



United States Department of Agriculture
Risk Management Agency

July 2004

2005 COMMODITY INSURANCE FACT SHEET

Soybeans

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

Crop Insured

Soybeans may be planted for harvest as beans may be insurable. Beans interplanted with another crop are not insurable.

Causes of Loss

Adverse Weather Conditions ¹	Insects ²
Plant Disease ²	Wildlife
Fire	

¹Including hail, frost, freeze, drought, and excess precipitation.

²But not damage due to insufficient or improper applications of control measures.

Insurance Period

Coverage 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) abandonment of the crop, (4) final adjustment of a loss, (5) December 10 following planting.

Reporting Requirements

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 3 bushels. (Not available under catastrophic coverage).

Important Dates

Sales Closing ¹	February 28, 2005
Sales Closing ²	March 15, 2005
Acreage Report Due ³	June 30, 2005
Acreage Report Due ⁴	July 15, 2005

¹ NC

² VA, DE, MD, NJ, NY, PA, WV

³ NC and VA

⁴ DE, MD, NJ, NY, PA, WV

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. Prices are posted on the RMA website as they are released:

<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 30 bu/ac results in a guarantee of 18 bu/ac at the 60% level. Crop insurance premiums 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	80*	85*
Premium Subsidy	67	64	64	59	59	55	48	38

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.

*where applicable

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 wheat 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.

Group Risk Plan (GRP)

This type of coverage is available in certain counties of Delaware, Maryland, North Carolina, and Virginia. GRP coverage is based on county average yields rather than a grower's individual yields. Coverage up to 90 percent of the expected county yield may be purchased at rates generally lower than traditional crop insurance. This coverage might especially appeal to growers whose yields vary directly with county yields and who do not wish to furnish individual yield records.

Late and Prevented 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 Actual Production History (APH) yield of 30 bu/ac, 75 % coverage level, non-irrigated, and one basic unit.

30	Bu/ac average APH yield
<u>x .75</u>	Coverage level
22.5	Bushels per acre guarantee
<u>- 10.5</u>	Bushels per acre actually produced
12	Bushels per acre loss
<u>x \$5.60</u>	Price Election (2004 price election*)
\$67.20	Gross indemnity per acre
<u>- \$5.00</u>	Estimated premium per acre (varies by county)
\$62.20	Net indemnity per acre

***2005 price elections will be posted on the RMA website**

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