



United States Department of Agriculture  
Risk Management Agency

January 2011

## 2011 COMMODITY INSURANCE FACT SHEET

# Hybrid Seed Corn Nebraska

### Crop Insured

The crop insured will be all the female parent corn plants grown in the county on insurable acreage for which premium rates are provided, in which you have a share, and grown under a hybrid seed corn processor contract executed by the acreage reporting date to be harvested as commercial hybrid seed corn.

### Counties Available

Hybrid seed corn insurance is available in 35 counties in Nebraska. In counties where premium rates are not published, hybrid seed corn may be insurable by written agreement.

### 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, excess precipitation and drought. Loss due to frost or freeze after September 30 is not an insured cause of loss in the following Nebraska counties: Colfax, Dawson, Holt, Howard, Madison, Pierce, and Stanton. Loss due to frost or freeze after October 10 is not an insured cause of loss in the remaining Nebraska counties.

<sup>2</sup>If due to an insured cause of loss within the insurance period.

<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 begins on the date when the female and male parent plants are planted, and will end at the earliest of: (1) total destruction of the crop, (2) harvest of the crop, (3) abandonment of the crop, (4) final adjustment of a loss, (5) October 31, 2011.

### Reporting Requirements

**Acreage Report** — You must report all of your hybrid seed corn acreage in the county to your crop insurance agent by the Acreage Reporting Date.

### Important Dates

Sales Closing/Cancellation Date ..... March 15, 2011  
Final Planting Date.....May 25, 2011  
Acreage Report Date .....June 30, 2011  
Premium Billing Date .....October 1, 2011  
End of Insurance.....October 31, 2011

### Definitions

**Adjusted Yield** — An amount determined by multiplying the county yield by the coverage level factor on the coverage and rate table.

**Amount of Insurance** (dollars per acre) — A dollar amount determined by multiplying the adjusted yield by the price election for hybrid seed corn minus any guaranteed payment (not to exceed the total compensation in the processor contract).

**Approved Yield** — An amount RMA determines to be representative of the expected yield of the female parent when grown under a specific production practice based on records provided by the seed company and the credibility of the records.

**Dollar Value per Bushel** — An amount that determines the value of any seed production to count. It is determined by dividing the amount of insurance per acre by the result of multiplying the approved yield by the coverage level percentage selected.

**Amount of insurance per acre** — A dollar amount determined by multiplying the adjusted yield times the price election you select and subtracting any minimum guaranteed payment (not to exceed the total compensation specified in the hybrid seed corn processor contract).

### Coverage Levels and Premium Subsidies

Instead of guaranteeing an amount of production, the policy guarantees a dollar amount of coverage, depending on the level of coverage selected (see table). Crop insurance premiums are subsidized as shown. For example, if you select the 75-percent coverage level, the premium subsidy is 55 percent and your premium share is 45 percent of the base premium.

Subsidy Factor		Percent								
Coverage Level	CAT	0.50	0.55	0.60	0.65	0.70	0.75	0.80	0.85	
Basic Unit		1.000	0.67	0.64	0.64	0.59	0.59	0.55	0.48	0.38
Optional Unit			0.67	0.64	0.64	0.59	0.59	0.55	0.48	0.38

For example, if you select the 75-percent coverage level, the premium subsidy is 55 percent and your premium share is 45 percent of the base premium.

The amount of insurance per acre formula will be the factor listed below by specific coverage level times the county yield established by RMA minus the minimum payment (in bushels) provided by the seed company times the selected price election.

Subsidy Factor		Percent								
Coverage Level	CAT	0.50	0.55	0.60	0.65	0.70	0.75	0.80	0.85	
Coverage Level		.667	.733	.800	.867	.933	1.000	1.067*	1.133*	

\* where applicable.

## Catastrophic Coverage

Catastrophic coverage (CAT) is available at the adjusted yield (county yield times the 50 percent coverage level factor) times 55 percent of the price for field corn. 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.

## Price Elections

The APH price election for hybrid seed corn is used for seed corn unless you select the hybrid seed price endorsement. The Established price for hybrid seed corn is \$3.55/bushel.

## Options

### Hybrid Seed Price Endorsement

With this endorsement in place, the price election for hybrid seed corn will be the higher of the APH price election for hybrid seed corn, or the February harvest years average daily settlement price for the harvest years Chicago Board of Trade December corn futures contract price, rounded to the nearest whole cent.

## Insurance Units

**Basic Unit:** If the processor contract specifies the number of acres to be planted, a basic unit consists of all your insurable hybrid seed corn acreage in the county by share arrangement. If the processor contract specifies the amount of production to be delivered, a basic unit consists of all acreage planted to the insured crop in the county that will be used to fulfill contracts with each processor. Premiums are reduced by 10 percent for a basic unit.

**Optional Unit:** When the processor contract specifies the number of acres to be planted, and 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. Optional units are not available if the processor contract stipulates the amount of production to be delivered.

## Plans of Insurance

**Yield-based Dollar Plan (YDO)** — Dollar guarantee with production to count (\$) based on variable dollars per bushel depending on the approved yield for the variety.

## Replant Provisions

No replanting payment is available. If either the male or female parent plants are damaged before the final planting date and it was practical to replant and it was not replanted, the acreage will not be insured. It will not be considered practical to replant unless production from the replanted acreage can be delivered under the terms of the hybrid seed corn processor contract, or the seed company agrees that it will accept the production from the replanted acreage.

## Late and Prevented Planting

These provisions provide protection on acreage that is planted after the final planting date or that cannot be planted. Please consult a crop insurance agent for details.

## Loss Example

A loss occurs when the value of the hybrid seed corn falls below the guaranteed dollar amount as a result of damage from a covered cause of loss. This example assumes a county yield of 161 bushels per acre, 75-percent coverage level, 100 percent established price of \$3.55 per bushel, and an approved yield of 50 bushels, and basic unit coverage.

161	bushels per acre county yield
<u>x 1.00</u>	coverage level factor
161	bushels (adjusted yield)
<u>x \$3.55</u>	price election
\$572.00	amount of insurance/acre
<u>- \$371.00</u>	production to count (seed <sup>1</sup> and non-seed <sup>2</sup> )
<b>\$201.00</b>	<b>gross indemnity*</b>

$$(20 \text{ bu.} \times \$15.24/\text{bu.}^1) + (20 \text{ bu.} \times \$3.30/\text{bu.}^2) = \$371.00$$

$$^1 \$15.24 \text{ seed price/bu.} = [\$572.00 / (50 \text{ bu.} \times 0.75)]$$

$$^2 \$3.30 = \text{local market price for non-seed prod.}$$

\*Figures shown on a per acre basis; guarantees and losses paid are on a unit basis. See your local agent for example calculation details.

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