SUMMARY OF CHANGES FOR THE SILAGE SORGHUM ENDORSEMENT (23-0059)

The following is a brief description of the changes to the Silage Sorghum Endorsement that will be effective for the 2023 and succeeding crop years. Please refer to the Endorsement for complete information.

- Throughout the Endorsement – Removed the “pilot” references.
- Section 3 – Aligned the section title with the corresponding section in the CCIP Basic Provisions by removing “for Determining Indemnities”;
- Section 8 – Updated the reference to the Coarse Grain Crop Provisions; and
- Section 12 (Written Agreements) – Removed this section to allow written agreements.

23-0059
(Released November 2022)

DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
SILAGE SORGHUM ENDORSEMENT

(This is a Continuous Endorsement)

This Endorsement is available beginning with crop year 2023. This Endorsement shall be available only in those counties identified in the actuarial documents. In addition to the order of precedence in the CCIP Basic Provisions, this Endorsement precedes the Coarse Grains Crop Provisions.

1. Applicability

(a) You must have the Basic Provisions, the Coarse Grains Crop Provisions, and, if applicable, the Catastrophic Risk Protection Endorsement, in force to elect coverage under this Endorsement.

(b) You must elect this Endorsement on or before the sales closing date for the initial year that you wish to insure silage sorghum.

(c) This is a continuous Endorsement which will remain in effect for each subsequent crop year until such time as you or we cancel it in writing or it is terminated in accordance with section 2 of the Basic Provisions.

(d) This Endorsement is attached to and made part of your Coarse Grains Crop Provisions subject to the terms and conditions described herein.

2. Definitions

Buyer - A business enterprise regularly engaged in feeding livestock for the production of animals or animal products, that possesses all licenses and permits that may be required to operate the business, and that fed a sufficient number of livestock to utilize at least the contracted quantity of silage in the twelve months ending on the acreage reporting date for the crop year, and in which you or a member of your household has no financial interest.

Coarse grains - In addition to the definition of coarse grains contained in section 1 of the Coarse Grains Crop Provisions, for the purposes of this Endorsement only, the term coarse grains includes silage sorghum.

Established price - The price determined by multiplying the projected price for corn silage by 80 percent. In lieu of any policy provision that specifies that the price election will be released by the contract change date, the silage sorghum established price will be determined by RMA and released by January 31 of the crop year on RMA's website.

Production guarantee (per acre) - In lieu of the definition of production guarantee (per acre) contained in section 1 of the Coarse Grains Crop Provisions, the term production guarantee (per acre) means your approved yield (in tons) per acre multiplied by the coverage level percentage you elect.

Silage sorghum - Dual purpose grain sorghum varieties (a variety used for both grain and silage), male sterile grain sorghum varieties, or photo-period sensitive grain sorghum varieties, that have been developed to produce green matter to be ensiled.

Silage sorghum purchase contract - An agreement between a buyer of silage sorghum and you executed in writing on or before the acreage reporting date for a crop year containing, at a minimum:

(a) Your promise to plant silage sorghum and deliver a specified quantity or the production from a specified number of acres to that buyer;

(b) The buyer's promise to purchase the stated amount of silage sorghum from you; and

(c) Either a fixed price per ton of the silage sorghum or a formula to determine its price. Any formula for establishing the value must be based on data provided by a public third party that establishes or provides pricing information to the general public, based on prices paid in the open market (e.g., commodity futures exchanges), to be acceptable for the purpose of this policy.

3. Insurance Guarantees, Coverage Levels, and Prices

In addition to the requirements of section 3 of the Basic Provisions and in lieu of section 3 of the Coarse Grains Crop Provisions, you may elect a price election for all your silage sorghum grown in the county on insurable acreage based on:

(a) The established price; or

(b) The contract price specified in your silage sorghum purchase contract subject to the following:

(1) All acreage in the county in which you have a share must be covered under your silage sorghum purchase contract in order to use the contract price;

(2) Your contract price will be limited to the maximum contract price shown in the actuarial documents, which is $2.00/ton over the established price; and

(3) Subject to paragraph (2):

(i) If your silage sorghum purchase contract contains only a fixed price, that fixed price will be used to determine your price election;

(ii) If your silage sorghum purchase contract contains both a fixed price and a formula-determined price, the formula driven price can be used to determine your price election only if the price under such formula can be determined not later than the acreage reporting date, otherwise your fixed price will be used to determine your price election; or

(iii) If your silage sorghum purchase contract contains only a formula- determined price, the formula driven price will be used to determine your price election only if the price under such formula can be determined not later than the acreage reporting date, otherwise your price election will be determined based on the established price.

4. Cancellation and Termination Dates

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are the same as stated in section 5(a) of the Coarse Grains Crop Provisions for corn and grain sorghum.

5. Insured Crop

In lieu of section 6(d) of the Coarse Grains Crop Provisions, the crop insured will be all the silage sorghum planted in the county:

(a) That is planted for harvest as silage;
(b) That is not a combine-type hybrid grain sorghum (grown from hybrid seed); and
(c) That is not Sudan, Sudax, or Sudex varieties, varieties developed for haying and grazing, or any other variety not intended for the production of silage.

6. Insurance Period

In lieu of section 8(c) of the Coarse Grains Crop Provisions, for all counties where silage sorghum is produced, the calendar date for the end of the insurance period is the October 15 immediately following the date the crop is planted.

7. Causes of Loss

The provision contained in section 9(i) of the Coarse Grains Crop Provisions does not apply.

8. Replanting Payments

(a) In lieu of section 10 of the Coarse Grains Crop Provisions, a replanting payment is allowed as follows:
  (1) In lieu of provisions in section 13 of the Basic Provisions that limit the amount of a replant payment to the actual cost of replanting, the amount of any replanting payment will be determined in accordance with this Endorsement;
  (2) Except as specified in section 8(a)(1), you must comply with all requirements regarding replanting payments contained in section 13 of the Basic Provisions; and
  (3) The insured crop must be damaged by an insurable cause of loss to the extent that the remaining stand will not produce at least 90 percent of the production guarantee for the acreage.
(b) Unless otherwise specified in the Special Provisions, the amount of the replanting payment per acre insured under this endorsement will be the lesser of 20 percent of the production guarantee per acre or 1.0 ton, multiplied by your price election, multiplied by your share.
(c) When the crop is replanted using a practice that is uninsurable for an original planting, the liability on the unit will be reduced by the amount of the replanting payment. The premium amount will not be reduced.
(d) If the acreage is replanted to an insured crop type that is different than the insured crop type originally planted on the acreage:
  (1) The production guarantee, premium, and price election will be adjusted based on the replanted type;
  (2) Replanting payments will be calculated using your price election and production guarantee for the crop type that is replanted and insured; and
  (3) A revised acreage report will be required to reflect the replanted type, as applicable.

9. Report of Acreage

In addition to the requirements of section 6 of the Basic Provisions, if you have a silage sorghum purchase contract, you must provide a copy of all such contracts on or before the acreage reporting date. If you fail to provide a copy of the silage sorghum purchase contracts on or before the acreage reporting date, your price election for all your silage sorghum will be determined based on the established price.

10. Duties in the Event of Damage or Loss

In addition to the requirements in section 14 of the Basic Provisions, you must notify us at least 7 calendar days prior to the harvest of any acreage of the silage sorghum crop if the silage will be placed in silage bags or at least 7 calendar days prior to utilizing any acreage in any manner other than for the production of silage. You must leave representative samples of the crop for our inspection. Production to count for indemnity purposes will be based on our silage tonnage appraisal. Failure to timely provide notice or leave the required number and size of representative strips will result in production to count for indemnity purposes in accordance with section 11(c)(1).

11. Settlement of Claim

In lieu of section 12 of the Coarse Grains Crop Provisions, the following will apply:

(a) We will determine your loss on a unit basis. In the event you are unable to provide records of production that are acceptable to us for any:
  (1) Optional unit, we will combine all optional units for which acceptable records of production were not provided; or
  (2) Basic unit, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for each unit;
(b) In the event of loss or damage covered by this policy, we will settle your claim by:
  (1) Multiplying the number of insured acres of each type by the production guarantee for the applicable type;
  (2) Multiplying each result by your price election for the applicable type;
  (3) Totaling the results of section 11(b)(2);
  (4) Multiplying the production to count of each type by your price election for that type;
  (5) Totaling the results of section 11(b)(4);
  (6) Subtracting the result of section 11(b)(5) from the result of section 11(b)(3); and
  (7) Multiplying the result of section 11(b)(6) by your share;
(c) The total production to count (in tons) from all insurable acreage on the unit will include:
  (1) All appraised production as follows:
    (i) Not less than the production guarantee for acreage:
      (A) That is abandoned;
      (B) Put to another use without our consent;
      (C) Damaged solely by uninsured causes;
      (D) For which you fail to provide records of production that are acceptable to us; or
      (E) For which you fail to give notice or leave the representative samples required in section 10;
    (ii) Production lost due to uninsured causes;

(iii) Unharvested production; and
(iv) Potential production on insured acreage you will put to another use or abandon, if you and we agree on the appraised amount of production. Upon such agreement the insurance period for that acreage will end when you put the acreage to another use or abandon the crop. If agreement on the appraised amount of production is not reached:
(A) If you do not elect to continue to care for the crop we may give you consent to put the acreage to another use if you agree to leave intact, and provide sufficient care for, representative samples of the crop in locations acceptable to us. (The amount of production to count for such acreage will be based on the harvested production or appraisals from the samples at the time harvest should have occurred. If you do not leave the required samples intact, or you fail to provide sufficient care for the samples, our appraisal made prior to giving you consent to put the acreage to another use will be used to determine the amount of production to count.); or
(B) If you elect to continue to care for the crop, the amount of production to count for the acreage will be the harvested production, or our reappraisal if additional damage occurs and the crop is not harvested; and
(2) All harvested production from the insurable acreage;
(d) Any production harvested from plants growing in the insured crop may be counted as production of the insured crop on a weight basis; and
(e) All production to count of silage sorghum will be increased to a 32 percent dry matter basis equivalent (68 percent moisture basis) if it is harvested or appraised after the normal end of the harvest period or after the calendar date for the end of the insurance period.

<u>Examples of Your Protection under This Endorsement</u>

Example 1:
You have a unit consisting of 150 acres in which you have a 60 percent share and a second unit consisting of 75 acres in which you have a 100 percent share. You selected a 70 percent coverage level. Your approved yield is 20.0 tons per acre on the first unit and 22.0 tons per acre on the second unit.

Your silage sorghum purchase contract includes 2,500 tons at $23.40 per ton. You qualify to use the contract price as the price election because the contracted quantity (2,500 tons) is greater than your share of the production guarantee for all units combined. Furthermore, your contract price is less than the maximum contract price.

You harvested only 450 tons of silage sorghum from unit 1 due to an insured cause of loss that reduced production. You harvested 1,350 tons from unit 2. All acres are harvested.

The first step is to determine the unit guarantees for your type:

Production guarantee per acre unit 1:
20.0 tons × 0.70 coverage level = 14.0 tons
Production guarantee per acre unit 2:
22.0 tons × 0.70 coverage level = 15.4 tons
Unit guarantee unit 1:
150 acres × 14.0 tons = 2,100 tons
Unit guarantee unit 2:
75 acres × 15.4 tons = 1,155 tons
Your share of the unit guarantee for unit 1:
2,100 tons × 0.60 = 1,260 tons
Your share of the unit guarantee for unit 2:
1,155 tons × 1.00 = 1,155 tons
Your share of the unit guarantee for all units combined = 2,415 tons

The next step is to apply the loss calculation from section 11:

Unit 1:
2,100 tons unit guarantee × $23.40 price election = $49,140 value of guarantee
450 tons production to count × $23.40 price election = $10,530 value of production to count
$49,140 value of guarantee - $10,530 value of production to count = $38,610 loss
$38,610 loss × 0.60 your share = $23,166 indemnity

Unit 2: Since the harvested production (1,350 tons) exceeded the guarantee (1,155 tons), no indemnity is due.

Example 2:
You have a unit consisting of 150 acres in which you have a 60 percent share. You selected a 70 percent coverage level. Your approved yield is 20.0 tons per acre.

Your silage sorghum purchase contract includes 2,500 tons at $23.40 per ton. You qualify to use the contract price as the price election because the contracted quantity (2,500 tons) is greater than your share of the production guarantee for all units combined. Furthermore, your contract price is less than the maximum contract price.

Your unit guarantee is the same as unit 1 in Example 1.

Silage is not harvested and we are not able to appraise the production until after the calendar date for the end of the insurance period. We appraise 320 tons of silage and determine that it contains 55 percent moisture (45 percent dry matter).

The first step is to convert the appraised production to a 32 percent dry matter (68 percent moisture) equivalent:
Appraised unharvested production = 320 tons containing 45 percent dry matter (55 percent moisture) converts to production to count of 451.2 tons green weight equivalent.

The next step is to apply the loss calculation from section 11:

150 acres × 14.0 tons per acre = 2,100 tons unit guarantee

2,100 tons unit guarantee × $23.40 price election = $49,140 value of guarantee

451.2 tons green weight equivalent production to count × $23.40 price election = $10,558 value of production to count

$49,140 value of guarantee - $10,558 value of production to count = $38,582 loss

$38,582 loss × 0.60 share = $23,149 indemnity