



United States Department of Agriculture
Risk Management Agency

July 2004

2005 COMMODITY INSURANCE FACT SHEET

Grain Sorghum

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

Crop Insured

The insured crop will be Grain Sorghum planted for harvest as grain that is combine-type hybrid. Dual-purpose types of grain sorghum (i.e., used for both grain and forage) are not insurable.

Causes of Loss

Adverse Weather Conditions ¹	Insects ²
Wildlife	Plant Disease ²
Fire	

¹Such as hail, freeze, drought, and excess precipitation.

²But not damage due to insufficient or improper application of pest or disease control measures.

Insurance Period

Coverage usually begins when the crop is planted and ends at the earliest of: (1) total destruction of the crop, (2) harvest of the corn or silage, (3) final adjustment of a loss, (4) abandonment of the crop, (5) December 10.

Important Dates

Sales Closing Date¹ February 28, 2005
 Sales Closing Date² March 15, 2005

¹NC

²Other states

NOTE: Final Planting and Acreage Reporting Dates vary by state and county. Please consult an agent.

Definitions

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

Price Election — Price used to calculate your premium or indemnity.

Price elections will be posted on the RMA website 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 & Premium Subsidies

Your bushel guarantee depends on the coverage level you choose. Coverage levels range from 50 to 75 percent of your average APH yield (up to 85 percent in certain counties in DE, MD, NC, PA, & VA). For example, an average yield of 60 bu/ac results in a guarantee of 45 bu/ac at the 75% level. Crop insurance premiums are subsidized as shown in the

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

following table. For example, if you selected the 75 percent coverage level, your premium share would be 45 percent of the base premium:

Catastrophic (CAT) Coverage is fixed at 50% of your average yield and 55% of the Price Election. CAT coverage costs an administrative fee of \$100 per crop per county, regardless of the acreage.

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 grain sorghum 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% discount will not apply.

Replant Provisions

(Not available under catastrophic coverage). A replanting payment is allowed if the crop is damaged by a covered cause of loss to the extent that the remaining stand will not produce at least 90 percent of your bushel guarantee and it is practical to replant. The maximum replant payment will be the price election multiplied by 7 bushels.

Late and Preventive Planting

These provisions provide reduced protection on acreage that is planted late or that cannot be planted by the final planting date or within the late planting period. Consult a crop insurance agent for more details.

Loss Example

This example is based on APH yield of 60 bu/ac, 75% coverage level, non-irrigated, prevented planting option, and basic unit.

60	Bushels per acre average yield (APH)
x .75	Coverage level percentage
<hr/> 45	Bushels per acre guarantee
- 15	Bushels per acre production
<hr/> 30	Bushels per acre loss
x \$2.35	Price election (2004 price election*)
<hr/> \$70.50	Gross indemnity per acre
- \$6.00	Estimated premium per acre (varies by county)
<hr/> \$64.50	Net indemnity per acre

*2005 price elections will be published at a later date

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