



United States Department of Agriculture  
Risk Management Agency

February 2005

## 2005 COMMODITY INSURANCE FACT SHEET

# Forage Production APH

## Iowa, Minnesota, and Wisconsin

### Crop Insured

The crop insured will be all the forage in the county in which you have a share and may be a stand of:

- Pure alfalfa, or alfalfa and grass in which 60 percent or more of the ground cover is alfalfa.
- Mixed alfalfa and grasses in which alfalfa comprises more than 25 percent but less than 60 percent of the ground cover.
- Red clover, or a stand of red clover and grass in which 60 percent or more of the ground cover is red clover.

To be insurable, the crop must be grown after the year of establishment. The year of establishment is the calendar year of seeding if seeded prior to July 1; the calendar year following the year of seeding if seeded July 1 or later.

**Exclusion:** We do **not** insure any acreage that:

- Does not have an adequate stand\* at the beginning of the insurance period;
- Is grown with a non-forage crop;
- Is grown for rotational grazing purposes;
- Exceeds the age limitation for forage stands contained in the special provisions. (shown below):

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

	First Year	Second Year	Third thru Fifth Year*
Alfalfa	9	6	4 1/2
Alfalfa Grass	6	4	3
Red Clover	12	8	8* (third yr. only)

### Counties Available

Forage production insurance is available in almost all counties in the States of Minnesota and Wisconsin, and in 39 counties in Iowa.

### 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 caused by an insured cause of loss.

<sup>3</sup>If due to natural causes.

<sup>4</sup>But not damage due to insufficient or improper application of pest or disease control measures.

### Insurance Period

Insurance coverage will begin October 16, 2004 on acreage that has an adequate stand and that was seeded prior to the 2004 crop year. Insurance coverage will begin May 22, 2005 on acreage that has an adequate stand and that was spring seeded in 2004 (seeded prior to 7/01/04). Insurance will end at the earliest of: 1) Total destruction of the forage crop, 2) removal from the windrow or the field for each cutting, 3) final adjustment of a loss, 4) the date grazing commences on the forage crop (grazing is allowed during winter dormancy of the crop; see special provisions of insurance), 5) abandonment of the forage crop, or 6) October 15, 2005.

### Reporting Requirements

**Acreage Report**—You must give a report of all your forage production acreage in the county by the acreage reporting date (November 15, 2004).

### Important Dates

Sales Closing Date.....	September 30, 2004
Acreage Reporting Date.....	November 15, 2004
Premium Billing Date.....	July 1, 2005
Production Reporting Date.....	November 14, 2005

### Definitions

**APH Yield** — Actual production history yield used to determine the production guarantee. The APH yield is based on up to 10 years of actual and/or assigned yields.

**Unit** — The insurable acreage used to determine the APH yield, the production guarantee, and any indemnity (loss payment).

**Production Guarantee** — Number of tons guaranteed per unit. Multiply your APH yield per acre  $x$  the coverage level percentage you select  $x$  the number of acres in the unit.

## Coverage Levels & Premium Subsidies

Forage production may be insured at the coverage levels shown in the table below. Crop insurance premiums are subsidized as shown. For example if you select the 75-percent coverage level, your coverage will be 75 percent of your approved APH yield, the premium subsidy is 55 percent, and your premium share is 45 percent of the base premium. Catastrophic coverage (CAT) is available at 50 percent of your APH yield and 55 percent of the established price election. The total cost for CAT coverage will be an administrative fee of \$100 per crop per county, regardless of the acreage. Administrative fees, in addition to premium costs for coverage levels above CAT are \$30 per crop per county.

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

## Price Elections

Price of compensation per ton in case of loss:

**Iowa:** \$85

**Minnesota:** \$67

**Wisconsin:** \$61

## Insurance Units

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

**Optional Unit:** If a basic unit consists of two or more sections of land, and certain record keeping requirements are met, you may apply for optional units by section. The 10-percent premium discount will not apply.

## Plans of Insurance

The APH plan is the only plan of insurance available for forage production. The production guarantee is based on your individual yield history.

## Loss Example

A loss occurs when the tons of forage production produced for the unit fall below the production guarantee as a result of damage from a covered cause of loss. This example assumes 4.0 tons per acre APH yield, 65-percent coverage level, 100 percent of the established price, and basic unit coverage.

$$\begin{array}{r}
 4.0 \text{ tons per acre APH yield} \\
 \times .65 \text{ coverage level} \\
 \hline
 2.6 \text{ tons per acre guarantee*} \\
 - 1.6 \text{ tons per acre actually produced} \\
 \hline
 1.0 \text{ ton per acre loss} \\
 \times \$67 \text{ price election} \\
 \hline
 \$67 \text{ gross indemnity per acre*} \\
 - \$9 \text{ premium per acre (varies by county)} \\
 \hline
 \mathbf{\$58 \text{ net indemnity per acre*}}
 \end{array}$$

\* Figures shown on a per acre basis; guarantees and losses paid are on a unit basis. See policy provisions.

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