



United States Department of Agriculture  
Risk Management Agency

January 2005

## 2005 COMMODITY INSURANCE FACT SHEET

# Cultivated Wild Rice Pilot

## Minnesota

### Crop Insured

The crop insured will be all cultivated wild rice grown in the county on insurable acreage, for which premium rates are provided, in which you have a share, and planted for harvest as grain. Insured cultivated wild rice must be grown in man-made flood irrigated fields.

### Counties Available

Cultivated wild rice is insurable in Aitkin, Beltrami, Clearwater, East Polk, Lake of the Woods, and Pennington counties.

### 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>Natural perils such as hail, frost, freeze, wind, drought, and excess moisture. <sup>2</sup>If caused by an insured peril during the insurance period. <sup>3</sup>If due to natural causes. <sup>4</sup>But not damage due to insufficient or improper application of control measures.

### Reporting Requirements

**Acreage Report** — You must give a report of all your cultivated wild rice acreage in the county by the acreage reporting date.

### Important Dates

Sales Closing Date .....September 30, 2004  
Cancellation Date.....September 30, 2004  
Final Planting Date.....May 31, 2005  
Acreage Reporting Date .....June 30, 2005  
Premium Billing Date .....October 1, 2005  
Insurance Begins ..... Planting  
Insurance Ends at harvest or .....September 30, 2005  
Production Reporting Date.....November 14, 2004

### 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 pounds guaranteed per unit. Multiply your APH yield per acre  $x$  the coverage level percentage you select  $x$  the number of acres in the unit.

**Planted Acreage** — Land on which an adequate amount of seed is initially spread onto the soil surface by any appropriate method, including shattering for the second and succeeding years and subsequently is **mechanically incorporated** into the soil at the proper depth, will be considered planted.

### Coverage Levels & Premium Subsidies

Cultivated wild rice 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. 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 Election

Price of compensation per pound in case of loss:  
Established price: \$0.97 per finished pound.

## Insurance Units

**Basic Unit** — Generally, all the insured crop acreage in a county by share. Premiums are reduced by 10 percent for a basic unit.

## Plans of Insurance

**Actual Production History (APH)** is the only plan of insurance available for cultivated wild rice. The production guarantee is based on your individual yield history. Only basic units are available.

## Loss Example

A loss occurs when the pounds of cultivated wild rice produced for the unit fall below the production guarantee as a result of damage from a covered cause of loss. This example assumes an APH yield of 400 pounds/acre, 65-percent coverage level, 100 percent of the established price, and one basic unit.

$$\begin{array}{r} 400 \text{ pounds per acre average yield (APH)} \\ \times .65 \text{ coverage level} \\ \hline 260 \text{ pound guarantee*} \\ - 100 \text{ pounds actually produced} \\ \hline 160 \text{ pounds per acre loss} \\ \times \$0.97 \text{ price election} \\ \hline \$155.20 \text{ gross indemnity*} \\ - \$6.00 \text{ estimated premium per acre} \\ \hline \mathbf{149.20 \text{ net indemnity*}} \end{array}$$

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

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