



United States Department of Agriculture
Risk Management Agency

December 2011

2012 COMMODITY INSURANCE FACT SHEET

Grass Seed Pilot

North Dakota

Crop Insured

The crop insured will be all grass seed grown in the county on insurable acreage, for which premium rates are provided by the actuarial documents:

- That is produced under a grass seed production contract;
- In which you have a share;
- That has an adequate stand;
- That is grown on insurable acreage.

Acreage of Kentucky Bluegrass may be insured for as long as the crop meets the requirements for insurability contained in the Crop Provisions.

Acreage of Perennial Ryegrass may only be insured for one year; the stand must be replaced each year.

Counties Available

Pembina and Walsh. Not insurable in other counties.

Causes of loss

Adverse weather conditions
Failure of irrigation water supply¹
Fire
Insects²
Plant disease²
Wildlife

¹If caused by an insured cause of loss. ²But not due to insufficient or improper application of control measures.

Reporting Requirements

Acreage Report — You must report all of your cultivated grass seed acreage, both insured and uninsured, in the county by the acreage reporting date.

Insurance Period

Kentucky Bluegrass coverage begins on May 22 of the second calendar year after planting and on Oct 16 following the end of the insurance period for all subsequent years the Special Provisions allow coverage. Perennial ryegrass coverage begins on May 22 of the calendar year after planting and may only be insured for one year. Insurance ends the earliest of:

- 1) total destruction of the crop,
- 2) October 15,
- 3) harvest,
- 4) abandonment of the crop, or
- 5) final adjustment of a loss.

Important Dates

Sales Closing	September 30
Acreage Reporting	June 30
Premium Billing	August 15
Production Reporting	June 30

Definitions

Adequate Stand — A population of live plants per acre of the insured type whose leaf area covers an average of at least 75 percent of the acreage planted to that type.

Clean Seed — Grass seed which has been conditioned.

Grass Seed Production Contract — A written agreement between you and the buyer, signed by both parties on or before the acreage reporting date containing at a minimum:

- Promise to plant;
- Buyer's promise to purchase;
- A fixed price, or a method to determine such price compiled by a third party, that will be paid to you for at least 50 percent of the production stated in the contract.

Local Market Price — The lesser of the price election or the amount you would be paid for clean seed as stated in your grass seed production contract.

Duties in the Event of Damage or Loss

- (1) Protect the crop from further damage by providing sufficient care;
- (2) Notify your agent within 72 hours of your initial discovery of damage (but not later than 15 days after the end of the insurance period)
- (3) You cannot destroy or put the crop to another use without our prior approval.

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your average yield. For example, an average yield of 1200 pounds per acre would result in a guarantee of 900 pounds per acre at the 75-percent coverage level. Crop insurance premiums are subsidized as shown in the following table. For example, if you select the 75-percent coverage level, your premium share would be 45 percent of the base premium:

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

Catastrophic (CAT) coverage is fixed at 50 percent of average yield and 55 percent of the price election. The cost for CAT coverage is an administrative fee of \$300, regardless of the acreage.

Price Elections

Established price: \$0.80 per finished pound Kentucky Bluegrass and \$0.53 per finished pound Perennial Ryegrass.

In addition, the price election may be the Grass Seed Production Contract price up to the limit of 120 percent of the amount contained in the Special Provisions, or in an addendum thereto provided the Grass Seed Production Contract price is determined before the acreage reporting date.

Insurance Units

Your insurable acreage will be grouped into one or more units in order to establish the approved yield, calculate a guarantee, and determine any indemnity.

Basic Unit (BU) — A basic unit includes all of your grass seed acreage in the county by share arrangement. Premiums are reduced by 10 percent for a basic unit. In addition, a separate basic unit may be established for each type of grass seed.

Optional Unit (OU) — 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.

Plan of Insurance

Actual Production History (APH) - Production guarantee based on individual yield history.

Late and Prevented Planting

The late and prevented planting provisions of the Basic Provisions are not applicable.

Administrative Fees

Catastrophic (CAT) Coverage: \$300 per crop per county. No additional insurance premium is charged.

Buy Up Coverage: \$30 per crop per county. An additional insurance premium is charged.

Loss Example

A loss occurs when the pounds of grass seed produced for the unit fall below the production guarantee as a result of damage from a covered cause of loss. This Kentucky Bluegrass example assumes an APH yield of 300 pounds, 75-percent coverage level, 100 percent of established price.

300	pounds per acre APH yield
x .75	coverage level
225	pound guarantee*
- 100	clean seed produced
125	pounds per acre loss
x \$0.80	price election
\$100.00	gross indemnity*
- \$18.50	premium per acre (varies by county)
\$81.50	Net indemnity per acre*

Quality Standards Example

Grass seed may fail to meet the quality standards of the production contract due to insurable causes. This example assumes a local market price of \$0.85 per pound and damaged production price of \$0.70 per pound.

100	pounds damaged production
x .82	quality adjustment factor (.70/.85)
82	pounds adjusted damaged production
225	pounds guarantee*
- 82	pounds adjusted damaged production
143	pounds per acre loss
x \$0.80	price election
\$114.40	gross indemnity*
- \$18.50	premium per acre (varies by county)
\$95.90	Net indemnity per acre*

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

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