causes a shortage of irrigation water.

**Fact:** Crop insurance policies specifically address failure of an irrigation water supply. If failure of the irrigation water supply occurs before the producer plants and the failure is the result of an insurable cause of loss during the insurance period, the acreage will be eligible for prevented planting.

**Misconception:** If you are prevented from planting because of a lack of irrigation water, you must plant and insure the crop on a non-irrigated basis.

**Fact:** There is no requirement in the crop insurance policy to plant any crop on acreage you cannot plant because of lack of irrigation water.

**Misconception:** No payment will be made if a water provider stops providing water to producers after insured crops have been planted in order to provide water for recreational purposes such as fishing.

**Fact:** If water is diverted due to an insured cause of loss (such as drought) and occurs during the insurance period, you may be eligible for insurance payments on the insured acreage. You must have had a reasonable expectation of receiving sufficient irrigation water to carry out a good irrigation practice on the planted acreage at the time of planting. If a portion of the diversion is due to an insured cause of loss and a portion is due to uninsured causes, only the portion attributable to insured causes will be paid.

**Misconception:** If continued drought is predicted, you should plant all or none of your insured crop.

**Fact:** Crop insurance policies do not require you to plant or not plant your crops. Those decisions are solely up to you and depend upon your unique circumstances.

**Misconception:** Prevented planting does not cover you in multi-year drought conditions.

**Fact:** Prevented planting covers drought, including multi-year droughts. However, coverage is limited to losses caused by the effects of drought in the current crop year. Multi-year droughts could reduce the amount of acreage qualifying for prevented planting if the amount of irrigation water available in a previous crop year could not be replaced, based on normal weather in the insurance period. Only the acres that could have been irrigated under normal weather conditions during the insurance period are eligible for prevented planting in the current crop year. For **carryover** policyholders, the insurance period for prevented planting begins on the sales closing date for the previous crop year as long as insurance has been in force continuously since that date. For **new** policyholders, the insurance period for prevented

planting begins on the sales closing date for the current crop year.

**Misconception:** Once a prevented planting payment is made for any acreage, payment cannot be made on the same acreage in a succeeding year.

**Fact:** Prevented planting covers insured perils occurring within the insurance period. You may be eligible for prevented planting if drought conditions continue into the next crop year.

## For More Information

Prevented planting handbook:

[http://www.rma.usda.gov/handbooks/25000/2008/08\\_25370-1h.pdf](http://www.rma.usda.gov/handbooks/25000/2008/08_25370-1h.pdf)

Agent locator: <http://www3.rma.usda.gov/apps/agents/>

## Contact Us

USDA/RMA

Mail Stop 0801

1400 Independence Ave., SW

Washington, D.C. 20250-0801

**Web site:** <http://www.rma.usda.gov>

**E-mail:** [rmaweb.content@rma.usda.gov](mailto:rmaweb.content@rma.usda.gov)

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## Grain Marketing Tool Helps DE Farmers

Marketing has been an important part of farming for decades, but it has shown in recent years to be an increasingly vital piece of a comprehensive risk management strategy. That trend will only grow in the coming times and Delaware farmers will need a sufficient knowledge of grain marketing in order to compete. In 2010, the University of Delaware Cooperative Extension, led by Carl L. German, launched a new web tool for U.S. farmers. The 21<sup>st</sup> Century Grain Marketing Primer, found at [www.grainmarketingprimer.com](http://www.grainmarketingprimer.com), is a unique and authoritative production that allows farmers to learn at their leisure. The site explains its goals and illustrates the importance of grain marketing:

“The purpose of this primer is to assist farmers in learning how to use grain marketing alternatives and to serve as a guide in making everyday grain marketing decisions. Its importance to farmers cannot be overstated; it is widely held that a 10% increase in price can have a significant impact in improving the bottom line, at times by as much as 200%. It is also held that farming in the future will require grain sellers to know how to use all of the marketing alternatives available to them and to be able to employ effective marketing strategies.

Planning sales of grain production is an ongoing process, not a one-time event. The primary reason is that the markets and a farmer’s production are ‘moving targets’. Both commodity prices and production outcomes are highly dependent upon weather developments and other unpredictable events throughout the production and marketing year. The process of pricing grain requires forward thinking and market planning, combined with flexibility at times, if a producer is to make informed, profitable decisions.

Grain marketers are faced with two types of risk: price and yield. Grain marketing alternatives, used properly, provide one mechanism for dealing with these risks. Price risk is dealt with via various methods: forward pricing in the cash market, hedging futures, buying puts for price risk protection, buying calls to replace grain ownership, etc. Options, in particular, are applicable during the growing season, because *it is not necessary to deliver the bushels contracted when using options for price protection*. The grain marketer’s plan needs to include taking other steps to assure that all of the bases have been covered, such as participation in the government farm program and purchase of crop insurance.”

The primer divides grain marketing into seven simple units for convenient browsing:

1. Market Planning
2. Basis
3. Cash Sales
4. Futures
5. Options
6. Insurance
7. Profitability

Each unit contains a guide to each topic, with clearly illustrated points, explanations of jargon, uncluttered charts and graphs, and self-tests throughout that allow users to instantly assess their comprehension. The primer is a guide and, knowing no two operations are identical, considers the multiple variables an operation may face, using examples extensively.

Along with the units, the 21<sup>st</sup> Century Grain Marketing Primer provides helpful links to related sites, including pages dealing with crop insurance. An eighty-five page printable version of the entire site is also available for those who would like a personal copy. Delaware producers are urged to investigate the site, including those with grain marketing experience, because there are always unrealized methods for making a farm profitable.