



United States Department of Agriculture  
Risk Management Agency

November 2010

## 2011 COMMODITY INSURANCE FACT SHEET

# Wheat

## Missouri

### Crop Insured

The crop insured will be all wheat 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.

### Counties Available

Winter wheat is insurable in 96 select counties throughout Missouri.

Coverage in other counties may also be available by individual written agreement if certain criteria are met, including records for at least three years of production history.

### Causes of Loss

- Adverse weather conditions<sup>1</sup>
- Fire<sup>2</sup>
- Failure of irrigation water supply<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 natural causes.

<sup>3</sup>If due to an insured cause of loss within the insurance period.

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

### Insurance Period

Insurance coverage begins on the later of the date we accept your application or the date when the wheat 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) October 31, 2011 or, (5) abandonment of the crop.

### Reporting Requirements

**Acreage Report** — You must report all of your wheat acreage in the county by the acreage reporting date.

### Important Dates

Sales Closing/Cancellation Date ..... Sept. 30, 2010  
 Final Planting Date<sup>1</sup> ..... October 31, 2010  
 Final Planting Date<sup>2</sup> ..... November 15, 2010  
 Acreage Report Date ..... November 30, 2010  
 Premium Billing Date ..... July 1, 2010  
 End of Insurance ..... October 31, 2011

<sup>1</sup>Applies to the following counties: Adair, Andrew, Atchison, Audrain, Boone, Buchanan, Caldwell, Callaway, Carroll, Chariton, Clark, Clay, Clinton, Daviess, De Kalb, Gentry, Grundy, Harrison, Holt, Howard, Knox, Lewis, Lincoln, Linn, Livingston, Macon, Marion, Mercer, Monroe, Montgomery, Nodaway, Pike, Platte, Putnam, Ralls, Randolph, Ray, St. Charles, Schuyler, Scotland, Shelby, Sullivan, Warren, and Worth.

<sup>2</sup>Applies to the following counties: Barry, Barton, Bates, Benton, Bollinger, Butler, Cape Girardeau, Cass, Cedar, Christian, Cole, Cooper, Crawford, Dade, Dunklin, Franklin, Gasconade, Greene, Henry, Hickory, Jackson, Jasper, Jefferson, Johnson, Laclede, Lafayette, McDonald, Madison, Maries, Miller, Mississippi, Moniteau, Morgan, New Madrid, Newton, Osage, Pemiscot, Perry, Pettis, Polk, Ripley, St. Clair, St. Genevieve, St. Francois, St. Louis, Saline, Scott, Stoddard, Texas, Vernon and Wayne

### Special Provisions of Insurance

Insurance is available for wheat produced utilizing organic farming practices.

### Definitions

**APH Yield** — Actual Production History (APH) yield used to determine the production guarantee. The APH yield is based on up to 10 years of actual, assigned yields, adjusted and/or unadjusted transitional yields.

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

### Coverage Levels and Premium Subsidies

Wheat may be insured at the coverage levels shown in the table below. Crop insurance premiums are subsidized as shown.

Coverage Level	0.50	0.55	0.60	0.65	0.70	0.75	0.80 <sup>1</sup>	0.85 <sup>1</sup>
<b>Subsidy Factors</b>								
Enterprise Unit	0.800	0.800	0.800	0.800	0.800	0.770	0.680	0.530
Basic Unit	0.670	0.640	0.640	0.590	0.590	0.550	0.480	0.380
Optional unit	0.670	0.640	0.640	0.590	0.590	0.550	0.480	0.380
Whole Farm	0.800	0.800	0.800	0.800	0.800	0.800	0.710	0.560

<sup>1</sup>Where applicable.

<sup>2</sup>Not available for Yield Protection Plan

If you select the 0.75-coverage level and Enterprise Units, your coverage will be 75 percent of your approved APH yield, the premium subsidy is 77 percent, and your premium share is 33 percent of the base premium.

## Catastrophic Coverage

Catastrophic coverage (CAT) is available at 50 percent of your APH yield and 55 percent of the Projected Price. The total cost for CAT coverage will be an administrative fee of \$300 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. Available for Yield Protection Plan only.

## Price Elections

Prices are calculated in accordance with the Commodity Exchange Price Provisions. Missouri Winter wheat prices are based on the September futures market price for wheat. The projected price discovery period is August 15 through September 14. The harvest price discovery period is July 1 through July 31. These prices will be released no later than three business days following the end of the price discovery period. Depending on the insurance plan, these prices will be used for compensation per pound in case of loss. Contact your agent or for more information see: <http://www.rma.usda.gov/tools/pricediscovery.html>

## Insurance Units

**Basic Unit:** A basic unit includes all of your insurable wheat acreage in the county by share arrangement. Premiums are reduced 10 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.

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

**Whole Farm Unit:** Generally, all the insured crops in the county that are covered by the insurance plan. Premium discounts apply.

## Plans of Insurance

### Common Crop Insurance Policy

Crops previously covered under APH, CRC, and RA have both Yield Protection and Revenue Protection under the new Common Crop Insurance Policy Basic Provisions (11br).

- **Yield Protection Plan** is a plan of insurance that only provides protection against a production loss and is available only for crops for which revenue protection is available.
- **Revenue Protection Plan** is plan of insurance that provides protection against loss of revenue due to a production loss, price decline or increase, or a combination of both.
- **Harvest price exclusion** - Revenue protection with the use of the harvest price excluded when determining your revenue protection guarantee. This election is continuous unless canceled by the cancellation date.

### Replant Provisions (not available under CAT)

A replanting payment is allowed only 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 replanting payment will be the lesser of 20 percent of the bushel guarantee or 4 bushels, times your price election. No replanting payment is available in counties where only winter wheat is insurable.

### 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 wheat 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 40 bushels/acre APH yield, 75-percent coverage level, \$7.14 winter projected price, \$5.35 harvest price, and basic unit coverage.

<u>Yield Protection</u>		<u>Revenue Protection</u>	
40	APH yield bushels/acre	40	
<u>x .75</u>	Coverage level	<u>x .75</u>	
30	Bushel guarantee	30	
x <u>\$7.14</u>	Projected price	x <u>\$7.14</u>	
\$214.20	Insurance guarantee	\$214.20	
10	Bushels per acre produced	10	
x <u>\$7.14</u>	Harvest price	x <u>\$5.35</u>	
\$71.40	Value of production	\$53.50	
\$214.20	Insurance guarantee	\$214.20	
- <u>\$71.40</u>	Value of production	- <u>\$53.50</u>	
<b>\$143.00</b>	<b>Gross indemnity*</b>	<b>\$161.00</b>	

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

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